Federal Fuel Tax History Case Study

“What seems to turn the federal tide toward enacting revenue increases, whether or not they are driven primarily by transportation needs, is a strategy that couples ‘making the case’ with ‘seizing the moment’.”

Background

The other case studies in this report focus on individual funding initiatives that were relatively recent, and describe their development and the various factors that led to success or failure. For this examination of federal transportation funding the research team has taken a somewhat different approach. We have conducted a longitudinal review of funding initiatives since 1956. A key observation in this review is that the last time the federal motor fuel tax was last raised solely for transportation purposes with no other collateral interests was arguably in 1959. Since then, increases in federal fuel taxes have been principally for the purpose of stimulating job creation in an economic downturn (as occurred in 1982, which was the last time that the entire fuel tax increase was devoted to transportation) and/or general fund deficit reduction (although these increases were subsequently transferred to the Highway Trust Fund). This phenomenon has occurred despite the fact that all of the states have increased their fuel taxes during this 50-year period and there appears to be bi-partisan agreement that increased federal funding for transportation infrastructure is sorely needed. This case study endeavors to identify the factors that have caused increases in a traditional “user fee” to become untenable at the federal level over the past quarter century, a period when the case for additional transportation funding for state and local governments appears to have been more compelling than at the federal level.

The modern era of federal transportation funding and the federal motor fuel tax began with the passage of the Federal-Aid Highway Act and Highway Revenue Act of 1956. This landmark legislation authorized significant funding for the Interstate Highway System and other highway programs, established the user fee principle for financing this program and created the Highway Trust Fund as the funding mechanism to accomplish these purposes. The revenue title of the bill increased the tax on motor fuel (from two cents to three cents per gallon), increased fees on tires, trucks, trailers and buses and established an annual heavy-vehicle use tax. Interestingly, the key Congressional debate in 1955 and 1956 focused on whether the Interstate System was to be funded on a “pay-as-you-go” basis or with the support of bond financing. The increases in the various taxes, which were widely viewed as user fees being applied to a national purpose, were relatively uncontroversial.

In response to rising cost estimates to complete the Interstate System, the Federal-Aid Highway Act of 1959 increased the motor fuel tax to four cents per gallon and shifted half
of the existing 10% truck excise tax from the General Fund to the Highway Trust Fund. Again, this application of increased user fees was relatively uncontroversial. In fact, it was recognized in 1956 that the cost estimate for the Interstate System was preliminary and that increases of this nature were likely. In contrast with federal and state measures over the years to tap fuel taxes as a source for the general fund, it has been said that the user fee/trust fund mechanism was intended by many who supported it as a way to protect the General Fund from the growing need to finance highways.\(^1\) During the 1960s there were further increases and extensions of transportation user fees as the Interstate System cost estimate continued to rise, although the motor fuel tax remained at four cents per gallon.

In the 1970s the nation, and the world, experienced two negative trends—energy crises due to conditions in the Middle East and the consequent inflation-driven budget deficits. In a prelude to discussions that were to recur two decades later, a series of proposals to increase the federal motor fuel tax were introduced, with the twin objectives of deficit reduction and energy conservation. Proposals ranging from 10 cents per gallon to 50 cents per gallon were introduced in 1975, 1977 and 1979. They were in sharp contrast with the previous modest increase needed to support Interstate system cost increases, and all were greeted with intense Congressional opposition from a coalition of suburban/rural legislators concerned with constituents’ long driving distances and liberal members who felt the tax would disproportionately affect the poor.\(^2\) None of these proposals came close to being enacted, but their continued discussion tended to undermine the proposition that the motor fuel tax was primarily a user fee linked to transportation investment. Perhaps more significantly, the Congressional debate acted to politicize the federal motor fuel tax – all future proposals to increase it would be subject to intense legislative and public scrutiny.

