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**INFRASTRUCTURE CHALLENGES FACING AGRICULTURAL  
TRANSPORTATION**

**MEETING THE HIGHWAY AND ROAD SYSTEM DEMANDS OF  
AGRICULTURE**

Paul Kerkhoven  
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## **MEETING THE HIGHWAY AND ROAD SYSTEM DEMANDS OF AGRICULTURE**

by

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The Budget proposal President Clinton sent to Congress earlier this month will bring federal spending in line with tax receipts for the first time in 30 years. A task that seemed impossible less than a year ago -- balancing the budget in 1999 -- became considerably easier in January when government economic forecasters projected a fiscal year 1999 deficit of just \$2 billion, little more than a rounding error in a \$1.8 trillion federal budget. The new spending and revenue estimates released by the Congressional Budget Office also project a budget surplus of \$14 billion in 2001 and rising steadily thereafter to \$138 billion in 2008. Those estimates assume no change in federal spending and tax policies.

Many Administration officials, including Agriculture Secretary, Dan Glickman, have spoken about the need for investing in our highways. Yet even with the rosier economic forecasts, the Clinton Administration sets total funding for highways in 1999 at \$23.2 billion, a cut of \$600 million from current levels. The total includes \$21.5 billion for the core highway program, a freeze at FY98's funding levels. In contrast to the funding freeze, highway use taxes deposited in the highway account next year will jump to \$32.2 billion, a \$10.6 billion increase, reflecting Congress' decision to shift all fuel taxes into the Highway Trust Fund (HTF) beginning last October.

The \$9 billion gap between taxes paid by motorists (\$32.2 billion) and funding proposed for highway improvements (\$23.2 billion) serves two major purposes in the Clinton budget. First, the Administration proposes to use some of the highway taxes to subsidize Amtrak out of the Highway HTF for the first time in history. Second, fuel taxes not invested in highways or used to subsidize Amtrak and mass transit would be held in Washington, to help make the budget deficit appear balanced in FY 1999. By withholding highway taxes to offset the federal deficit, the Administration's budget would triple the cash balance in the HTF in just five years, allowing it grow to \$77 billion by 2003.

The bottom line is that highway users would continue to pay billions more each year in the HTF than they get back in road and bridge investments. Their tax dollars would instead be diverted to fund non-highway programs such as Amtrak, and to mask the true size of the federal deficit. Importantly, the outlook for highway users is better on Capitol Hill. Fifty four U.S. senators

now have cosponsored an amendment to the Senate Highway bill that would increase highway funding to approximately \$30 billion per year, beginning in FY 1999. In addition, the highway bill already approved by the House Transportation and Infrastructure Committee would raise highway funding to \$32 billion per year beginning in FY 2000.

### **Begin action immediately on the highway reauthorization bill**

Will highway user fees be invested in road and bridge improvements or held in Washington to make the federal budget look balanced? That's the underlying question at issue now as leaders of the United States Senate decide whether to begin action immediately on the highway reauthorization bill or to postpone consideration of the bill until Congress finishes its work on the FY 1999 budget later this spring or summer.

Before Congress adjourned last November, Senate Majority Leader Senator Trent Lott (R-MS) indicated the highway bill would be the first legislation considered when the Senate returned to Washington in January. (ISTEA actually expired last September, and the highway program is operating on a temporary extension.) However, there is now talk of postponing the debate on the highway bill until Congress finishes the 1999 federal budget. This would mean a delay at least until April 20, when Congress returns from a two-week Spring recess. That leaves just two weeks before the May 1 funding deadline, virtually guaranteeing that federal highway funds will be cut off. After May 1, states are prohibited from spending any federal highway funds. Unlike previous delays, this stoppage will occur in the middle of the construction season putting real people, with real jobs, out of work.

Opponents of increased highway funding are pressuring Senator Lott to postpone the highway bill until Congress completes action on the overall federal budget. If that happens, highway funding opponents may convince other senators to use billions of dollars in highway user fees to help cover the overall federal deficit rather than using highway taxes for their intended purpose: financing road and bridge improvements.

### **The cost to the American farmer will increase**

The longer transportation investments are delayed today the more it will cost the American farmer and U.S. economy tomorrow. The efficient and timely movement of farm commodities and the products of the food industry are absolutely critical to the productivity and competitiveness of America's agriculture. Annually throughout the U.S., \$190 billion of farm produced commodities are transported by highway and roughly \$60 billion of farm and food exports are moved to ports and borders by highway, rail and ship. Fifty percent of the agricultural products produced for domestic consumption are transported by truck, while 12% of the products for international markets are transported by truck. American agriculture needs our strong commitment to investment in infrastructure.

The implications to our agricultural community are immense. Every single product sold in the United States moves by truck at some stage of development. Trucks transport almost all fresh

and frozen foods and other high value agricultural products. Over 50% of our domestic grain is transported by truck. It is estimated that we have a 16-day supply of food in the United States, one can literally say that without trucks and high quality highways we would all go hungry.

### **The safety of rural motorists is also at risk**

The safety of America's rural motorists is also at risk from under-investment in roads. A FHWA study finds that road design and surface conditions contribute to almost 30% of fatal crashes. This amounts to over 12,000 deaths per year attributable in part to roads that are 1) poorly designed, 2) carrying more traffic than they were built for, or 3) inadequately maintained. We cannot afford to delay lifesaving highway projects. Seventy-six percent of all fatal crashes in 1995 occurred on two-lane roads and 63% of the deaths in roadside hazards occurred on rural roads where there are few safety features such as guardrails, median barriers or shoulders.

### **International trade**

While maintaining existing highways must be America's top priority, some new highways are needed to meet growing travel demand and to serve emerging markets and trade corridors and interior ports. Trade with Canada and Mexico is increasing rapidly under the North American Free Trade Agreement (NAFTA). Some Canadian and Mexican border states have witnessed substantial increases (for example truck freight movement has increased 24 percent from 1994-1996) in international commercial freight traffic exceeding the design capacity of state highway routes that serve as primary trade routes. Increased trade traffic also has placed heavy burdens on trade corridors connecting border locations and other ports of entry with major trade centers in the interior United States. But while NAFTA puts pressure on north-south routes the current Interstate System was primarily designed for east-west trade routes. America remains the world's premier economic power. But our competitors have discovered the economic value of high quality highways and are building aggressively. In order for our nation to promote the efficient movement of goods and services we must continue to build new highways to meet economic and demographic circumstances.

### **State transportation department activities**

The Road Information Program (TRIP) recently surveyed state transportation departments to ascertain what will happen after May 1 if a new highway bill has not been signed into law by that time. Even with preliminary results, it is clear that billions of dollars worth of projects will be postponed until new federal funding is available. These are critical transportation projects — projects designed to improve road safety and reduce the number and severity of highway crashes, to smooth the flow of traffic so we can improve air quality, and to reduce congestion so Americans can spend more time with their families and less time trapped in gridlock.

