

TRANSPORTATION EMPOWERMENT ACT—SENATOR CONNIE MACK. REPRESENTATIVE JOHN KASICH

SUMMARY

The Federal government collects about \$24 billion in dedicated transportation taxes, skims money off the top for demonstration projects, skims more of the top to fund the Washington highway bureaucracy, runs the remainder through a maze of formulas, and then returns gas taxes of the states. Understandably, states complain that this approach is needlessly complicated and denies them the funding flexibility and stability they deserve.

The Mack/Kasich bill re-empowers states in transportation financing and decision making. Our bill uses a two-year transition period to lower the Federal gas tax, eliminate most highway trust fund programs, relieve states of myriad federal restrictions and regulations, and remove federal roadblocks to infrastructure privatization. Each state would be free to replace the Federal gas tax and keep those dollars within the state.

The Mack/Kasich legislation retains federal oversight of the maintenance of the current interstate system. Federal programs also remain in place for Indian reservation roads, public lands, parkways and park roads, and emergency relief. The Mack/Kasich bill also creates an Infrastructure Special Assistance Fund for critical programs the Congress may elect to fund, including providing transitional assistance.

IMPLEMENTATION

This legislation provides a two year transition. During the transition period of fiscal years 1998 and 1999, this legislation keeps in place the current 14¢ gas tax dedicated to transportation purposes.

7¢ in 1998 and 2¢ in 1999 are dedicated to the remaining downsized federal program, to pay off existing obligations, and to fund the Infrastructure Special Assistance Fund.

The remainder of the gas tax (7¢ in 1998 and 12¢ in 1999) is returned to the states in a block grant based on their contributions to the trust fund. The block grant could be used for transportation purposes without restriction from Washington.

At the beginning of fiscal year 2000, the federal gas tax is reduced to 2¢.

This two-year transition gives states time to prepare to regain control over their highway program and raise their state gas taxes if they choose. Any money collected would stay within the state to be used as the state sees fit without restriction from Washington.

OTHER PROVISIONS

The Mack/Kasich legislation acknowledges that states will need to cooperate on many transportation issues. The bill authorizes states to establish multi-state "compacts" for planning, financing and establishing safety and construction standards.

The legislation will encourage innovative approaches on the part of the states, such as use of infrastructure banks and privatization. The bill repeals the requirement that states repay federal grants associated with transportation infrastructure which is slated for privatization.

This legislation only addresses gas taxes currently dedicated to transportation purposes. It does not address the 4.3¢ currently dedicated to deficit reduction.

Currently, other transportation funding "reform" proposals are being discussed on the Hill. Generally, these proposals seek to reform the highway program by increasing flexibility and revising current formula which returns gas tax dollars to the states. However, because gas taxes would continue

to be funneled through Washington, these formulas invite the re-emergence of Washington micro management and changes to the formulas in future authorizing legislation.

The Mack/Kasich bill permanently returns control over America's infrastructure to the states by phasing out much of the Federal program and reducing the gas tax. This greatly reduces the risk of Washington micro management in the future.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Thomas, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-3454. A communication from the Chief of the Regulations Unit, Internal Revenue Service, Department of the Treasury, transmitting, pursuant to law, a report relative to the rule entitled "Notice 96-37," received on July 16, 1996; to the Committee on Finance.

EC-3455. A communication from the Chief of the Regulations Unit, Internal Revenue Service, Department of Treasury, transmitting, pursuant to law, a report relative to a rule entitled "Notice 96-39," received on July 16, 1996; to the Committee on Finance.

EC-3456. A communication from the Chief Counsel, Bureau of the Public Debt, Department of the Treasury, transmitting, pursuant to law, the report of a rule entitled "Sale and Issue of Marketable Book-Entry Treasury Bills, Notes, and Bonds," received on July 11, 1996; to the Committee on Finance.

EC-3457. A communication from the Chief Counsel, Bureau of the Public Debt, Department of the Treasury, transmitting, pursuant to law, the report of a rule entitled "Regulations Governing Payments by Banks and Other Financial Institutions of United States Savings Bonds and United States Savings Notes," received on July 17, 1996; to the Committee on Banking, Housing, and Urban Affairs.

EC-3458. A communication from the Comptroller General, transmitting, pursuant to law, a report relative to the financial statements of the Resolution Trust Corporation for the calendar years 1994 and 1995; to the Committee on Banking, Housing, and Urban Affairs.

EC-3459. A communication from the Acting Director of the Office of Fisheries Conservation and Management, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting, pursuant to law, the report of a final rule entitled "Groundfish of the Gulf of Alaska," received on July 17, 1996; to the Committee on Commerce, Science, and Transportation.

EC-3460. A communication from the Acting Director of the Office of Fisheries Conservation and Management, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting, pursuant to law, the report of a rule entitled "Groundfish of the Gulf of Alaska," received on July 17, 1996; to the Committee on Commerce, Science, and Transportation.

EC-3461. A communication from the Acting Director of the Office of Fisheries Conservation and Management, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting, pursuant to law, the report of a final rule entitled "Groundfish of the Gulf of Alaska," received on July 17, 1996; to the Committee on Commerce, Science, and Transportation.

EC-3462. A communication from the Acting Director of the Office of Fisheries Conservation and Management, National Marine Fisheries Service, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting, pursuant to law, the report of a final rule entitled "Groundfish of the Gulf of Alaska," received on July 17, 1996; to the Committee on Commerce, Science, and Transportation.

EC-3463. A communication from the General Counsel, Department of Energy, transmitting, pursuant to law, the report of a rule entitled "Energy Conservation Program for Consumer Products: Procedures for Consideration of New or Revised Energy Conservation Standards for Consumer Products," (RIN1904-AA83) received on July 15, 1996; to the Committee on Energy and Natural Resources.

EC-3464. A communication from the Assistant Secretary for Fish and Wildlife and Parks, Department of the Interior, transmitting, pursuant to law, a report relative to the American Discovery Trail; to the Committee on Energy and Natural Resources.

EC-3465. A communication from the General Counsel, Department of Energy, transmitting, pursuant to law, the report of a rule entitled "Administrative Procedures and Sanctions," received on July 15, 1996; to the Committee on Energy and Natural Resources.

EC-3466. A communication from the Director of the Office of Regulatory Management and Information, Environmental Protection Agency, transmitting, pursuant to law, the report of a rule entitled "Dihydroazadirachtin," received on July 17, 1996; to the Committee on Environment and Public Works.

EC-3467. A communication from the Director of the Office of Congressional Affairs, Nuclear Regulatory Commission, transmitting, pursuant to law, the report of a rule entitled "NRC Enforcement Manual," received on July 17, 1996; to the Committee on Environment and Public Works.

EC-3468. A communication from the Secretary of Transportation, transmitting, a draft of proposed legislation to amend the Act of May 13, 1954; to the Committee on Environment and Public Works.

EC-3469. A communication from the Chief of the Regulations Unit, Internal Revenue Service, Department of the Treasury, transmitting, pursuant to law, a report regarding the rule entitled "Revenue Procedure 96-40," received on July 17, 1996; to the Committee on Finance.

EC-3470. A communication from the Chief of the Regulations Unit, Internal Revenue Service, Department of the Treasury, transmitting, pursuant to law, a report regarding the rule entitled "Action on Decision in Estate of Cristofani v. Commissioner," received on July 15, 1996; to the Committee on Finance.