**Surface Transportation Assistance Act of 1982**

By 1982 the Highway Trust Fund was in financial distress and a broad coalition of transportation interests were clamoring for a revenue increase. Under the leadership of US Transportation Secretary Drew Lewis, a major funding initiative was enacted that had a five cents per gallon increase in the motor fuel tax as its centerpiece. However, in a departure from legislation in the 1950s and 1960s, the principal rationale for the increased funding, at least in public, was not as much investment in transportation infrastructure as it was job creation. The nation was in a recession at the time and the most frequently cited argument in favor of the legislation was Secretary Lewis’s estimate that the program would create 320,000 jobs.\(^3\)

Securing the Administration’s support for this legislation was a remarkable achievement for Secretary Lewis. As late as September 28, 1982, President Reagan observed that he saw no necessity for an increase in the gasoline tax “Unless there’s a palace coup and I’m overtaken or overthrown…” However, Lewis was able to build the case for the program
within the Administration, first persuading the Office of Management and Budget (OMB) staff and then approaching the President in a post-midterm election November 10th meeting also attended by OMB Director David Stockman. Lewis presented several charts that clearly made the case for additional transportation investment (for example, one demonstrating the vehicle maintenance benefits of smoother roads). Stockman was opposed to the proposal arguing that it was counter to Reagan Revolution principles and an extended and spirited debate ensued. In the end, President Reagan concluded that this was more of a user fee than a tax and thus did not violate his anti-tax policy.  

In this discussion with the President, Lewis was aided by the strong political relationship between the two men. Lewis had been a key figure in the 1980 presidential election, leading the campaign in the battleground state of Pennsylvania among other roles. And during his first year as Secretary, he had been the point person in dealing with the air traffic controllers’ strike, an episode that did much to enhance Reagan’s reputation as a strong leader. He had earned the President’s trust and confidence, which some observers have noted was a critical factor in President Reagan’s rather abrupt shift in course on raising the federal fuel tax. The President signed the bill into law on January 6, 1983. (The often repeated story that Reagan didn’t realize that an increase in the gasoline tax was involved here is debunked by the firsthand account of the meeting noted above and two entries in his diaries – “Wednesday, November 10 Bud. Meeting – 1st Drew Lewis on subject of 5 cent gas tax pledged to repair hi ways and bridges; Thursday, January 6 – Signed the Gas Tax bill…”)

A key aspect of the legislation was that construction of the Interstate Highway System was at last drawing to a conclusion and funds were increasingly distributed to a broader range of transportation programs. As the most significant example of the new direction, one cent of the five cents was dedicated to transit programs. This departure was necessary to secure the support of urban Democrats, especially on the House side, and was the result of an agreement between Secretary Lewis and House Speaker Tip O’Neill. The 80/20 relationship between highway and transit uses for federal fuel tax increases was thus established – and subsequently applied when deficit related increases were allocated to the Trust Fund.

Another indication of shifting priorities was the introduction of earmarks for specific projects designated individually by members of Congress. Dating back to 1914, such earmarks had not been a feature of the federal-aid highway program, which was founded on the notion that the states would set priorities for the use of federal funds on the basis of planning studies (initiated in 1934 under the Hayden-Cartwright Act) and a planning process (first required for metropolitan areas under Section 134 of the 1962 Federal-Aid Highway Act.) This structure was embodied in the procedural rules of the House of Representatives, which until 1995 prevented the inclusion of specific projects in a general
highway authorization bill. But this critically important tradition, which set the Federal-Aid Highway Program apart from virtually all other federal grant programs, was initially bent in the 1970s with the introduction of the first project earmarks, which were termed “demonstration projects” in order to avoid a direct conflict with the procedural rule. This trend was reinforced in the 1982 legislation with the funding of 10 demonstration projects at a cost of $362 million. With the precedent thus established, the practice of earmarking would grow to over 5,600 demonstration projects at a cost of $19.4 billion in 2005’s Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), undermining in the eyes of many the notion that the federal program for highways was driven by well documented needs established by state and local planning.

The five cents per gallon increase became effective April 1, 1983. As it happened, this was during a period of falling retail prices for gasoline and diesel fuel, which greatly ameliorated any negative public reaction to it.

1990s Deficit Reduction Measures

Omnibus Budget Reconciliation Act of 1990

The Omnibus Budget Reconciliation Act of 1990 established a 5 cent motor fuel tax increase on both gasoline and diesel fuels. The five cent increase was to be divided with 50 percent going to the General Fund for deficit reduction, while the other 2.5 cents was split between the Mass Transit Account (0.5 cents) and the Highway Account (2 cents). The transportation industry was strongly opposed to this partial diversion of a traditional user fee from transportation purposes to deficit relief for the General Fund. However, from a political perspective other aspects of this legislation were perhaps more controversial and significant.

During his acceptance speech at the 1988 Republican National Convention, President George W. Bush made his famous “read my lips, no new taxes” pledge. However, in 1990 there was a bipartisan agreement that a $500 billion deficit reduction program over five years was necessary for the national economy, although there was no agreement on the mix of revenue increases and cost reductions necessary to achieve this goal. The President and his Republican supporters in Congress wanted to focus only on cost reduction measures while the perspective of the Congressional Democrats, as expressed by House Speaker Thomas Foley, was that “The assumption, I think, is that all things would be on the table.”