The following is a partial list of some of the most critical transportation projects that would have to be postponed during the 12-month period beginning May 1, 1998 if no new federal funding is available:

- in **Georgia**, the state transportation department will have to delay improvements to I-475 from I-75 in Bibb County to I-75 in Monroe County; improvements to the Harry S. Truman Parkway in Chatham County; work on the Jefferson Bypass in Jefferson County; and improvements to Peachtree Industrial Boulevard in Gwinnett County.
- the **Indiana** transportation department will have to postpone rehabilitating I-69 in Dekalb County; road and bridge rehabilitation on I-465 in Marion County; and bridge rehabilitation on US 20 in St. Joseph County.
- in **Kentucky**, funding will dry up after May 1 for projects to widen US 27 to four lanes from Lexington to Paris; to reconstruct the Donaldson Road interchange on I-75 in Boone County; and to replace the Cumberland River Bridge in Somerset.
- in **Maine**, delays will occur on the rehabilitation of the Carlton Bridge on US Route 1 in Bath; the reconstruction of four miles of Route 9 in Devereaux; and the replacement of the Penobscot River Bridge on Route 11 in Medway.
- the **Missouri** transportation department will have to postpone the replacement or rehabilitation of seven bridges on I-70 in the St. Louis area; plans to add left turn lanes on Route 61 at Lemay Woods in St. Louis to improve traffic safety; the widening and resurfacing of Route 39 in Barry County; and the replacement of two bridges over the North Fabius River on Route 136 in Scotland County.
- in **Nevada**, they'll have to delay plans to widen I-15 from two to three lanes in West Las Vegas; to remove and replace pavement on I-80 in Reno, and to widen US 95 to four lanes in Las Vegas.
- in **New Hampshire**, our failure to enact a highway bill by May 1 will mean the transportation department has to postpone reconstructing exit 20 on I-93 in Tilton; the safety improvements planned for I-93 in Manchester; and replacing a bridge over North Branch River in Stoddard.
- in **North Dakota**, congressional inaction will mean postponing plans to reconstruct South Washington Street in Grand Forks; to improve I-94 from Eagles Nest to Geck; and to widen US 52 from Drake to Harvey.
- the **Oklahoma** transportation department will have to shelve plans for interchange reconstruction and resurfacing on I-35 in Oklahoma City (a project designed to relieve congestion); a project to widen 50 miles of US 183 from Cordell to Snyder in western Oklahoma to provide four lane access to I-40 (designed to foster economic development in the region); and plans to build shoulders and a passing lane on US 283 in Beckham County to improve highway safety.

- in **South Dakota**, failure to meet the May 1 funding deadline will mean delaying plans to reconstruct I-29 in Minnehaha and Moody County; plans to improve Benson Road in Sioux Falls to provide access to the Joe Ross Field Airport; and a project to improve the interchange at the Haines Avenue exit on I-90 in Rapids City.
- the **Texas** DOT reports that the following projects scheduled for Spring 1999 — all designed to relieve congestion — would be delayed without new federal funding beyond May 1: widening to eight lanes a 4.3 mile section of Route 1960 in Harris County; widening to eight lanes a 3.9 mile section in Fort Bend County; and widening to four lanes a 6 mile section of US 67 in Johnson County.
- in **Utah**, the following projects — all related to preparations for the 2002 Winter Olympic Games — would be delayed: the reconstruction of the Kimball and Silver Creek Junctions on I-80; the construction of the 1.5 mile Winter Sports Road; and the reconstruction of the interchange at I-84 and US 89.
- in **Vermont**, our inaction will mean delay in the planned resurfacing of 200 miles of state highways; the rehabilitation or replacement of three state highway system bridges and five local highway system bridges; as well as the reconstruction of four miles of US 7 in Shelburne, South Burlington to increase capacity and improve traffic flow.
- in **West Virginia**, the lack of new federal highway funds after May 1 would mean postponing the renovation of the Sheperdstown Bridge on WV 480 in Jefferson County, the widening of a segment of WV 2 in Ohio County to improve traffic flow; and the replacement of the Easley Bridge in Princeton, Mercer County.
- in **Wyoming**, the Senate's failure to act by May 1 would mean delaying reconstruction and bridge work on I-80 in Rock Springs, Rawlins, and Laramie Marginalal; as well as widening and rehabilitation projects on I-90 from Buffalo to Gillette and from Moorcroft to Sundance.

### **Jobs at stake in delay of highway bill**

The approaching May 1 deadline is having a disruptive impact on road construction in some states, and the disruptions will grow exponentially if the deadline comes and is surpassed without enactment of a new highway bill. For instance, the state of Missouri has announced it will stop bid-lettings in April, Illinois and Ohio will follow suit on May 1, and the Tennessee Department of Transportation has told contractors that the state will delay all federally-funded highway projects beginning in March. As states announce delays in project bid-lettings, contractors know they will have more difficulty finding work for their employees and making payments on their machinery and facilities.

If new federal highway funds are not available after May 1, much of the summer construction

season will be lost. If there is no new highway bill until September, the entire fall construction season will be lost, and since winter road construction is nearly impossible in many of our northern tier states, construction and related industries in those states may be out of work until spring, 1999. Construction does not operate like an assembly line that can be stopped and started again on short notice. The design and construction of highway projects are carefully planned months in advance. Projects to be constructed in September generally must be planned and funded by May.

And if Congress' inaction on the highway bill cripples the construction industry, what effect will it have on the national economy? The last Census of the Construction Industry tallied 572,851 construction companies with a total employment of 4.6 million persons. The industry's annual estimated payroll is \$118 billion, and construction companies work on projects valued at approximately \$528 billion a year in the United States. Clearly, crippling the construction industry will have a dramatic, ripple effect on our overall economy. The U.S. Department of Transportation has estimated that every one billion dollars invested in highway construction creates 42,100 jobs.

### **Funding for Highways**

The practice of collecting federal fuel taxes exclusively from highway users to pay for the construction, maintenance and administration of highways and bridges dates back to 1956 with the establishment of the Highway Trust Fund. President Eisenhower called it the "pay as you go" plan. With three exceptions, a promise to dedicate fuel tax revenues to roads has accompanied every fuel tax increase since 1956. The last exception was President Clinton's 4.3 cents per gallon fuel tax increase in 1993; \$6.5 billion in highway use taxes went to general government programs like the IRS and funding for the arts.

