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BAUCUS OFFERS FIX FOR HIGHWAY TRUST FUND

*Finance Chair's funding fix would ensure safer roads, job security,
restore disaster aid and interest accrual*

Washington, DC – Senate Finance Committee Chairman Max Baucus (D-Mont.) today proposed legislation to replenish the nation's Highway Trust Fund in order to finance urgent maintenance of America's rails, roads and bridges, and to save or create millions of good-paying infrastructure jobs. The Baucus bill entitled, "The Transportation Preservation and Improvement Act," would restore the Fund's ability to earn interest on its balance – a benefit eliminated in 1998 as part of the Surface Transportation Revenue Act – and would reimburse the Fund by \$19.5 billion for interest earnings lost since that time. Of the \$19.5 billion, \$14.7 billion would accrue to the Highway Account, while \$4.8 billion would be directed to the Mass Transit Account. The Highway Account would also be replenished by an additional \$7.3 billion paid out between 1989 and 2004 for emergency spending. Original cosponsors of the bill include Senators Jay Rockefeller (D-WV) and Robert Menendez (D-NJ).

"We are faced with the difficult question of how to beat the clock and restore the solvency of the Highway Trust Fund to avoid stalled infrastructure projects, job losses and an unsafe highway system. This proposal represents a clear way to address the projected shortfalls we face," said Baucus. **"I will work with my colleagues to move this bill forward in the coming days and weeks, to improve our transportation system and to help ensure the job security of millions of American workers."**

"A strong and robust Highway Trust Fund is absolutely necessary if we want West Virginians – and all Americans – to drive on safe roads and bridges," Rockefeller said. **"Just as crucial, building roads and bridges in our state puts millions of people and our construction companies to work and that is extremely important."**

Senator Menendez said, **"This legislation ensures that transportation investments can continue to help keep our economy moving with job creation in the short term and will serve as a down payment on a more efficient transportation system into the future. This robust investment in mass transit amounts to an investment in the foundation for 21st Century economic security. It is not only a sector that creates jobs, but it helps lower energy costs, cleans the air we breathe and saves commuters time and money. It is tremendously important to ensure that when we replenish the transportation trust funds, transit gets its historical share, and this legislation accomplishes that. This positions us to make significant investments in transit projects in the forthcoming transportation reauthorization bill. I appreciate working with Chairman Baucus on this legislation, and I thank him for his leadership and for recognizing the economic benefits of structuring the legislation in this manner. I also want to hail the work that Banking Committee Chairman Dodd and Senator Schumer have done to support transit funding."**

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The Department of Transportation (DOT) estimates the Fund will be insolvent by late August 2009 without legislative action. The Highway Trust Fund is one of several federal transportation trust funds, including the Airport and Airways Trust Fund and the Harbor Maintenance Trust Fund. These trust funds were structured to earn interest on their balance as a way to help ensure solvency. The Highway Trust Fund has been the exception since 1998.

Senator Baucus has successfully fought to replenish the Highway Trust Fund in recent years, as fund receipts have declined and the balance has fallen to dangerously low levels. In September 2007, he proposed a \$5 billion highway fix as part of the Finance-passed FAA bill, which was blocked in late April 2008. On June 26 of last year, in light of news that the Trust Fund deficit was worsening, Senator Baucus was joined by Senator Reid in an effort to move an \$8 billion Highway Trust Fund fix. In September 2008, Senator Baucus was successful in advancing the \$8 billion Highway Trust Fund fix that became Public Law 110-318.

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