Intense bargaining over the budget reconciliation went on for a period of six months and a number of alternative motor fuel tax increases were considered along the way. At one point, budget summit negotiators reached agreement on a 10 cents/gallon in the motor fuel tax along with an across-the-board petroleum tax that would increase the price of motor fuel by an additional two cents/gallon. This proposal generated a predictable and intense
negative reaction when reported to the House and Senate and in the end a five cents/gallon, distributed as described above, was passed by Congress and signed into law by President Bush on November 5, 1990, to become effective on December 1st. The timing of this increase meant that the 2.5 cents/gallon allocated to transportation was available to augment funding for the Intermodal Surface Transportation Efficiency Act (ISTEA) of 1991.

In contrast to the 1983 nickel increase, the 1990 hike occurred in a period of rising retail fuel prices (the retail price of a gallon of gasoline increased from $1.08 to $1.38 between July and October of 1990), thus heightening the perceived impact among the traveling public and the resulting political backlash. In fact, some political observers have cited the reconciliation act’s revenue increases in general and the motor fuel tax in particular, and the President’s apparent breach of a pledge not to raise taxes, as a major factor in his unsuccessful re-election campaign in 1992. Thus the motor fuel tax was further politicized and the perceived political danger of supporting any increase was etched into the minds of many in Washington.

**Omnibus Budget Reconciliation Act of 1993**
With this perspective as background, newly-elected President Bill Clinton spoke in terms of an energy tax rather than a motor fuel tax on the basis of its environmental, energy security and deficit reduction benefits. A complex British Thermal Unit (BTU) tax was developed and narrowly passed the House of Representatives in May, 1993. However, it ran into a roadblock in the Senate Finance Committee, which had many members allied with the petroleum industry. The committee replaced the BTU tax with a 4.3 cents/gallon motor fuel tax, all allocated to deficit reduction, and this passed the Senate with Vice President Al Gore casting the tie-breaking vote.

During the ensuing conference, the size of the motor fuel tax increase continued as a subject of debate, but in the end 4.3 cents/gallon was approved. All of these funds were allocated to deficit reduction and this diversion was again opposed by the transportation industry. However, transportation advocates won a partial victory when the conference report, as subsequently enacted, also provided that the 2.5 cents per gallon adopted for deficit reduction in 1990 would be transferred to the Highway Trust Fund effective October 1, 1995.

**Taxpayer Relief Act of 1997/Transportation Equity Act for the 21st Century**
Thus the stage was set for the next transportation reauthorization, initially scheduled to occur in 1997. The US Department of Transportation actually began preparing for this legislation early in the 1990s as it exercised the many innovative provisions of the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA). ISTEA provided a solid policy framework with its multi-modal emphasis and allowances for funding flexibility,
thus allowing the next authorization legislation to focus on funding levels. Rodney Slater, initially as Federal Highway Administrator and then as US Secretary of Transportation, emphasized the economic benefits of transportation investment and built relationships across the country, notably on a 1996 road tour commemorating the 40th anniversary of the Interstate Highway System. Secretary Slater also took pains to relate the role of transportation investments in achieving the broader goals of the Clinton Administration, even to the point of carefully parsing State of the Union addresses and identifying which transportation programs supported the various domestic as well as global themes and initiatives described in this annual address, including social and economic development at home and global competitiveness internationally. Slater believed it was important for DOT to be perceived as part of the Administration team and for transportation to integrate its message in support of the broadest policy agenda.

As consideration of the new authorizing legislation began, federal budget deficit concerns persisted and the administration’s initial budget and fiscal outlook envisioned a flat-line program with no infusion of new revenues. Partially in response, Rep. Bud Shuster, the forceful chairman of the House Transportation and Infrastructure Committee, proposed legislation that would take the Highway Trust Fund off-budget. This bill, which failed by only two votes, succeeded in signaling to the White House and Congressional leadership that Chairman Shuster and his bipartisan Transportation and Infrastructure Committee, the largest Committee in either House, were forces to be reckoned with in these deliberations.

