



Committee On Finance

Max Baucus, Chairman

NEWS RELEASE

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Joint Hearing with EPW on Innovative Financing

I'd like to welcome everyone to the first joint hearing between the Senate Finance Committee and the Senate Environment and Public Works Committee.

I am a longtime member of the EPW Committee as well as the Chairman of the Finance Committee. Senator Jeffords is a member of Finance as well as Chairman of EPW. Given our dual roles, I know that he and I will partner on many issues as we get on with the reauthorization of TEA 21.

This joint hearing is special because it defines a joint interest and joint jurisdiction over the financial matters of our nation's highways. I was privileged to have been an author of TEA 21, and I look forward to working with my fellow Finance Committee members and EPW Committee members as we craft the next highway bill under the leadership of Senator Jeffords. I am especially pleased that Senator Grassley has shown such an interest in these issues. I know that he will play an important role during TEA 21 reauthorization.

The Finance Committee recently held a hearing that examined how the Highway Trust Fund is structured to provide funding for our highway system. We heard about projections for Trust Fund Income over the next 10 years. As successful as the Trust Fund has been, our transportation needs far outweigh our resources.

Today's hearing is about financing beyond the Trust Fund. We are looking at additional means of financing to supplement the Highway Trust Fund in order to meet our nation's transportation needs.

In recent years there has been increased recognition, throughout the country, of the important contribution that a strong highway program makes to our nation's economic prosperity and quality of life. In Montana it is our economy's "golden egg" so to speak.

As we prepare to reauthorize the highway program next year, a fundamental question for the Congress is how to increase the level of investment— for the benefit of all citizens and all states. Earlier this year Senator Crapo and I introduced bi-partisan legislation with 12 co-sponsors, S. 2678—the MEGA TRUST Act--Maximum Economic Growth for America through the Highway Trust Fund. This bill laid out some ways to increase investment in the highway

program without raising taxes. That legislation would allow the Highway Trust Fund to be properly credited with taxes either paid or foregone, with respect to gasohol consumption.

It would also reinstate the principle that the highway and mass transit accounts of the Highway Trust Fund should be credited with interest on their respective balances. Those are important reforms that I believe we must enact as soon as possible. But we must continue to work to find additional ways to enable a stronger level of highway investment -- because that investment is so important and beneficial to the country.

Next week I will introduce the MEGA INNOVATE Act-Maximum Economic Growth for America Through Innovative Financing. Under this legislation the Secretary of the Treasury would sell bonds with the proceeds being placed in the Highway Account of the Highway Trust Fund. The Treasury would be responsible for the principal and interest.

The bond proceeds will enable the basic highway program to grow and would help the citizens of every state. Administration of this initiative will be simple. No new structures are required. This is a new idea that does not raise taxes, but would advance our national interest in a strong highway program.

As this is a new idea for highways, the bill introduces this concept at a very modest level, in the range of \$3 billion annually in bond sales. However, when combined with the provisions of the MEGA TRUST Act, and the continuation of current sources of revenue, this legislation should enable the highway program to achieve an obligation level of approximately \$41 to 42 billion by fiscal year 2009.

Many other elected officials and organizations have shown interest in both MEGA TRUST and MEGA INNOVATE. I would like to enter into the record today, two statements. The first, from the Departments of Transportation of the following five states: Montana, Idaho, Wyoming, North Dakota and South Dakota, endorsing both the MEGA TRUST Act and my forthcoming bond proposal.

Second, a statement from the American Highway Users Alliance, also indicating support for both MEGA TRUST and MEGA INNOVATE. I very much appreciate the support of these groups, as well as the support of others for these two important initiatives.

A well-funded highway program is certainly essential to the economic future of my state of Montana and to other states. So, I look forward to working with my colleagues on the MEGA INNOVATE ACT, on the MEGA TRUST ACT, and on other ways to help our citizens benefit from increased levels of highway investment.

Today, I also look forward to hearing additional proposals on alternative means to finance the nation's surface transportation program. The more we can get the private sector involved and the more we can leverage funds, the better we will be able to meet our transportation needs.