Last October, Congress, in the Taxpayer Relief Act of 1997, took the long overdue step to shift all fuel taxes into the HTF, and highway use taxes deposited in the highway account next year will jump to \$32.2 billion. The highway reauthorization bill approved by the Senate Environment and Public Works Committee authorizes the use of the federal gas taxes already deposited in the HTF, but does not make use of the Highway Account's share of the 4.3¢ gas tax revenues transferred to the HTF in the Taxpayer Relief Act, in effect allowing for the continued diversion of gas tax revenues for non-transportation spending.

Fifty four U.S. senators now have cosponsored an amendment offered by Senators Byrd, Gramm, Warner and Baucus that would authorize the use of the additional \$6 billion per year, the amount raised by the Highway Account's share of the 4.3¢ gas tax for highway infrastructure. Over the life of the bill, an additional \$30.9 billion would be available for highways if the Byrd, Gramm, Warner, Baucus amendment is adopted. Under the amendment, every state would receive the same percentage of apportioned funds as they receive in the Committee bill, although the total amount of funding would be about 25% higher.



Every President since Lyndon Johnson has withheld highway taxes to offset the federal deficit. Since the HTF became a part of the “unified budget” its cash balance (surplus) has risen 20 fold, from \$1 billion in 1968 to a whopping \$23 billion in 1997. The bill approved by the Senate Environment and Public Works Committee would continue that practice and increase the cash balance in the HTF to over \$60 billion by 2003. The Byrd, Gramm, Warner, Baucus amendment would bring us closer to spending the highway taxes deposited each year in the HTF.

### **Defining the needs of our nations’ infrastructure**

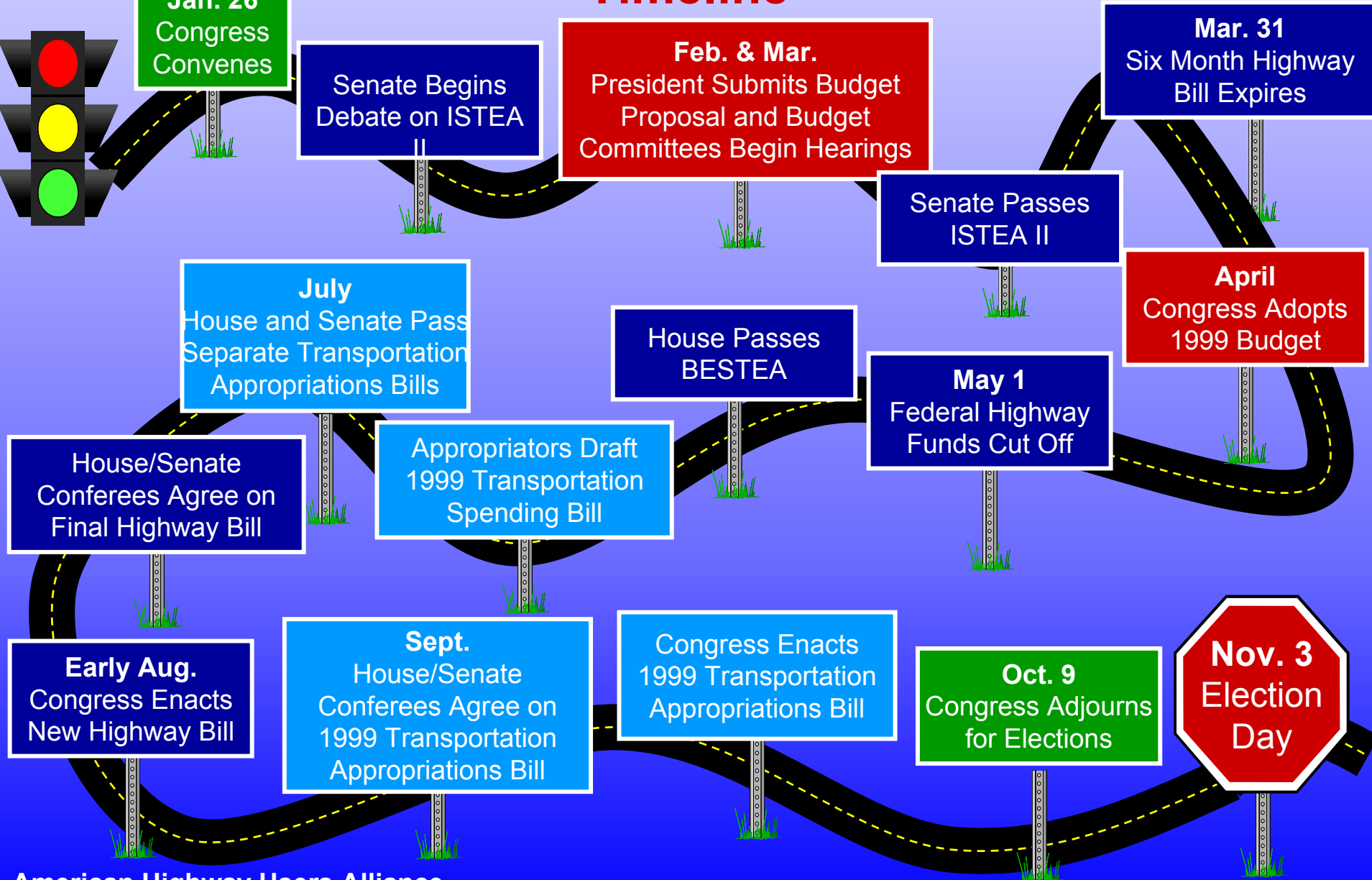
Our nations’ highways and bridges need every penny collected from our motorists. After years of under investment, America’s roads and bridges are in critical need of modernization and repair. Funds available for highways have not kept pace with the meteoric growth in vehicle travel. In its November 1995 “Conditions and Performance Report”, the FHWA found that 28% of our nations’ 3.9 million miles of streets, roads and freeways are in poor or mediocre condition and 32% of our nations’ 575,000 bridges are deficient. The report concluded that the United States must invest an additional \$20 billion each year just to maintain the current condition of our roads and bridges and additional \$40 billion annually to improve them.