Debate on the new legislation, which eventually became known as the Transportation Equity Act for the 21st Century (TEA-21), quickly entered gridlock, primarily due to the contentious ‘donor/donee’ issue. With the fulfillment of a widely supported and enduring national vision of an Interstate system, strong concerns were expressed among some states that the federal transportation revenues collected in their jurisdiction exceeded federal funds expended in those jurisdictions. While donor state concerns had arisen before they were deflected by the strong sense of national purpose embodied in the construction of the Interstate System. A majority of legislators had supported the premise that this system provided benefits to the nation as a whole and that national funding without consideration of the jurisdictional origin of funds was appropriate. However, with the Interstate System virtually complete and more and more funding going to projects of primarily local concern, often earmarked projects of primarily local concern, this argument became far less compelling. This ‘balkanization’ aspect was exacerbated because at the time earmarked projects were treated as ‘above the line’ and thus increased a state’s net allocation of dollars.

Accordingly, the donor states pressed for the adoption of a ‘minimum guarantee’, meaning that a specified minimum percentage of the funds collected in a state would be returned to that state. A minimum in the range of 90% was most often suggested. With relatively level
funding this meant that a number of donee states, which had been receiving federal funds that exceeded federal revenue collected in their jurisdiction, were confronted with the prospect of a reduction in the dollar level (not just percentage level) of their federal-aid program. This was deemed by many to be politically unacceptable. While it was clear that Chairman Shuster had the votes to pass legislation in the House without a significant minimum guarantee, it seemed equally clear that the donor/donee issue would cause the bill to founder in the Senate.17

As it happened, 1997 marked a favorable transition (albeit temporary) in the condition of the federal budget deficit, fueled by an era of robust economic growth for the United States. The federal budget deficit, which had become as much a rationale for fuel tax increase discussions as the need for improved surface transportation, had dramatically declined and appeared to be headed for a surplus. Secretary Slater recognized that this unexpected development presented an opportunity to resolve the transportation funding impasse. He proposed that the 4.3 cents per gallon fuel tax still accruing to the General Fund be transferred to the Highway Trust Fund. The unique economic circumstances of the time made it possible to do this while still maintaining a federal budget surplus. In a reprise of the President Reagan/Secretary Lewis discussion 15 years previously, Secretary Slater relied upon a strong, but respectful, personal and political relationship with President Clinton to make the case for this solution.18

Although opinions vary on the degree of its significance, an important step in the process was a meeting between President Clinton and most of the country’s governors, acting under the auspices of the National Governors Association. In preparation for the meeting, Secretary Slater briefed both the President and the governors on the expected course of the discussion, anticipating that the President, a former governor himself, would be receptive to the perspectives of this group.19

The result was the Taxpayer Relief Act of 1997, which was enacted in August and transferred the 4.3 cents per gallon tax effective October 1, 1997. In addition to the NGA meeting, two keys to this achievement were 1) the federal budget was now heading for surplus, thereby undermining the argument that fuel tax funds were needed for deficit reduction, and 2) it was clear that Chairman Shuster had the votes to pass the subsequent transportation legislation in the House and thus an accommodation had to be achieved.20 However, the tax bill made no provision for the expenditure of the additional income; that was left to TEA-21.

Remarkably, even with the funding solution in hand, TEA-21 wasn’t enacted until the following May. The principal reason for this delay was the intensity of the donor-donee controversy, which raged on even as the additional funds accumulated in the Trust Fund. Eventually a minimum return of 90.5 % for specified programs21 was agreed upon. In
combination with the increased funding provided by the transfer of the fuel tax, this resulted in an increase in the dollar total apportioned to every state other than Massachusetts. Other contributing factors to the delay were continuing ambivalence to the funding level by deficit hawks within the Administration and opposition by members of the Appropriations Committees, whose authority was significantly reduced by some of the TEA-21 provisions. The legislation was eventually passed on May 22nd and signed into law June 9th.

**SAFETEA-LU, the “Bridge to Nowhere,” and the Languishing Fuel Tax**

TEA-21 is seen by many as a high water mark in financing federal surface transportation, largely because:

- Diversion of the fuel tax for deficit reduction ended
- The shift of the 4.3 cents/gallon (plus the 2.5 cents transferred in 1995) enabled the Federal Highway program to grow by more than 40%
- Federal surface transportation funding was protected by firewalls that made it difficult if not impossible to divert trust fund revenue or trim back the federal program below authorized levels

The wounds caused by an intense donor/donee debate were dressed, if not completely healed.

