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Construction crews work on I-96, near Livonia, Mich., on June 1. The federal Highway Trust Fund will very likely run dry in August unless Congress provides funding, but Senate Democrats and Republicans are divided over possible solutions.

Senators Grappling With Patching Up Highway Fund

By BRIAN FALER

The Senate Finance Committee has begun narrowing its list of ways to cover a budget hole in the government's Highway Trust Fund, though lawmakers remain far apart on any fix.

They are considering increasing a number of transportation-related taxes and fees that would stop short of raising the always touchy gas tax. Among them: extending a "gas guzzler" excise tax to light trucks, scaling back a tax credit for hybrid electric vehicles and paring depreciation allowances for large trucks.

Lawmakers are also debating spending cuts, with Republicans pushing to pare back so-called Davis-Bacon wage requirements they say force the government to pay too much for infrastructure projects.

The panel is pushing to take up a plan by the July 4 recess, with Majority Leader Harry Reid (D-Nev.) saying on Tuesday he wants to bring legislation before the chamber sometime next month.

"We certainly have been talking about it pretty much nonstop," said Finance Committee Chairman Ron Wyden (D-Ore.), who declined to discuss any specifics.

Lawmakers need to find as much as \$18 billion in order to tide over the program through the next fiscal year, though Wyden said they're more focused on a short-term patch that would get the program through this year. That would cost about \$10 billion.

He and ranking member Orrin Hatch (R-Utah) are under additional pressure to come up with a funding plan because neither likes a proposal floated by Reid to partially cover the budget gap with a tax holiday on corporate earnings held overseas. Reid's plan would combine a temporarily reduced rate on those profits with new limits on companies' ability to defer taxes on money stashed overseas, a plan projected to raise about \$3 billion.

"There's a list of a dozen or so relatively minor revenue sources for transportation not involving the gasoline taxes that you could use in the short term," said Sen. Ben Cardin (D-Md.), who also declined to discuss specifics.

One possibility is to increase charges on more fuel-efficient cars, a balancing act for Democrats who want to encourage alterna-

tive energy sources. They worry, though, that because those vehicles use less gas, their owners buy less gas and therefore don't pay their fair share of the gas taxes that finance road upkeep.

"On one side, we want to encourage alternative fuel vehicles — on the other, the user-fee concept is that all that use should contribute," said Cardin.

Among the possibilities: cutting back a tax credit for hybrid electric vehicles or imposing a manufacturing fee on them.

Many of the revenue-raising provisions face various problems, beginning with the fact that Republicans may consider them tax increases, though Democrats argue they are user fees.

Finance Committee Republicans, like Sen. Chuck Grassley of Iowa, want to focus on spending cuts.

"We're not going to look at just raising revenue — we're going to look at what all these government regulations are that forces states to pay more than they probably have to to build highways," he said, pointing to Davis-Bacon rules requiring employers on federal construction projects to pay workers locally prevailing wages and benefits.

"That's only one — there's a lot of others," said Grassley.

Other ideas under consideration include cutting Amtrak subsidies, expanding energy exploration on federal lands and rescinding funding for an advanced-vehicle loan program.

Lawmakers could also scavenge so-called pension-smoothing provisions the Senate agreed in April to pay for an extension of jobless benefits. That legislation has since died in the House. That's not a popular option among Finance Committee members, but the panel has asked the Joint Committee on Taxation to re-estimate how much money the provisions would raise just in case.

On Wednesday, Sen. Bob Corker (R-Tenn.) proposed raising the gas tax for the first time since 1993. He would pair that provision with ones renewing a number of unrelated tax cuts. That's aimed at inoculating Republicans against charges they intend to raise taxes, but critics call it a budget gimmick. Regardless, the proposal is certain to be controversial and is unlikely to go anywhere anytime soon.

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