### **Summary**

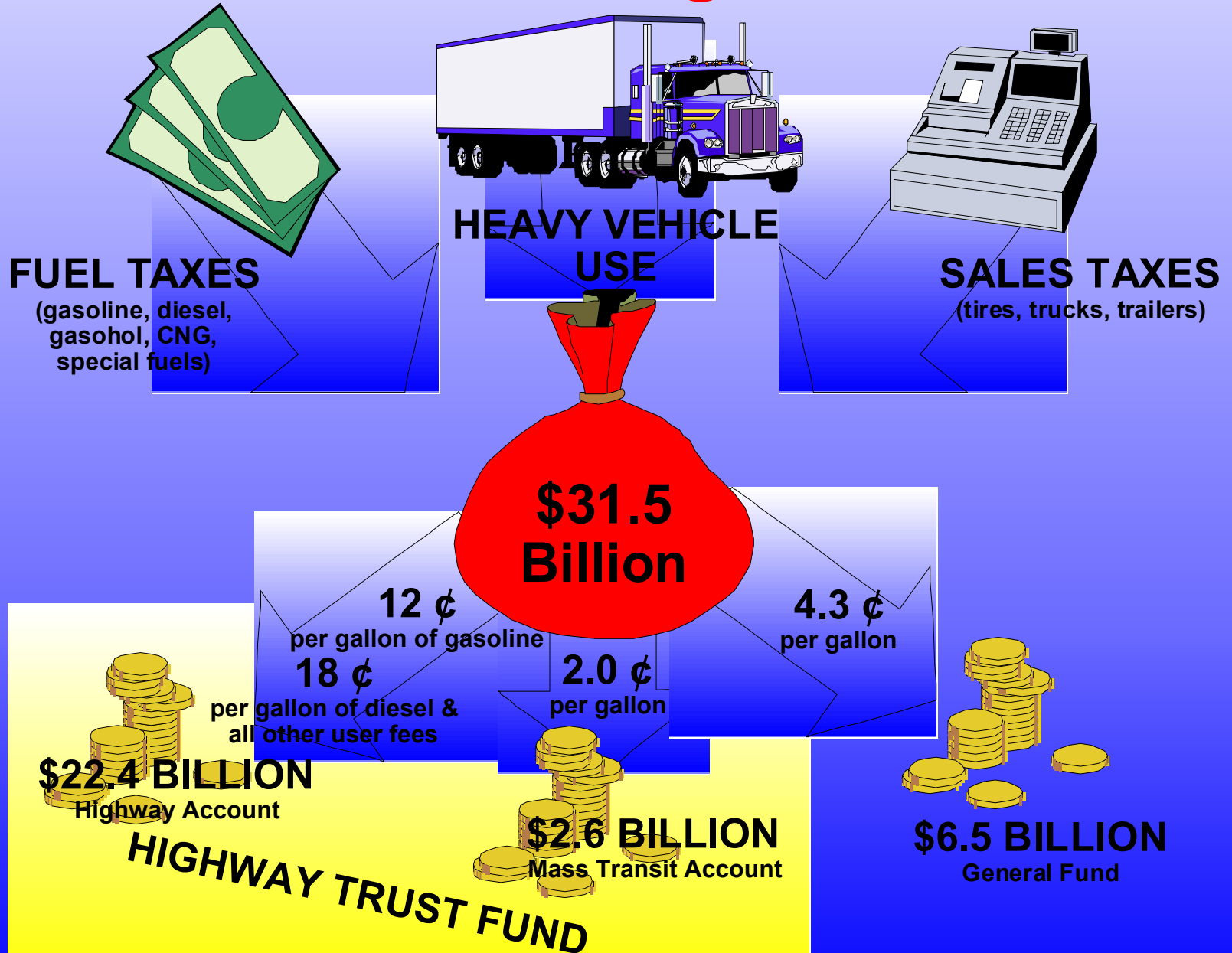
America owes a large measure of its great economic success to a good transportation system. Rail in the first part of the century and highways in the past half century have positioned our nation to assume and maintain global preeminence. On the brink of the 21<sup>st</sup> century, however, the nation’s roadway system is taken for granted and the federal policies governing how it is financed have taken a wrong turn. The system’s physical condition is eroding while resources for repairs and improvements are spent for nonhighway purposes or idled in unproductive accounts. The result is a rising number of highway fatalities, productivity-robbing congestion, and a deteriorating highway infrastructure that imperils our economic health and hinders our ability to compete in the global market place. For the agricultural community this is especially important because the efficient and timely movement of farm commodities and the products of the food industry are absolutely critical to the productivity and competitiveness of America’s agriculture

I urge all of you to look to the future and tell your Senators to get on with the debate on the highway bill as soon as possible and ensure that all federal highway taxes are devoted to road and bridge improvements. The May 1 deadline is looming and a lot of work lies ahead before Congress can send a bill to the President’s desk for his consideration and signature. Congress needs to know that the American agriculture community wants it to act now on a new highway bill.

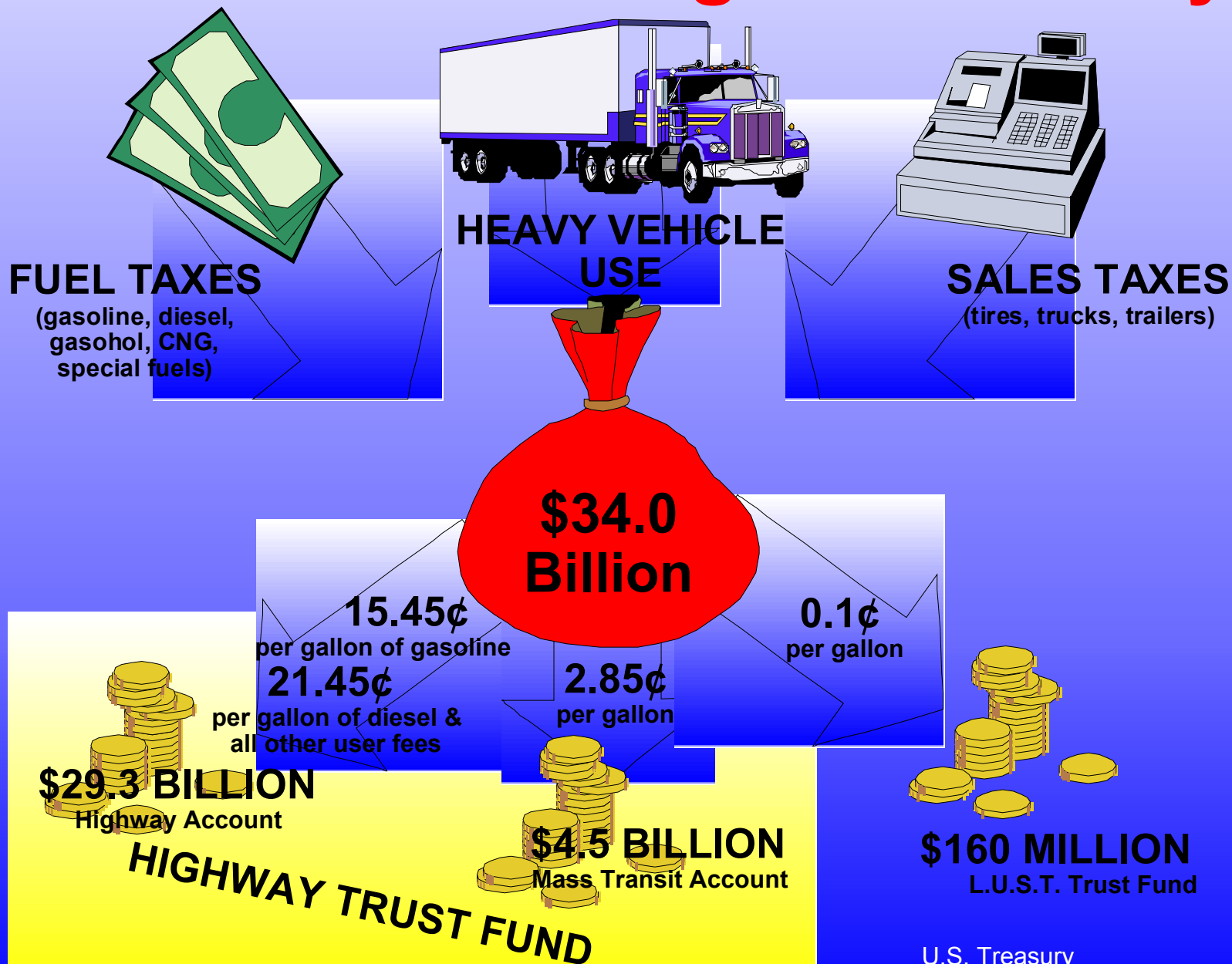
# Road to Highway Reauthorization: 1998 Legislative Timeline