However, the picture would change dramatically under the next reauthorization known as SAFETEA-LU. (Safe, Accountable, Flexible, Efficient, Transportation Equity Act – A Legacy for Users). The change in leadership of the House Transportation and Infrastructure Committee was a critical factor as Bud Shuster yielded the Chairman’s gavel to Representative Don Young of Alaska who at various points was at odds with Congressional leadership, the Bush Administration and the transportation industry as the Committee vacillated between just over $250 billion and $375 billion in proposed funding. The latter would have required a substantial revenue increase but the prospects for increases in fuel taxes and fees were nil. The final figure of $286.5 billion that was enacted represented a modest increase that lagged inflation.

Chairman Young’s tenure will perhaps be remembered most for the “tipping point” that seemed to occur in the characterization of the highway program by the nation’s media and other watchdogs from a nationally focused, visionary federal program to one that had become a collection of dubious pork barrel projects epitomized by the now infamous “bridge-to-nowhere” earmarked project, whose notoriety was heightened further in the 2008 Presidential election. Earmarks, even though generally they no longer add to a state’s overall funding allocation, have gained the status of an “entitlement” for members of Congress, especially those in the leadership. This perception, though readily countered by
an objective analysis of how the vast majority of projects (which are non-earmarked) are identified and federal funding allocated, has proven difficult to shake.

The damage done to the prospects for a federal fuel tax is all too apparent. Even a combination of the following countervailing events have proven to be inadequate to change the bleak outlook for such a revenue increase, though the need for such an increase is widely recognized. Consider:

- Two separate national commissions, mandated by Congress, and at least on the surface, led or influenced by the Bush Administration that had appointed many of their members – an administration strongly opposed to any consideration of a fuel tax increase – reached similar and mutually supporting conclusions about the need for a significant increase in the fuel tax over time as well as a shift from the cents per gallon to a cents per vehicle mile tax. In particular, the National Surface Transportation Policy and Revenue Commission called for a performance-based National Transportation Plan to be funded by a 40 cents per gallon fuel tax increase phased in as the plan is adopted and funds are needed.

- A deficit in the Highway Trust Fund of $8 billion in 2008 – the first deficit in more than 50 years of the Trust Fund’s existence – that had to be “plugged” with an transfer from the general fund, with the prospects of larger transfers needed in the near future (the result of declining consumption driven by a combination of more fuel efficient vehicles, as well as short-term record prices for fuel in mid-2008 and an extremely weak economy that have caused unprecedented declines in travel)

- Public concerns about the condition of surface transportation infrastructure, amplified by the sudden failure of the I-35W bridge in Minneapolis, and analytically supported by the widely quoted ASCE Report Card as well as the recently updated AASHTO Bottom Line report

And yet, there appears to be no serious consideration of an increase in the federal motor fuel tax in the near future.

Despite this, it must be recognized that federal funding for highways and transit has shown remarkable resilience. For example, a Bush Administration proposal for that would have significantly reduced the program in response to the TEA-21 “RABA” provision (formally known as Revenue Aligned Budget Authority, a provision that adjusted the size of the program based upon increasing or decreasing revenue) that was observed faithfully by Congress during increases was quickly cast aside at the first turn to a projected decline. The fact is that while there seems to be a political glass ceiling that impedes a much-needed increase in federal transportation revenue, there also seems to be a rather strongly reinforced floor that mitigates against back-sliding.
In the competition between the irresistible political force that tends to avoid reductions in federal surface transportation funding and the immovable political object that acts to foil attempts to raise these funding levels, anything can happen, and it usually does, often in the most unplanned and unexpected ways (witness Drew Lewis and Rodney Slater seizing the moment at politically opportune times under the right set of circumstances.) This is not to suggest a completely unplanned ad hoc and opportunistic approach to advocacy for federal funding increases. The message seems to be that such planning while necessary to frame the debate and provide a firm footing for advocates, may not be sufficient. What seems to turn the federal tide toward enacting revenue increases, whether or not they are driven primarily by transportation needs, is a strategy that couples “making the case” with “seizing the moment.”

Lessons Learned

The legacy of this era appears to be a federal motor fuel tax that has become highly politicized with its traditional characterization as a transportation user fee severely compromised. This was nowhere more evident than in the 2003-2005 transportation reauthorization deliberations that ultimately resulted in SAFETEA-LU. Despite near-unanimous agreement within Congress that a substantial increase in federal transportation funding was strongly warranted by the need to address the urgent requirements of the nation’s aging infrastructure, during the two-plus years this legislation was debated there was virtually no serious consideration of raising motor fuel taxes or other revenue sources to finance this increase.

