



NATIONAL CONFERENCE *of* STATE LEGISLATURES

The Forum for America's Ideas

TESTIMONY OF
SENATOR BRUCE STARR
OREGON STATE SENATE

CHAIR, NATIONAL CONFERENCE OF STATE LEGISLATURES
STANDING COMMITTEE ON TRANSPORTATION

ON BEHALF OF THE
NATIONAL CONFERENCE OF STATE LEGISLATURES

REGARDING
**THE STATE AND LOCAL ASSOCIATIONS EXECUTIVE
ROUNDTABLE**

BEFORE THE
**NATIONAL SURFACE TRANSPORTATION POLICY AND REVENUE
STUDY COMMISSION**

JUNE 20, 2007

NATIONAL SURFACE TRANSPORTATION POLICY AND REVENUE STUDY COMMISSION

JUNE 20, 2007

**TESTIMONY OF SENATOR BRUCE STARR
OREGON STATE SENATE
CHAIR, NATIONAL CONFERENCE OF STATE LEGISLATURES STANDING COMMITTEE ON
TRANSPORTATION**

Secretary Peters, Vice Chair Schenendorf, and members of the National Surface Transportation Policy & Revenue Study Commission, it is a pleasure for me to speak with you today representing the National Conference of State Legislatures (NCSL). I am Oregon State Senator Bruce Starr and I have the pleasure this year of serving as Chair of the NCSL Transportation Committee. NCSL is a bi-partisan organization representing the 50 state legislatures and the legislatures of our nation's commonwealths, territories, possessions and the District of Columbia, and is pleased to be collaborating with the other organizations representing state and local policymakers – the “Big 7” – for this morning’s meeting.

States and localities own and operate over 90% of America’s surface transportation system, and the work of this Commission and the future of the federal transportation program will be critically important to us as state and local policymakers as we plan for the futures of our communities and economies, budget for transportation system maintenance or expansion, assure safe travel for citizens and freight, and set the policies that will govern our jurisdictions for decades to come. State legislators set tax policy and vote budgets and spending plans, so we are particularly conscious of money issues and competing budgetary interests as we strive to achieve our state’s transportation goals. This is why state legislators want to see as many funding tools in their budgeting



toolbox as possible, and this morning I want to talk about some of these innovative financing tools.

NCSL hopes that this Commission will encourage Congress to retain and expand innovative financing tools currently available to help states plan and fund transportation projects.

- The most important tool in the kit is the gas tax. **Gas taxes** – including excise and sales taxes on fuels – provide the majority of transportation revenue in 25 states and will remain a central transportation financing mechanism. While some suggest that the gas tax should be indexed to prevent erosion of that financing tool by inflation, NCSL does not have a position on that question, but I am personally opposed to such automatic, technocratic tax increases that remove such important decisions from the hands of policymakers.
- In the face of new fuel efficient vehicles, different fuel technologies, and changing driver behaviors, the value of the gas tax to transportation financing may be challenged in the near future. When asked what could possibly replace the gas tax, many experts and policymakers suggest we look to a **vehicle miles traveled (VMT) tax**. As Chair of Oregon’s Road User Fee Taskforce, we recently concluded our VMT pilot project, which has proven that this taxing mechanism is viable and does have promise. There are, however, many hurdles to making it a widely deployable, convenient, and efficient tax system. Oregon’s pilot program recruited volunteers who for a period of months had their mileage recorded and paid a per mile fee for use of the road system. A fee that was calculated and paid at the fuel pump, not unlike how drivers today pay the gas tax.



The VMT may be one of the most promising tools in a state legislator's transportation financing toolbox.

- While much attention has been given to **Public-Private Partnerships** (PPPs), NCSL wants to be clear that PPPs are not a panacea for all transportation funding needs. But use of **tolls** for financing or supporting certain segments of highways is an acceptable alternative when funding for construction or maintenance would otherwise not be available. The present toll pilot project should be expanded to provide for participation of eligible projects in other states and insular areas and for private sector. The level of private sector participation is best determined by state and local authorities.
- State Infrastructure Banks (SIBs) are infrastructure revolving funds eligible to be capitalized with federal transportation funds that increase the efficiency of a state's transportation investment and that leverage federal resources by attracting non-federal public and private investment. States should be allowed to add federal transportation funds to their SIBs in addition to state, local, and private resources.
- Grant Anticipation Revenue Vehicles (GARVEEs) are a debt financing instrument authorized to receive federal reimbursement of transportation-related debt service and financing costs. NCSL supports states' continued and expanded use of GARVEE bonds as another financing tool for transportation projects.
- Transportation Infrastructure Finance and Innovation Act (TIFIA), passed in 1998, established a new federal credit program to provide credit assistance for surface transportation projects of national or regional significance in order to



leverage federal funds by attracting substantial private and other non-federal investment. NCSL supports states' continued ability to avail themselves of these financing options.

- Another issue with transportation financing is the categorization of federal funding streams. Extensive categorization of programs reduces the flexibility of states in addressing transportation needs and arbitrarily encourages expenditures according to the availability of federal funding. Categories should be reduced and state flexibility increased with existing barriers to transferability of funding eliminated.

Madame Secretary, in closing I would like to reiterate that NCSL looks forward to working with this Commission, the Congress, and our state and local peers to ensure that the United States retains its exemplary transportation system and the necessary funding streams. I thank you for this opportunity to appear and look forward to questions from members of the Commission and our discussion.