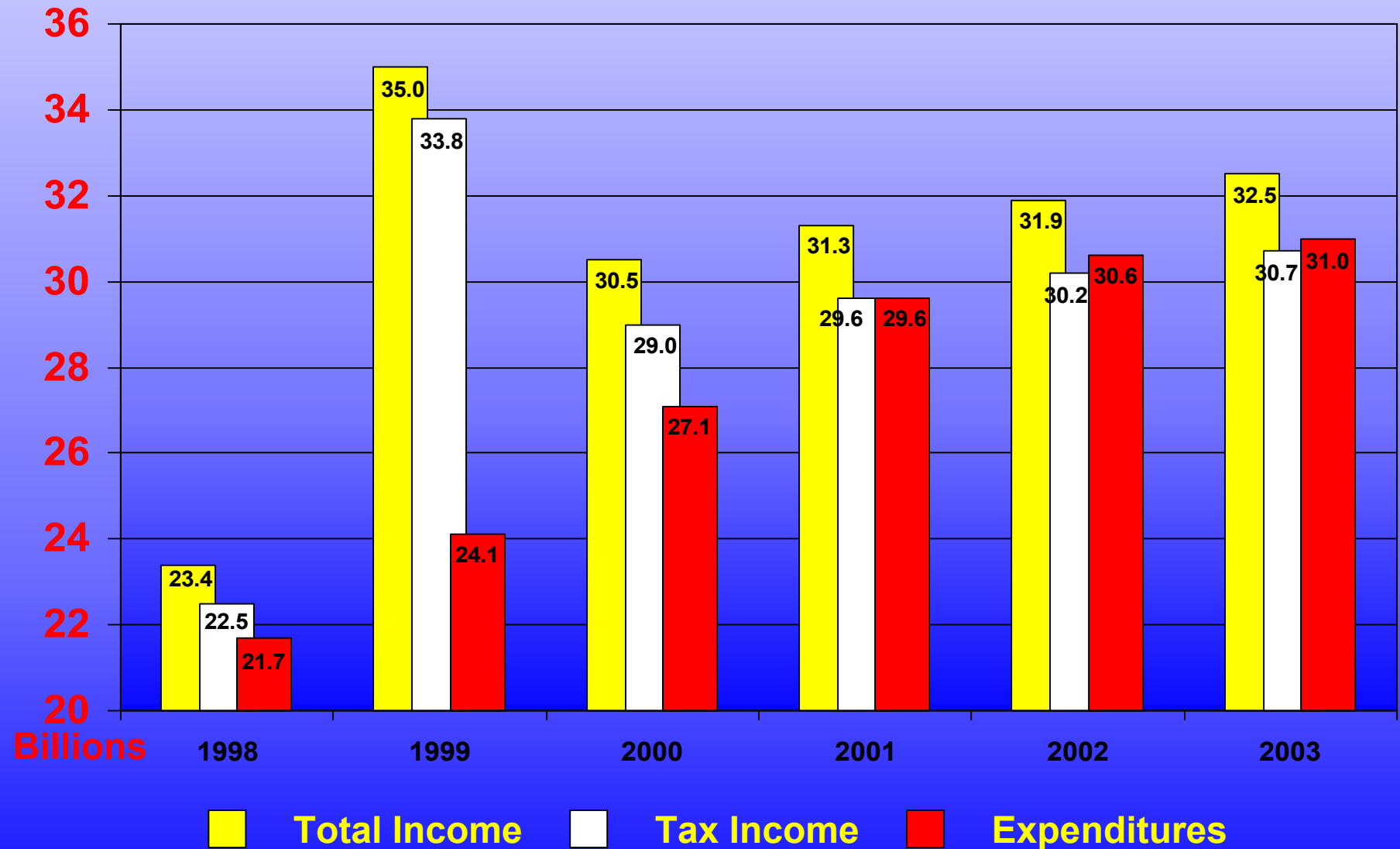
# Where the Funding Went -- 1996



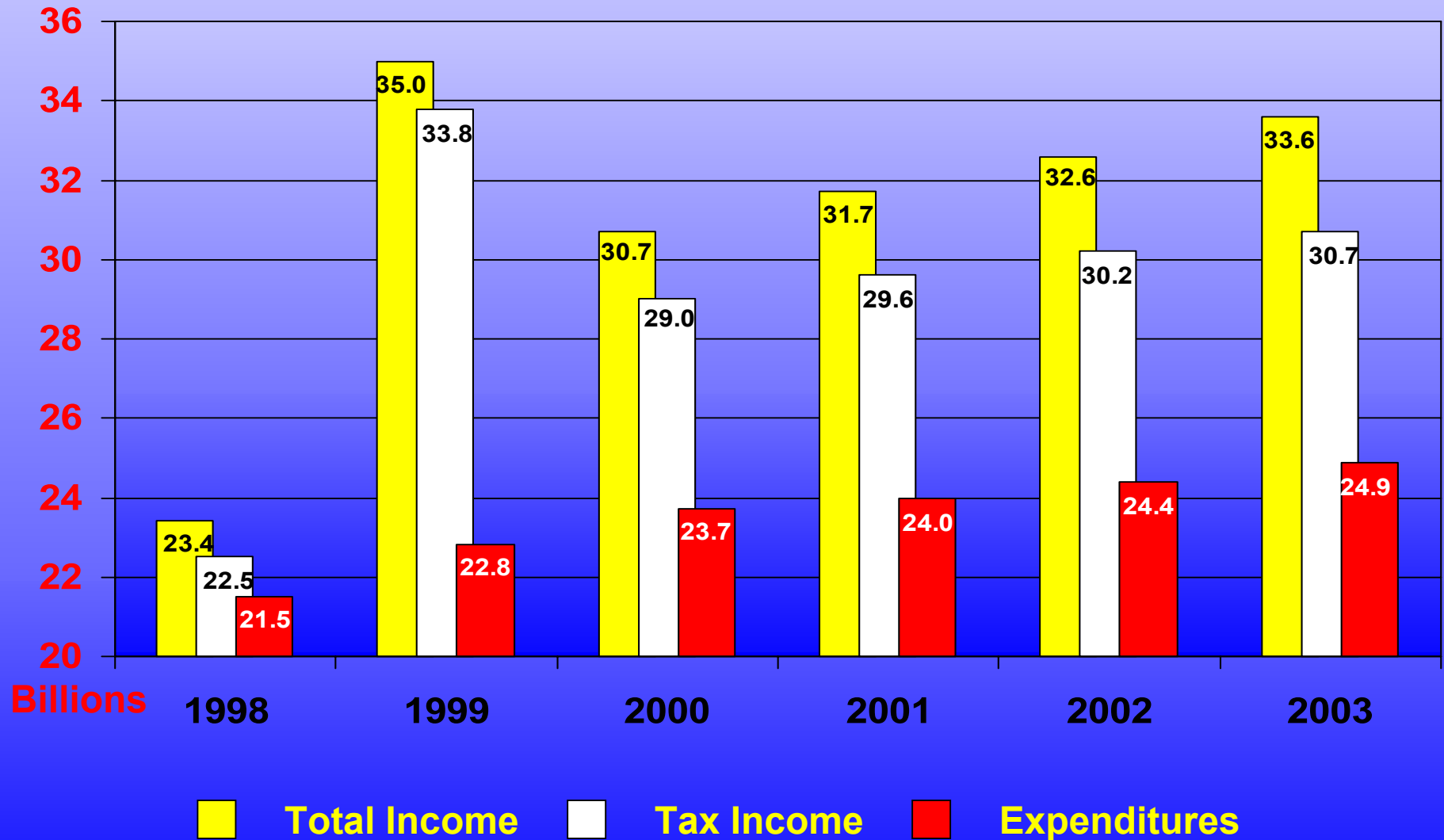
