



January 31, 2011

The Honorable Patty Murray
United States Senate
173 Russell Senate Office Building
Washington, DC 20510

Dear Senator Murray:

The Transportation Commissions of the three West Coast states—Washington, Oregon and California—jointly submit this letter to articulate our shared concerns about the chronic and increasing inability of the Highway Trust Fund to finance our aging transportation infrastructure and to offer our recommendations on what steps could be taken to get the federal transportation program back on track. What we do (or fail to do) to address this growing crisis will have tremendous impact on our future economic prosperity, the quality of our environment and our ability to accommodate our growing population.

As we have all witnessed a decline in motor fuel tax revenues, we have increasingly had to turn to alternative funding approaches such as utilizing private funding, maximizing borrowing mechanisms, employing innovative financing approaches, and employing the use of tolling and pricing strategies to advance critical transportation improvements. While these tactics help on a case by case basis, they do not provide a holistic, long-term solution that will satisfy the needs of our entire transportation system.

From a national perspective, the federal motor fuel tax has historically provided a stable source of funding for the Highway Trust Fund (HTF). However, the stagnant federal motor fuel tax rate coupled with decreasing fuel consumption and increased infrastructure costs has resulted in the current insolvency of the HTF. The lack of long-term funding stability threatens not only our nation's transportation system, but also our economic health and security.

Therefore, as part of the re-authorization, the Transportation Commissions of the three West Coast states request your support in urging Congress to ensure the solvency and integrity of the HTF by enacting a funding package that provides both an immediate infusion of revenue to address near-term challenges, and a long-term funding approach that is sustainable and reliable.

In recent months much of the talk of addressing the nation's surface transportation funding challenges has centered around financing solutions like public-private partnerships and a national

infrastructure bank. While an infrastructure bank may provide useful financing tools for highway projects that involve tolls, it does not appear it will serve as a solution to our transportation challenges nor is a substitute for the federal government playing a strong role in providing funding for transportation.

We offer the following recommendations, which may be considered individually or together. However, we urge that allowance for regular, periodic assessment of revenue levels and adjustment of related mechanisms be provided in order to maintain the integrity of the HTF.

- **Index the motor fuel tax to the consumer price index and increase the current rate from 18.4 cents per-gallon (and similarly the 24.4 cents per-gallon on diesel fuel) to a rate that provides for reliable and sustainable funding streams to the HTF** – a gradual increase of the per gallon fuel tax by 15 cents between 2013 and 2015 was recently recommended by the National Commission on Fiscal Responsibility and Reform. In order to meet our growing needs for maintaining, rehabilitating and improving our transportation system, we need a financial structure that provides stable, reliable and flexible funding that can keep pace with increasing project implementation costs.
- **Increase the revenue into the HTF by using a motor fuel tax similar to a sales tax, and index this rate to the consumer price index.** One of the benefits of a sales tax is that it is based on a percentage of price rather than a fixed number of cents per-gallon, and therefore, revenues would increase as the price of fuel rises.
- **Adopt a long-range approach to funding the surface transportation system that gradually moves away from dependence on the current motor fuel tax to a distance-based direct user fee such as a fee on vehicle miles traveled (VMT).** A VMT-based fee system provides a revenue mechanism that is more directly linked to transportation system use and impacts and would reduce the decline in revenue that will come due to more fuel efficient vehicles. A VMT-based fee could equitably be applied to any vehicle type and could be adjusted to reflect congestion levels, or to charge trucks based on factors contributing to infrastructure wear and tear.
- **Enact policies that support maximum flexibility to states for use of both conventional and innovative funding and financing tools.** Next to safety, congestion has become the most critical challenge facing our highway system. Major highway capacity expansion projects and system management strategies are badly needed in urban and high-volume routes. Tolling to cover the costs of additional highway capacity and pricing strategies to manage our current system will provide critical financing options to supplement our limited resources.

The Commissions of the West Coast states are prepared to discuss these recommendations with you and your staff. We continue to support a strong federal role in investing in and maintaining an integrated and multimodal national surface transportation system. Thank you for your interest

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in these issues and we look forward to working with you to address the West Coast's transportation challenges in the surface transportation authorization legislation.

Sincerely,

A handwritten signature in black ink that reads "James Earp". The signature is written in a cursive style with a large, sweeping initial "J".

James Earp

Chair, California Transportation Commission

A handwritten signature in black ink that reads "Gail Achterman". The signature is written in a cursive style with a large, sweeping initial "G".

Gail Achterman

Chair, Oregon Transportation Commission

A handwritten signature in black ink that reads "Philip Parker". The signature is written in a cursive style with a large, sweeping initial "P".

Philip Parker

Chair, Washington State Transportation Commission

cc: The Honorable Christine Gregoire
The Honorable Mary Margaret Haugen
The Honorable Judy Clibborn
Paula Hammond, Washington State Department of Transportation