U.S. House of Representatives
Committee on Transportation and Infrastructure
Washington, DC 20515

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The Honorable Jeb Hensarling
Co-Chair, Joint Select Committee
on Deficit Reduction
825C Hart Senate Office Building
Washington, D.C. 20510

The Honorable Patty Murray
Co-Chair, Joint Select Committee
on Deficit Reduction
825C Hart Senate Office Building
Washington, D.C. 20510

Dear Representative Hensarling and Senator Murray:

Pursuant to section 401(b)(3)(A)(ii) of the Budget Control Act of 2011 (P.L. 112-25), I hereby submit the views of Republican members of the Committee on Transportation and Infrastructure on deficit reduction proposals related to programs within the Committee's jurisdiction.

Last year, the Committee issued a report entitled "Sitting on Our Assets: The Federal Government's Misuse of Taxpayer-Owned Assets". This report, which is enclosed for your review, identifies billions of dollars in potential savings to the taxpayer through improved management of federal assets and the elimination of waste in agencies and programs under the Committee's jurisdiction.

Given that there is bipartisan, bicameral agreement on the need to provide adequate funding for surface transportation infrastructure, and both Chambers are currently working to identify appropriate revenues to finance such spending, this letter focuses on proposals in other program areas. Specifically, the views in this letter respond to certain proposals made by the National Commission on Fiscal Responsibility and Reform ("Bowles-Simpson Commission"), the Debt Reduction Task Force of the Bipartisan Policy Center ("Domenici-Rivlin Task Force"), the Congressional Budget Office, and the President's September 19, 2011, Plan for Economic Growth and Deficit Reduction ("President's Plan"), with an emphasis on proposals that produce mandatory, as opposed to discretionary, savings.

Many of these proposals involve new or increased user fees. We have long supported user-fee financing for programs within our Committee's jurisdiction. To help construct and maintain our nation's infrastructure, Congress established a series of trust funds to collect user fees. These funds include the Highway Trust Fund, the Airport and Airway Trust Fund, the Inland Waterways Trust Fund, and the Harbor Maintenance Trust Fund. Each of these trust funds dedicates user fee revenues in infrastructure programs to finance long-range construction and maintenance activities.

These trust funds represent a contract between the government and the user. This contract specified that certain user fees would be levied on the users of highways, airports, inland waterways, and ports. In return, the government pledged to use the receipts to build transportation infrastructure for the taxpayer's use. Therefore, while we support the concept of user fee financing, user fees should not be used to reduce the deficit. In addition, user-fee financing needs to be a two-way street, with the fees structured in a responsible manner and supported by the users impacted by such fees.

Surface Transportation Financing

The Bowles-Simpson Commission proposed to dedicate a 15-cent per gallon increase in the gas tax to transportation funding, and limit spending if necessary to match the revenues the "Transportation Trust Fund" collects each year. Similar to the President's FY 2012 Budget proposal, the Bowles-Simpson Commission plan reclassifies spending from the "Transportation Trust Fund" to make both contract authority and outlays mandatory. The Commission further recommends that, before asking taxpayers to pay a higher gas tax, we must ensure existing funds are not wasted.

We agree Highway Trust Fund spending should be focused on projects and programs that are truly in the federal interest. We do not agree, however, the gas tax should be raised, particularly in the current weak economic environment. In addition, we do not support the proposal in the FY 2012 President's Budget to broaden the use of the Highway Trust Fund and rename it the "Transportation Trust Fund."

Federal Real Property

Both the Bowles-Simpson Commission and the President's Plan recommended the U.S. government sell unneeded federal real property. The size and scope of wasteful spending on federal real estate has been well documented by the Committee and the Government Accountability Office (GAO) in recent years. Since 2003 the GAO has placed federal real estate on its High Risk list. In 2010 we produced the above-referenced report entitled "Sitting on our Assets" that detailed the tremendous costs involved with vacant or underutilized properties, an over-reliance on leasing for long-term requirements, and the underlying causes of these wasteful practices. And in February 2011, Subcommittee Chairman Denham first proposed a framework, similar to the Base Realignment and Closure ("BRAC") Commission, to overcome these obstacles and shrink the footprint of the federal government. Shortly thereafter, the administration proposed its own version of the proposal.

On Thursday, October 13, 2011, the Committee on Transportation and Infrastructure ordered reported H.R. 1734, the "Civilian Property Realignment Act." This legislation will establish a Commission to review federal properties and make recommendations for consolidations, co-locations, redevelopment, selling or other actions, thereby reducing waste, increasing the efficiency of the federal government, and producing significant savings for the taxpayer.

H.R. 1734, as amended, contains some critical elements that are central to ensuring there are mandatory savings and long-term spending reductions. These provisions will ensure the $15 billion savings potential identified by the Office of Management and Budget (OMB) is realized. We have enclosed the language of the substitute amendment adopted by the Committee for your reference.

Aviation

Air Traffic Services Fee: We strongly support the current aviation financing structure, where the user pays for services and infrastructure improvements that benefit them. In fact, the Airport and Airway Trust Fund is currently funded by user fees and taxes, including fuel taxes, and this arrangement works well. The President's proposed $100 per flight fee is an arbitrary number with no basis for its establishment. The industry believes that fuel taxes are a better indicator of system usage. The FAA reauthorization proposal currently being pre-conferenced does not include new user fees for aviation. Enactment of a long-term FAA Reauthorization bill, H.R. 658, will address wasteful FAA practices and lead to much needed FAA reforms.