# Where the Funding Goes Today



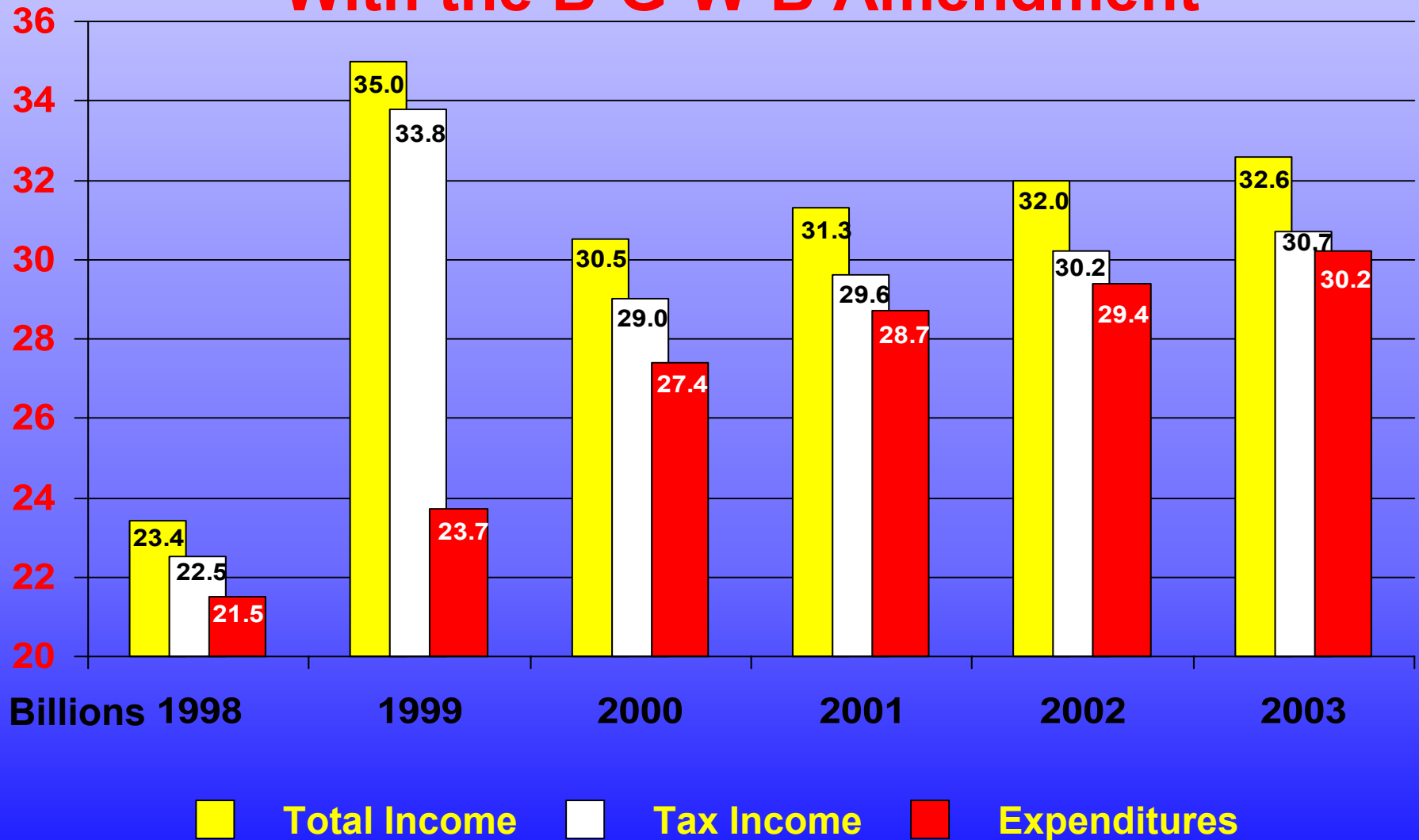
# The Highway Account Under BESTEA (H.R. 2400)



