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Synopsis:
Report of the National Surface Transportation Policy and Revenue Study Commission: Transportation for Tomorrow

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Background & Introduction:

Congress formed the National Surface Transportation Policy and Revenue Study Commission in 2005 as part of the Safe, Accountable, Flexible, Efficient Transportation Equity Act – A legacy for Users (SAFETEA-LU). The Commission was comprised of 12 members, representing federal, state and local governments; metropolitan planning organizations; transportation-related industries; and public interest organizations. Section 1090(b)(3)(B) of SAFETEA-LU requires the National Surface Transportation Policy and Revenue Study Commission to review the "nation's assets, policies, programs, revenue mechanisms" and to develop "a conceptual plan, with alternative approaches, to ensure that the surface transportation system will continue to serve the needs of the United States, including specific recommendations regarding design and operational standards, Federal policies, and legislative changes." The full report can be found on the Commission's website at www.transportationfortommorow.org

In January 2008 the National Surface Transportation Policy and Revenue Study Commission released its final report to Congress. The bipartisan report envisions refocusing on federal transportation programs while maintaining a strong federal role in surface transportation. The recommendations in the report can be categorized into three R's:

- Reform – Reform how the nation upgrades and expands its network from the choosing of projects to the building of projects;
- Restructure – Restructure the federal transportation investment program to concentrate on genuine areas of national interest;
- Revenue – Generating new revenue to close the investment gap.

Today's Problems:

Today, the physical infrastructure is deteriorating rapidly and there is no agreed upon methods or solutions to restore them to optimal levels of utility and performance. The Commission supports the idea that for strategies to shift, more trips to public transit will play a large role in forward-thinking efforts to reduce congestion.

The Commission recognized that energy security has become a critical transportation issue. The nation's mobility is largely dependent on gasoline and diesel fuel, and the transportation sector as a whole accounts for two-thirds of U.S. petroleum use. The idea is that transportation policy must work in tandem with energy policy to reduce reliance on petroleum fuels and promote research on

alternatives. Because the nation lacks a clearly articulated transportation vision to guide investments – and an objective, performance-based method of assessing individual projects – investment decisions are made for political rather than good planning reasons. Similarly, private sector transactions that affect the nation's publicly-owned transportation network must be accomplished in a transparent manner; so that the public is confident their interests are protected.

Facts Developed:

- Over the next 50 years, the population of the United States is expected to grow by some 120 million people intensifying the demand for transportation services by private individuals and businesses. Most growth is projected in the metropolitan areas. It is unlikely the transportation supply can keep up with this growth contributing to increased congestion.
- The world economy will grow and become more integrated. Economic forecasts indicate freight volume will increase 70 percent higher in 2020 than they were in 1998. Without improvements to key good-movement networks, freight transportation will become increasingly inefficient and unreliable.
- Estimates indicate the U.S. needs to invest at least $225 billion annually for the next 50 years to upgrade the existing transportation network to a good state of repair and to build the more advanced facilities to remain competitive.
- The impacts of transportation projects on the environment are being given increased attention now and in the future. The costs associated with protecting the environment must be considered, and funding for mitigation committed, during the planning and environmental scoping process.
- The drive for cleaner fuels and greater energy security will also become an increasing important factor in the development of future transportation plans and programs at the national level.

In the Commission's view the United States could lay claim to best-in-class status in surface transportation when all the following statements hold true:

- Facilities are well maintained
- Mobility within and between metropolitan areas is reliable
- Transportation systems are appropriately priced
- Traffic volumes are balanced among roads, rails and public transit
- Freight movement is an economic priority
- Safety is assured
- Transportation and resource impacts are integrated
- Travel options are plentiful
- Rational regulatory policies prevail

According to the Commission, to achieve these desired levels, funding *and* function must be inextricably linked. Substantial new transportation investments are required and a demand must exist for the kind of results that can be estimated in rigorous benefit-cost analyses and tracked by means of performance-based outcomes.

Recommendations for Reform:

Key elements are required for significant and decisive action to create and sustain the nation's surface transportation system. These elements include increased public and private investments, partnering with the federal government and saying "no" to reauthorization.

Increase Investments: The Commission maintains that in order to remain competitive a significant increase in investment is warranted; and closing the investment gap will assist in maintaining systems and expand capacity. In their view these can be accomplished through an increase in public funding; an increase in private investment, more tolling; and implementing new and innovative ways of funding. And, that the need to price the use of the system will help reduce investment needs.

Fully Partnering with Federal Government: The Commission believes the partnering of the federal government with state, local governments and the private sector is imperative to tackle the transportation crisis situation. The transportation system is critical to the interstate and regional movement of goods and people, economic growth, global competitiveness, environmental sustainability, safety and the overall quality of life.

A New Beginning of Thinking: The Commission strongly recommends the authorization of a federal program that is performance-driven, outcome-based, mode-neutral, and re-focused to genuine national interest. They recommend the current 108 existing surface transportation programs in SAFETEA-LU should be replaced by the following programs:

Rebuilding America – state of good repair'
Global Competitiveness – gateways and goods movement;
Metropolitan Mobility – regions greater than 1 million population;
Connecting America – connections to smaller cities and towns;
Intercity Passenger Rail – new regional networks in high-growth corridors
Highway Safety – development of human and natural environments'
Energy Security – development of alternative transportation fuels;
Federal Lands – providing public access on federal property; and
Research and Development

US DOT, state and regional officials, and other stakeholders would establish performance standards, detail cost estimates and the plans would be implemented to achieve those standards. All levels of government would be accountable to the public for achieving the results promised.

The Commission acknowledges these recommendations represent a major departure from current law. They understand developing performance standards and integrating them into performance-driven regime will be challenging but worth the effort. In addition making better use of public moneys to accomplish critical national objectives will do much to restore public confidence in the transportation decision-making process.

Paying the Bill: The Commission strongly supports the idea that all levels of government and the private sector need to contribute appropriate shares of funding. They support the principle of user financing that has been at the core of the nation's transportation funding system for over 50 years. They are recommending the continuation of the budgetary protections for the Highway Trust Fund. They recommend that legislation be passed in 2008 to keep the Highway Trust Fund solvent and prevent highway investment from falling below the levels guaranteed in SAFETEA-LU.

In the long-term, in lieu of physical capacity expansion peak-hour pricing implementation on congested urban highways is suggested. Other federal user based fees recommended for addressing funding shortfalls include increasing the federal fuel tax over a period of five years; freight fee for goods movement projects; a portion of customs duties; and ticket taxes for passenger rail improvements.

The Commission also suggests removing certain barriers to tolling and congestion pricing, under conditions that protect the public interest. They are recommending modification of the current federal prohibition against tolling on the Interstate System. The Commission is also recommending that Congress encourage the use of public-private partnerships as a means of attracting additional private investment.

The Commission contends that state and local governments will likely have to raise motor fuel, motor vehicle, and other related user fees. They insist motor fuel tax continues to be a viable revenue source for transportation through 2025. Thereafter, they suggest the most promising alternative revenue measure appears to be a vehicle miles traveled (VMT) fee, provided that privacy and collection cost issues can be addressed. The Commission states the next authorization bill should require a major national study to develop specific mechanisms and strategies for transitioning to the VMT fee or another alternative to the motor fuel tax to fund surface transportation.