



# NARC National Association of Regional Councils

## LEGISLATIVE PRIORITIES

### TRANSPORTATION FINANCE

BUILDING REGIONAL COMMUNITIES – LARGE, SMALL, URBAN AND RURAL – THROUGH ADVOCACY, EDUCATION AND TRAINING

## ISSUE

The National Association of Regional Councils (NARC) supports exploring and implementing a variety of transportation financing mechanisms to maintain and improve the nation's multimodal transportation infrastructure network to best compete in a global marketplace and sustain jobs, strengthen the overall national economy and create livable communities throughout the country.

## RECOMMENDATIONS TO CONGRESS

- Emphasize transportation as a high priority in federal, state, regional and local government through the adoption of proactive policies.
- Provide adequate support to maintain and grow transportation infrastructure that supports the safe and efficient movement of people, goods and services throughout out country.
- Allow federal funds to leverage the monies of others, especially with respect to freight projects whose impact reaches beyond regional borders.
- Recognize the critical roles Councils of Government (COGs) and Metropolitan Planning Organizations (MPOs) play in supporting regional and national economies.
- Employ practical strategies that will provide for streamlined and flexible programs and funding, which will maximize the position of COGs and MPOs to convene and work cooperatively with local, state and federal partners on policies and decisions.
- Conduct extensive research into a combination of innovative transportation financing solutions - raising and indexing gas tax, regional transportation taxes; pricing; tolling; user-based fees, public-private partnerships, etc.
- Support "Regional Infrastructure Improvement Zones," a financing mechanism that would allow for businesses or individuals to make contributions toward a transportation project for a tax deduction.
- Support regional government authority to determine and employ solutions at the regional level.
- Provide incentives to the private sector and other governments to improve infrastructure.
- Encourage partnerships between federal, state, regional and local government, as well as public and private industry and business entities.

## BACKGROUND

The future financing of our country's transportation system is in question. Purchasing power and funds continue to dwindle as infrastructure needs for basic maintenance and demands for increased capacity overwhelm our aging multimodal system. Without adequate funds, our country will be unable to compete in a global marketplace, sustain jobs, and strengthen the overall national economy.

Our national economy is sustained by regional economic engines that drive growth. Through the multimodal daily movement of people, goods, COGs and MPOs play critical roles in supporting regional economies. The National Association of Regional Councils (NARC) is working to expand and implement innovative transportation finance strategies that will empower COGs and MPOs to best serve the needs of our transportation system for the future. In fact, since the late 1960s, MPOs and COGs have performed comprehensive planning with substantial public input to support economic growth, environmental sustainability, and enhanced mobility for all. MPOs are responsible for providing at least a 20% share of costs for a transportation project. Increasingly, regional governments are looking toward the private sector to fund transportation projects. This ranges from contributions to a project by a developer to full-scale private sector ownership of the facility.

The Highway Trust Fund (HTF) serves as the federal government's primary channel for funding transportation. Supported by a 18.4 cent per gallon gas tax, which has not been increased since 1993, the HTF receives 15.44 cents per gallon leaving 2.86 cents to fund the Mass Transit Account. Projections indicate that the HTF will be insolvent by as early as 2009. Inflation, coupled with the rising cost of construction and cost of doing business, has significantly under cut the HTF's purchasing power. In fact, industry studies are forecasting an ever widening funding gap for transportation infrastructure with cumulative deficits at \$1 trillion or more by 2015.