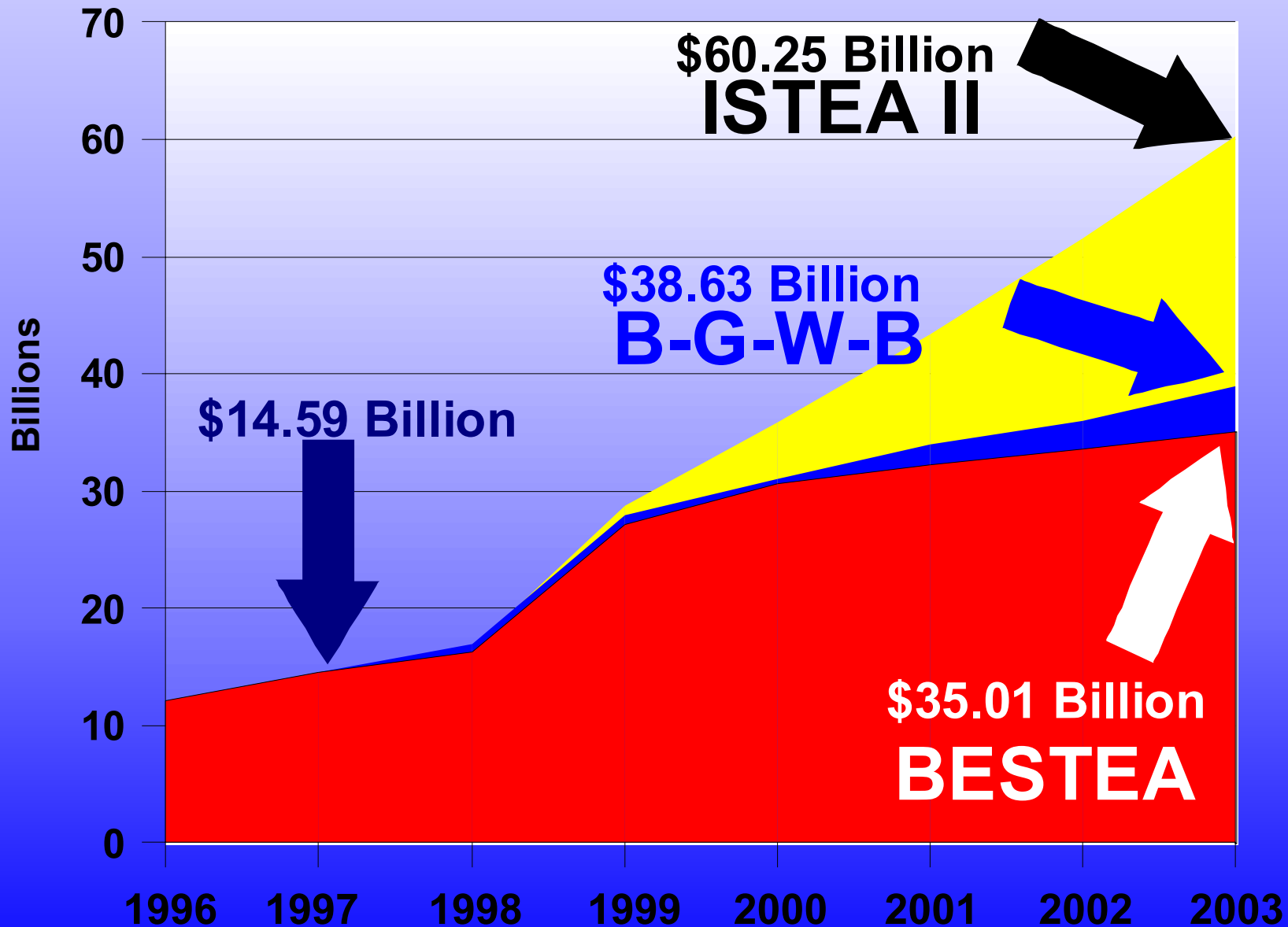
# The Highway Account Under ISTEA II (S. 1173)