Essential Air Service: The Essential Air Service (EAS) program was included on the list of potential program terminations in Appendix D of the Domenici-Rivlin Task Force report. While we certainly agree that the program should be significantly reformed, we oppose a complete termination. Funding for EAS has skyrocketed over the past 10 years, from $50 million in 2001 to $200 million in FY 2010, an increase of 300 percent.

In the long-term FAA reauthorization bill that was passed by the House earlier this year (H.R. 658), the House approved EAS reform and phasing out the EAS program except in Alaska and Hawaii. Complete elimination would be problematic for certain communities that are isolated and lack transportation alternatives, such as many communities in Alaska and Hawaii. The elimination of the EAS program would leave these communities without a critical connection to the transportation system.

Airport Improvement Program: The Airport Improvement Program (AIP) was included on the list of potential program reductions in Appendix D of the Domenici-Rivlin Task Force report. This option would eliminate AIP grants to large and medium-sized airports, reducing program funding from $3.515 billion to $2.445 billion per year. We oppose this option. AIP funding has been frozen at $3.5 billion for the past six years (since 2006), with construction and other cost increases eroding the program's "buying power" over time. Reducing AIP funding to $2.445 billion, as proposed by this option, would further decrease the ability of airports to finance important capital development needs and to create the jobs that go along with those projects. Eliminating grants to larger airports, if done in conjunction with increasing or eliminating the current cap on local Passenger Facility Charges charged by such airports, could be a viable option. However, the Committee would need to investigate and understand all consequences of such an approach before a decision could be made regarding its implementation.

Inland Waterways and Harbor Maintenance Funding

The President's Plan proposes enactment of a new user fee for the inland waterways system, which would generate about $1 billion of additional revenue into the Inland Waterways Trust Fund over the next 10 years. This new fee would supplement the existing diesel fuel tax, which currently covers just eight percent of the total amount the Army Corps of Engineers spends on behalf of inland waterways users. According to the President's Plan, "this additional revenue would enable a more robust level of funding for...waterways, and contribute to deficit reduction and economic growth." This statement, however, is contradicted by the chart accompanying the President's Plan (Table S-5), which shows the new inland waterways user fees going to deficit reduction. Pending further explanation, one must assume the Administration is increasing fees and showing it as deficit reduction, not investment in infrastructure. We would object to collecting money for the Inland Waterways Trust Fund and not spending it for the intended purpose.

We already have a Harbor Maintenance Trust Fund that has not been fully used for its intended purpose of dredging seaports for many years. As a result, the unused $6 billion balance of the Fund has been used to mask other government spending. While the Committee supports user fees as a means of paying for federal services and infrastructure, we believe any user fee must go to benefit those who are paying.

Superfund Taxes

The President's Plan proposes to reinstate the taxes that were deposited in the Hazardous Substance Superfund prior to their expiration on December 31, 1995. We oppose this recommendation. The Superfund tax being proposed is unfair for two reasons. First, some businesses that are paying the tax are also paying again as responsible parties under the polluter pays policy. Second, some of those paying a corporate environmental tax are businesses that are not polluters, e.g., financial institutions.

American Jobs Act

The President has asked the Joint Select Committee on Deficit Reduction to include the "American Jobs Act" in its recommendations. Several elements of this proposal would affect programs within the jurisdiction of the Committee on Transportation and Infrastructure, as discussed below.

Invest in immediate surface transportation priorities: The President proposes an additional $50 billion in funding for highway, highway safety, transit, passenger rail, and aviation activities as a job creation strategy. We do not support another stimulus. Instead, Congress should focus on enactment of long-term surface and aviation transportation reauthorization legislation.

Expediting high-impact infrastructure projects: The President recently issued a Presidential Memorandum directing departments and agencies to identify high impact, job-creating infrastructure projects that can be expedited through outstanding review and permitting processes within the control and jurisdiction of the federal government. We support expediting infrastructure projects. However, rather than just identifying certain projects for fast-tracking, the process should be expedited for all projects by eliminating red-tape and unnecessary requirements.

Create infrastructure bank: The President proposes the creation of a National Infrastructure Bank (NIB), based on the bipartisan model proposed in the Senate, at a cost of $10 billion over 10 years. We oppose this proposal. The long-term surface transportation reauthorization bill developed by the Committee on Transportation and Infrastructure will instead take the approach of capitalizing State Infrastructure Bank's and leaving the States in control. In addition, it will include an improved and better-funded Transportation Infrastructure Finance and Innovation Act (TIFIA) program, which is a better alternative to a NIB. Finally, the creation of a NIB would take years and do little to spur job creation in the near-term.

Your consideration of these views is appreciated.

Sincerely,

JOHN L. MICA
Chairman

Enclosures

cc: Honorable John A. Boehner
Honorable Eric Cantor
Honorable Nick J. Rahall
Honorable Max Baucus
Honorable Xavier Becerra
Honorable Dave Camp
Honorable James Clyburn
Honorable John Kerry
Honorable Jon Kyl
Honorable Rob Portman
Honorable Pat Toomey
Honorable Fred Upton
Honorable Chris Van Hollen