

# THE BOND BUYER

## Transportation groups warn Congress of billions in canceled projects

By

**Sarah Wynn**

Published

September 08, 2020, 2:17 p.m. EDT

Transportation groups warn billions of dollars worth of future infrastructure projects will be canceled if Congress doesn't act swiftly to extend current surface transportation funding.

In a letter to congressional leaders published this week, groups urged lawmakers to extend the Fixing America's Surface Transportation Act, which will expire Sept. 30, by one year. That date also marks the federal government's fiscal year-end.

"Public agencies continue to face COVID-19 -induced revenue declines," said the American Association of State Highway Officials, the American Road & Transportation Builders of America, the Associated General Contractors of America, and the U.S. Chamber of Commerce in a press release.

"As a result, state and local entities already delayed or canceled \$8 billion in surface transportation projects, with more on the horizon absent any clear sign of support from the federal government," they said. "Timely action by Congress will tangibly enhance the quality of life for all Americans and jump-start the nation's economic recovery."

Transportation groups in the letter also asked for lawmakers to provide for the solvency of the depleted Highway Trust Fund, which will have a \$1.36 billion shortfall by FY 2021. The HTF runs mostly on gas taxes, but also receives money from Treasury general funds under the existing legislation.

The letter follows a report from the Congressional Budget Office last week indicating that the HTF will become insolvent by FY 2021. From 2008 through 2019, HTF's spending exceeded its revenues by \$127 billion, CBO found.



*An extension of the current federal surface transportation law needs to get done by the end of this month, said Jim Tymon, AASHTO executive director.*

Before the pandemic, revenue from gas taxes was estimated to fall about \$195 billion short of supporting current funding levels, the groups wrote in the letter.

Groups said a year-long extension of the current surface transportation law would bolster market certainty in 2021, making businesses more likely to hire workers and invest in new equipment. They also asked for increased investment levels of the current law, though AASHTO Executive Director Jim Tymon said they have not decided on a number yet. They would also want additional flexibility such as not requiring a state or local match of federal funds and states to be able to use federal funding to pay for employees' salaries.

Extensions of the current law tend to be shorter than a year, said Caroline Sevier, American Society of Civil Engineers' director of government relations.

"A one-year extension would alleviate some of that uncertainty that the short term extensions create," Sevier said.

A one-year reauthorization could be attached to other bills such as a future economic relief bill.

"Whatever happens, it needs to get done by the end of September when the current surface transportation program expires," Tymon said. "If that means that the extension will ride on another vehicle — whether that's a continuing resolution or COVID bill, that's fine with us."

Changing funding levels in the existing surface transportation law could make it more difficult to pass.

Andrew Olmem, a partner at Mayer Brown and former deputy director of the National Economic Council, said a one-year reauthorization gives more time for Congress to develop a larger infrastructure bill.

"If Congress passes a clean one-year reauthorization, it would set the stage for Congress to consider a broader, longer-term reauthorization next year," Olmem said.

Transportation groups reiterated asks for more direct federal funding in the next COVID-19 relief bill. AASHTO has advocated for at least \$37 billion through FY 2024 to offset state transportation revenue losses. The American Public Transportation Association estimated public transit agencies would need [\\$32 billion](#).

Tymon said these next few weeks are a good opportunity for Congress to pass an extension among others.

"We think this is a good opportunity for Congress as they're coming back into town for a couple of weeks to deal with some must-pass pieces of legislation to address all three of these issues," Tymon said. "They can do a one-year extension of the surface transportation program, they can provide that COVID relief that state DOTs (departments of transportation) and transportation agencies desperately need and they can make sure that the Highway Trust Fund doesn't run out of money in the near term."

[Sarah Wynn](#)

Reporter [twitter](#)

