

Americans for Transportation Mobility

April 22, 2008

TO THE MEMBERS OF THE UNITED STATES CONGRESS:

The Americans for Transportation Mobility (ATM) coalition strongly urges you to oppose any legislation which would suspend the federal motor fuels tax. Such legislation would threaten investments in highways and transit systems throughout the United States and undermine the stability of the Highway Trust Fund.

The federal motor fuels tax is not a tax in the traditional sense. Since it was established in 1956, it has served as a user fee to generate revenue for the Highway Trust Fund to support federal investments in state and local highways and public transportation. A pause in collection of the federal motor fuels tax would do little to help the driving public or stimulate the economy, and nothing to address the root cause of escalating fuel prices. As important, such an effort would effectively eliminate the relationship between the use of the system and those paying for the infrastructure.

According to the American Association of State Highway and Transportation Officials, suspending collection of the motor fuels tax during the high-mileage summer months would reduce the balance of the Highway Trust Fund by \$9 billion, and at best, save motorists an average of only \$28. Such a proposal is particularly bad policy at a time when the Highway Trust Fund is facing a revenue shortfall that could lead to more than a 30% reduction in federal highway funds across all states in fiscal year 2009.

Moreover, cutting investment in infrastructure is exactly the wrong strategy for dealing with a slowing economy. Each dollar invested in highway construction generates \$1.80 of Gross Domestic Product in the short term, according to Standard & Poor's DRI. Every dollar taxpayers invest in public transportation generates about \$6 in economic returns, reports Cambridge Systematics. According to the Department of Transportation, each \$1.25 billion in highway capital investment supports 34,779 jobs.

Even legislation that couples a suspension of the federal motor fuels tax with a General Fund offset to make up the loss of revenue to the Highway Trust Fund makes for bad public policy because it would establish a precedent for pauses in collections. Since 1956, the Highway Trust Fund has provided certainty that has allowed federal, state and local governments the months or years of planning necessary to implement transportation infrastructure projects. These long-term planning needs cannot be held hostage to congressional attempts to cut off Highway Trust Fund funding in the name of "political expediency."

For these reasons, Americans for Transportation Mobility strongly urges you to oppose any legislation that would suspend collection of the federal motor fuels tax.

Sincerely,

Americans for Transportation Mobility

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