



Special Editorial:

*On Thursday of this week, the National Surface Transportation Infrastructure Financing Commission completed nearly two years of work by offering the nation a plan for sweeping changes to transportation infrastructure finance. Its report, *Paying Our Way: A new Framework for Transportation Finance* details how they propose our industry and elected officials should fill the ever-widening funding shortfall. The commission notes that real highway spending has fallen nearly 50% since the Highway Trust Fund was established over 50 years ago.*

Specific financing recommendations include:

- *Begin preparing now for the transition to a vehicle-mileage-tax*
- *In the interim, raise the motor fuel tax and the diesel tax by 10 and 15 cents respectively*
- *Expand the ability of states and localities to levy tolls on the interstate highway system*
- *Expand TIFIA and other federal loan programs to provide more capital for state programs*
- *Spend \$500 million per year to recapitalize the State Infrastructure Banks (SIB)*
- *Take actions to facilitate private sector investment in state transportation systems*
- *Expand the Private Activity Bond (PAB) program and other financing tools*

This menu includes many options and also attempts to deal with both short and long-term needs. It strikes a balance between federal and state solutions. "States have a wealth of experience successfully developing transportation infrastructure with innovative financing based on tolling or user charges," said Nossaman partner and Infrastructure Practice Group Chair, Geoffrey S. Yarema was a member of this 15 person bi-partisan commission. "These charges also help states manage demand, by making drivers aware of the costs of their road use. The federal government should recognize the value of these 'tools' by encouraging states and localities to use private sector financing."

Some would argue whether there is a need for new financing methods.

However, the commission report shows a cumulative \$400 billion gap between 2010 and 2015. Even allowing for a 10% margin of error, \$360 billion is a significant number, which requires action. The recent American Recovery and Reinvestment Act funding does little to address the current crisis so no one should think it solves these challenges.

Implementation of the solutions presented in this report will require leadership from the states, Congress and the President. As we go into the next authorization process, this is the most important public policy issue on which we should be working. Let's band together for the good of our industry and our country. TW

For a copy of the full report go to http://financecommission.dot.gov/Documents/NSTIF_Commission_Final_Report_Advance%20Copy_Feb09.pdf