



February 22, 2022

The Honorable Mike Lee
361A Russell Senate Office Building
Washington, D.C. 20510

The Honorable Ted Cruz
127A Russell Senate Office Building
Washington, D.C. 20510

The Honorable Cynthia Lummis
124 Russell Senate Office Building
Washington, D.C. 20510

Dear Senators Lee, Cruz, and Lummis:

On behalf of National Taxpayers Union, the nation's oldest taxpayer advocacy organization, I write to express our strong support for your legislation S. 2803, the "Transportation Empowerment Act." Your important legislation would gradually reduce the federal gas tax and, by extension, reduce the federal government's outsized role in infrastructure spending. Additionally, S. 2803 would provide states greater control of and responsibility for infrastructure taxes and spending decisions. We are proud to endorse the Transportation Empowerment and look forward to working with you towards its expedient enactment.

As you are no doubt aware, our current approach to federal transportation policy is broken. The federal government provides states with grant funding through the Highway Trust Fund, which derives the majority of its revenue from an 18.3 cent-per-gallon excise tax on gasoline. Unfortunately, the solvency and long term sustainability of the HTF are in serious jeopardy. Thanks in large part to the growth of more fuel-efficient and electric vehicles, in conjunction with costly procurement, permitting, and labor regulations, the HTF is expected to have a cumulative deficit of \$188 billion through 2030. Because this trust fund is structurally broken, it falls on every taxpayer to shoulder the burden of making the Fund whole through general fund transfer payments.

First and foremost, the Transportation Empowerment Act would reallocate unused federal COVID-19 relief dollars into the HTF, which would be an automatic boost to the fiscal condition of the Fund. On a more structural reform level, the Transportation Empowerment Act would help fix this issue by devolving much of the infrastructure taxing and spending authority down to the states, essentially cutting out the federal middleman and making infrastructure spending more efficient. S. 2803 would incrementally lower the gas tax to only a few cents, leaving states to determine the most appropriate tax levies, or perhaps implement new user-fee funding mechanisms, to best serve the needs of drivers within their own states. Since state and local governments are closest to the people, they will be best positioned to deploy resources in a manner that is most efficient.

Despite devolving most infrastructure responsibilities to be closer to the people, this legislation does retain some federal role in maintaining the Interstate Highway System. By keeping a 7 cents per-gallon federal gasoline tax and a 8.3 cents per gallon diesel tax in place, it ensures that our federal highway system remains in a safe and sound condition. Importantly, it would also terminate the Mass Transit Account - a significant driver of the HTF's fiscal woes - and transfer the balance to the Highway Account.

A permanent fix is necessary to ensure the HTF remains solvent, and the Transportation Empowerment Act is a powerful solution to this clear problem. S. 2803 is a transformative piece of legislation that will ensure states are best positioned to build, spend and maintain our transportation infrastructure. We urge all Senators to cosponsor this important legislation.

Sincerely,

Thomas Aiello
Director of Federal Affairs