# The Highway Account Under ISTEA II With the B-G-W-B Amendment

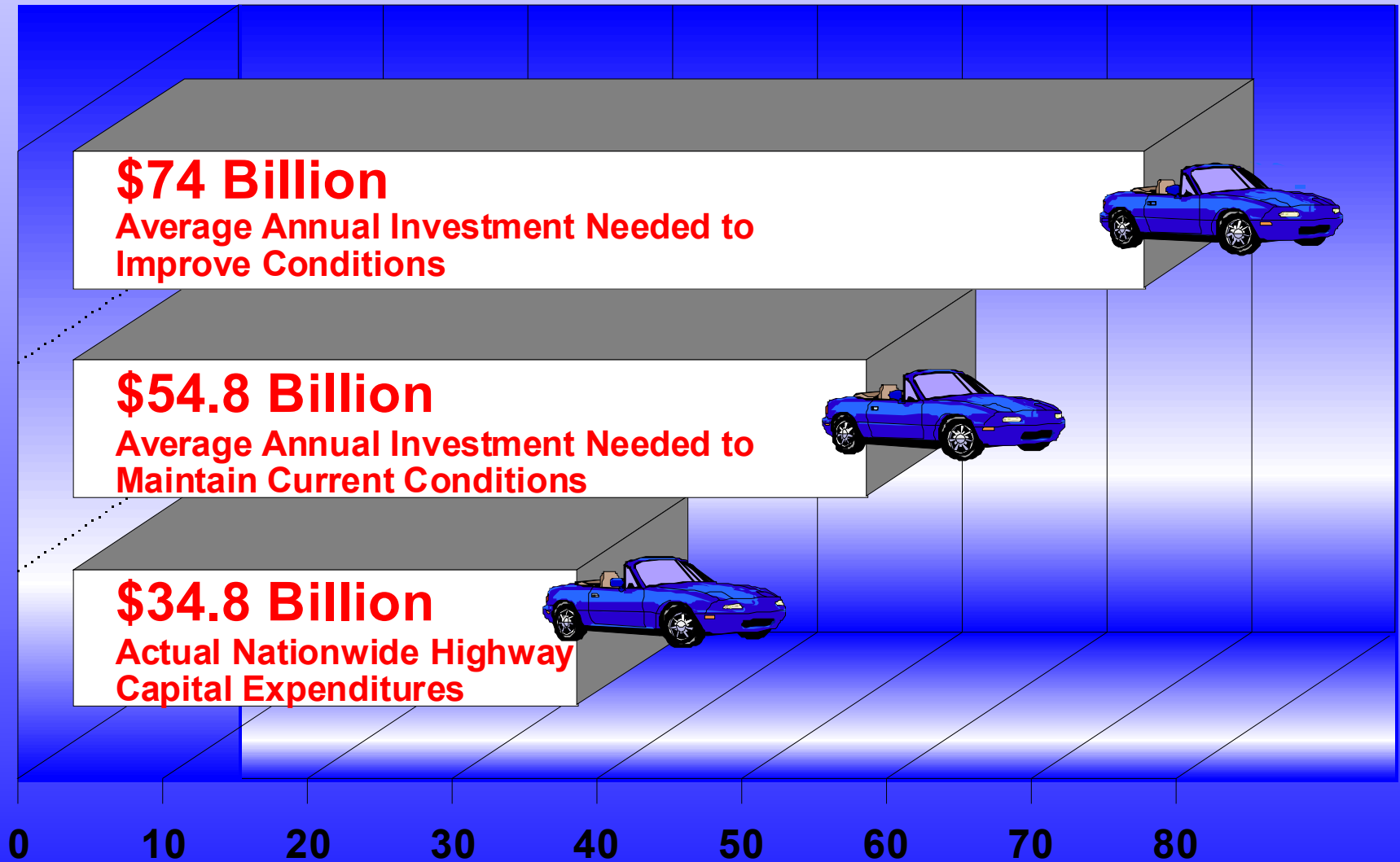


# Cash Balance in the Highway Account



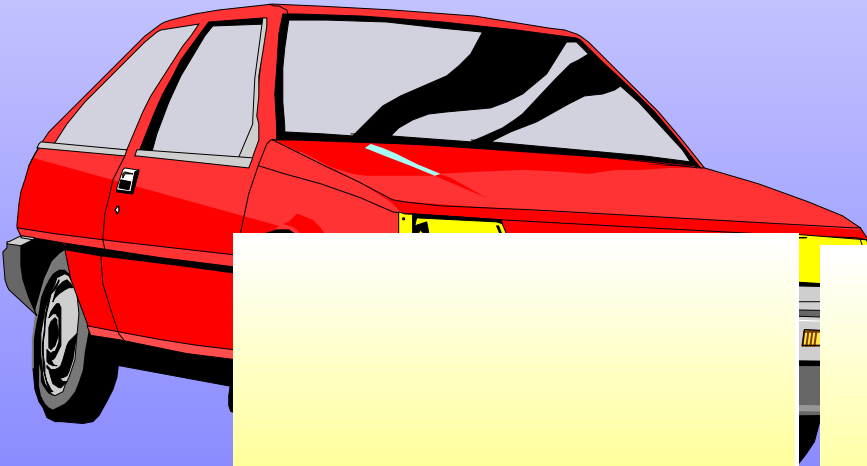


# What's Invested & What's Needed



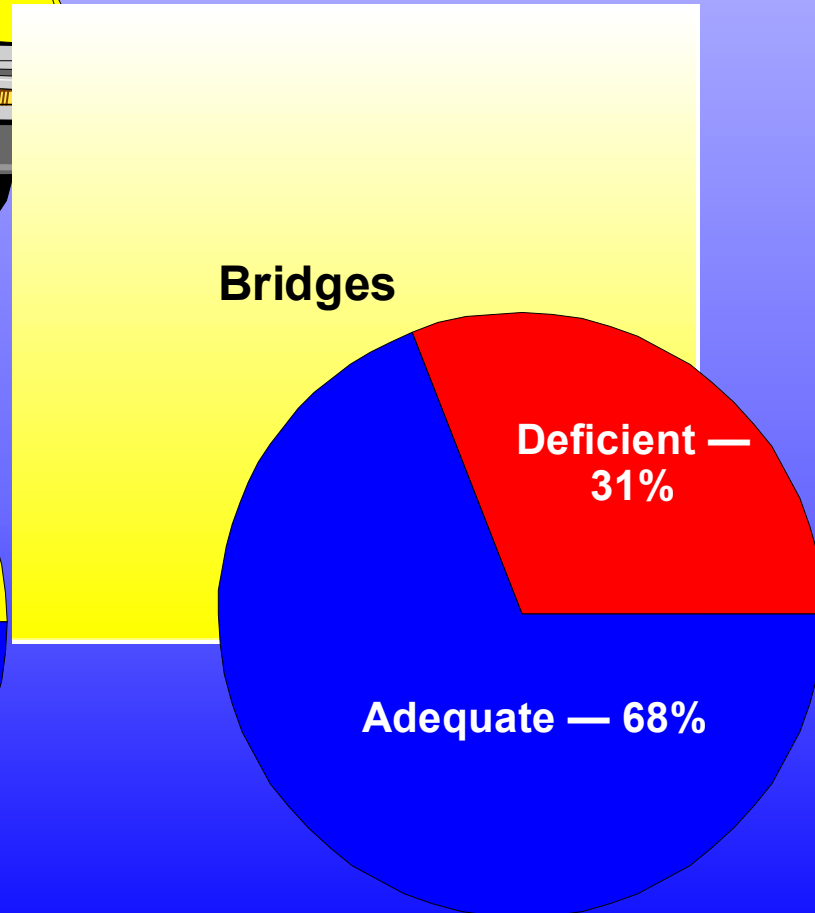
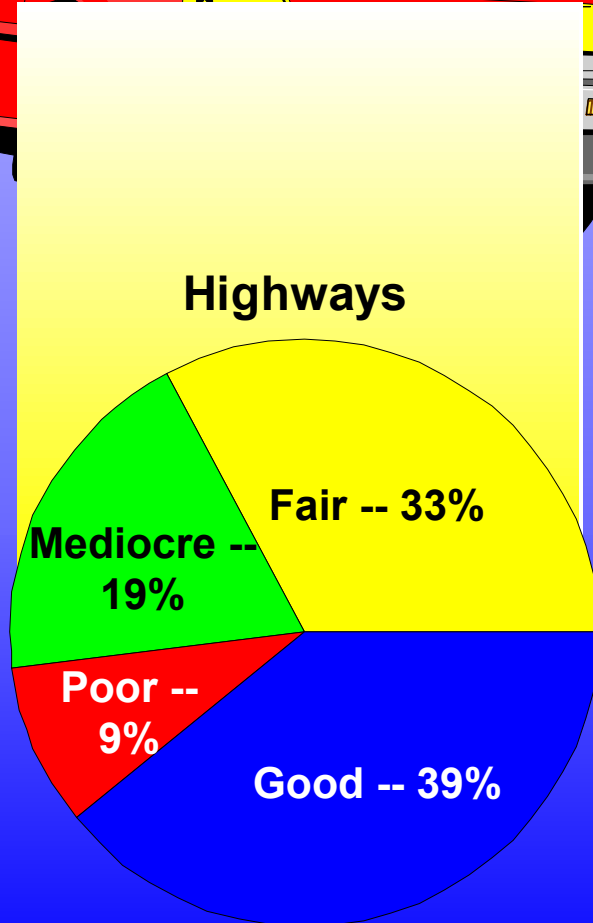
Combined Federal, State, and Local Expenditures

# Highways & Bridges Need Repair



253,629 miles of poor to mediocre pavement  
28% of eligible roads

181,748 deficient bridges  
31% of bridges over 20 feet in length



# From Farm to Market

## Transportation Serves Rural America