In the early days of the Interstate Highway System, the message was a simple one, easily reduced to a sound bite – motor fuel taxes were user fees being applied to a national program that conferred benefits to the country as a whole. In recent decades, the message has become considerably more mixed and the federal user fee concept undermined by several developments:

- The series of initiatives in the 1970s and again in the 1990s to increase fuel taxes for purposes related to energy conservation and federal budget deficit reduction rather than transportation investment. These initiatives were driven by a desire to significantly increase fuel taxes as found in most other industrialized countries, basically for energy/climate reasons and without an intent to increase transportation investment.
- The gradual completion of the Interstate System and a consequent shift in funding allocations to projects that were more local than national in impact, often local projects that were earmarked during the legislative process.
- An across-the-board anti-tax sentiment in Congress, perhaps best exemplified by the Americans for Tax Reform organization (Grover Norquist, President) that attempts to solicit anti-tax pledges from all Congressional candidates of both
The key turning point for this factor may have been the 1994 mid-term election that brought many new members of Congress to Washington who embraced this sentiment.25

- A primary emphasis on transportation funding initiatives as job creation programs rather than as infrastructure investments.
- A turn to General Funds to supplement traditional federal transportation funds since the latter are so clearly insufficient to address identified needs.26

These factors make it difficult to be optimistic about the prospects of increasing federal motor fuel taxes, notwithstanding the recommendations of national commissions to do so. It no longer appears to be possible to secure an increase in the federal fuel tax based solely on the need for additional transportation investment.27 On the other hand, possibilities that can neither be predicted nor planned with any degree of reliability may well develop as they have in the past. Only months prior to President Reagan’s support of the 1982 increase he had foresworn that very possibility, only to become convinced on the basis of broader needs and the right political equation, to support his proactive Secretary of Transportation, who had earned his confidence. Similarly, there was a time during the deliberations over the 1997 reauthorization when Chairman Shuster stood alone, unable to bring the Senate or the Administration to support a substantial program increase. Once again, when the opportunity arose, spurred by a proactive Secretary of Transportation who had a longstanding relationship with the President, and had nurtured the case for increased revenue in his outreach across the country and in his relationships inside the Beltway, the moment was right and in a political instant, the tide had turned.

Approaching this issue from the broader perspective it is difficult to imagine any Congress or administration completely abandoning the federal interest in surface transportation. It is conceivable, according to experienced and well-informed observers, that entirely different models will emerge that will not require support for federal transportation revenue increases in the traditional sense. For example, one scenario has the trust fund nursed back to health by transitioning to a vehicle-mile based tax and then serving a more limited role in support of the repair, rehabilitation and reconstruction of facilities in which the country as a whole has a significant national interest. This could include the Interstate System as well as most if not all of the National Highway System, along with priority transit systems that serve critically important inter and intra-regional flows. Under this scenario, major new corridors, or large-scale capacity enhancements in existing corridors would compete nationally for support through some combination of innovative approaches such as TIFIA loans, infrastructure banks and private sector incentives which also protect the public’s interest.

Under another scenario, prudent investments in public transportation as well as highway system preservation measures which reflect conservation principles reducing greenhouse
gas emissions through improved flows would be eligible for revenues that might accrue under climate change legislation that would result in a higher commercial price for energy, such as is most likely under a cap and trade approach.

In any case, while the outlook may look bleak at any particular moment for the prospects of a breakthrough in increased federal funding, experience tells us that situation can change abruptly and the industry needs to be prepared for changes whose timing may be difficult to predict. There are potentially viable ideas being discussed about what such changes might entail. The ultimate lesson of the past is to persist and be prepared to move quickly when the right combination of opportunities arises.

Finally, it is interesting that the challenges at the state and local level have been somewhat less problematic than at the federal level. As discussed elsewhere in this report, there have been a series of successful state and local transportation funding initiatives across the nation during this time period, in which the public and its elected representatives have been have able to understand the linkage between additional revenue and increased transportation investment. But while there appears to be much less confidence in that linkage at the federal level for the moment, history shows us that could change in an instant.28

**Additional References**


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22 Massachusetts had previously enjoyed a disproportionately large apportionment due to the Central Artery/Tunnel.
23 Basso interview.
24 Downey interview.
25 Basso interview.
26 These last two points were clearly demonstrated in the American Recovery and Rehabilitation Act of 2009.
27 Basso interview.
28 Slater interview.