



VIEWPOINTS | 2018

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Let's unite behind a transportation bill that will sustain our leadership position

Fixing our nation's transportation network requires long-term vision and a mix of funding solutions.

America's transportation system is the lifeblood of our economy, creating jobs and expanding opportunities, connecting us all to centers of commerce and neighborhoods, and securing a sound quality of life in our communities. As this system has evolved over the past few centuries, it has helped our country blossom and grow. We have the world's largest economy, based on nominal GDP, and currently are enjoying good economic growth and near-complete employment in many cities and states.

The nation has earned its leadership position the hard way – through persistent and often much-debated financial commitments to building the infrastructure that provides the backbone of our society's forward progress. Our challenge now is to avoid losing the leadership position we've sacrificed so much to achieve. Yes, we are blessed with the 21st century's most vibrant economy – but it's based on a 19th century transportation system. A great portion of our railroads, bridges and roads were built back in the late 1800s and early 1900s. Even our interstate highway system, which remains a marvel of foresight and one of the country's most vital civil infrastructure investments, is more than half a century old.

 **A \$1.44 increase in gross domestic product for every additional dollar invested in infrastructure.**

It's well established that investments in transportation deliver returns that are impactful both from a personal and financial point of view. Studies suggest that highways provided a 32 percent rate of return on investment from 1950 to 1990. The rating agency Moody's has estimated a \$1.44 increase in gross domestic product for every additional dollar invested in infrastructure.



Fuel tax increases do not put a major dent in Americans' finances

When you add a penny to the fuel tax, it costs the average driver traveling 20,000 miles a year and getting 20 mpg, only about \$10 more a year.

Yet, we have a transportation system that falls painfully short of meeting our current needs, let alone having the strength to support a population that's projected to reach 400 million people by 2058. Recently the American Society of Civil Engineers estimated that our nation has an \$836 billion backlog of highway and bridge capital needs due to past underfunding, including about \$420 billion to repair today's highways, and \$167 billion for system expansion.

We can only address these demands for investment through strong political leadership. Fortunately, despite the nation's political divides, we are seeing across the country and in Washington greater bipartisan interest in strengthening our infrastructure. We need a significant commitment – now – as we continue to draw down the \$305 billion authorized by the Fixing America's Surface Transportation (FAST) Act back in 2015. The FAST Act served to buy us time, essentially through 2020, to formulate a sustainable highway funding strategy for the country. It's critical that our leaders unite to pass a bill that has the right blend of straight-ahead funding, smart leveraging, private investment and other tactics to provide a financial platform for creating our 21st century transportation system.

A top priority must be to make the Highway Trust Fund solvent and sustainable. Currently, it can cover only about \$34 billion of the \$50 billion the federal government disburses for roads, with the remainder coming from the general fund. One reason for this, of course, is the stagnant

revenue stream coming from the federal fuel tax, which has not been raised since 1993 – and is not indexed to inflation.

Over the decades, Washington has continued to debate a federal fuel tax increase without acting, even as many states have moved ahead and increased their fuel taxes.

Fuel tax increases do not put a major dent in Americans' finances. When you add a penny to the fuel tax, it costs the average driver (traveling 20,000 miles a year and getting 20 mpg) only about \$10 more a year. Gasoline taxes are not a long-term solution, of course, as increasing fuel economy in traditional vehicles will be joined by a larger share of electric cars on the road. But, at least for the present time, Americans are buying plenty of large vehicles and buying plenty of gas. Consider this: in 2017, nearly 144 billion gallons of finished gasoline were consumed in the United States. Even if technology continues to erode that figure, that's still a great deal of fuel being burned – with the potential to generate billions in funds for road and bridge construction and repairs each year.

Fuel taxes alone cannot fund our future transportation infrastructure requirements. We need "all of the above" approaches that include tolling, vehicle-miles-traveled fees, traditional sales taxes and charges, and other tactics. Building a sustainable funding model is much like creating a sustainable private-sector company. Think about IBM: it didn't evolve from a typewriter manufacturer into a global digital computing company overnight. Similarly, we must embrace *our* future vision – to continue to be *the* global economic powerhouse – and invest in the right infrastructure to achieve that vision.

It will take many decades of commitment to orient ourselves on the right path and to stay on it consistently. But, we have every reason to be confident that our 21st century infrastructure will be built in time to serve our growing population and support our enduring quest for progress.

About the Author

John Barton, PE, is DOT market sector leader and senior vice president for HNTB. Working in collaboration with regional/division presidents and office leaders, Barton develops and directs strategies to enhance HNTB's service to state departments of transportation across the country.

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