

SJR

59

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: Remove Highway Trust Fund
from Unified Federal Budget
Sponsor: Coghill/Jones
Requestor: Jones

Agency Affected: DOT&PF
BRU: _____
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

The Department supports the concept of removing the Highway Trust Fund and the Airway Trust from the Unified Federal Budget. There is no fiscal impact to the Department of Transportation and Public Facilities.

Prepared by: Ron Lind, Director
Division: Plans, Programs & Budget

Phone: 465-2171
Date: 2/5/88

Approved by Commissioner: Mark S. Hickey
Agency: DOT&PF

Date: 2/8/88

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

Fiscal Note

SENATE COMMITTEE REPORT

FIRST COMMITTEE OF REFERRAL

Date of 2-11-88 5-DAY NOTICE
IN ACCORDANCE WITH UNIFORM RULE 23

FURTHER:

**FISCAL NOTE(S) ATTACHED **
IN ACCORDANCE WITH AS 24.08.035
(see below)

1/28/88
Mr. President:

DATE TURNED INTO OFFICE 2-18-88

Transportation Committee considered SJR 59

Requesting the Congress to remove the Highway Trust Fund and the Airport and Airway Trust Fund from the Unified Federal Budget.

and recommended:

[] replace with CS _____ [] same title
[] attached amendment(s) and [] new title

do pass

[] do not pass

[] no recommendation

[] individual recommendations

[] further referral to _____

[] letter of intent adopted and attached

** Committee attached or [] adopted fiscal note(s)
 zero [] fiscal impact

MEMBERS SIGNING DO PASS

OTHER RECOMMENDATIONS

Tim Kelly
Mike Head
John Connett
John...

Handwritten Signature (Do Pass)
Chairman signature and recommendation

[] Committee Backup Attached

Senator John B. (Jack) Coghill
Alaska State Legislature

Box V
Juneau, Alaska 99811
(907) 465-4797

Box 55028
North Pole, Alaska 99705
(907) 488-0862



M E M O R A N D U M

To: Senate Transportation Committee
FROM: Senator Jack Coghill
DATE: February 17, 1988
SUBJECT: SJR 59

A handwritten signature in dark ink, appearing to be "J. Coghill", written in a cursive style.

SJR 59 requests the Congress to remove the Federal Highway Trust Fund and the Airport and Airway Trust Fund from the Unified Federal Budget.

The highway and airport trust funds receive their revenue from user fees and are dedicated to highway and airport improvement programs. The funds are the source of most federal matching money in the Alaska Department of Transportation Budget.

Inclusion of these two funds in the Unified Federal Budget has subjected them to federal budget reduction acts. However, monies in the funds cannot be spent on other areas of the budget because they are dedicated. Therefore, the highway and airport/airway funds accumulate a balance while the critical transportation needs of the states may go unmet.

Specific questions and answers relating to the highway and airport/airway trust funds are included on the attached page.

I urge your support of SJR 59.

SPECIFIC QUESTIONS AND ANSWERS ON SJR 59
HIGHWAY AND AIRPORT/AIRWAY TRUST FUNDS

1. What types of user fees generate the revenue for the funds?

The highway fund comes primarily from gasoline and diesel fuel taxes, and miscellaneous truck purchase and use taxes. The airport fund comes from aviation fuel, passenger ticket and departure taxes.

2. How are the states' shares determined?

There are complex formulas for each fund. The formulas are based on factors such as the population and the size of the highway or airway system of each state.

3. How is the fund money used in Alaska?

The highway and airport/airway funds are the primary sources of federal receipts in the DOT budget. For example, the highway fund provides the 90-10 matching funds for new roads.

4. Is the federal limitation on expenditures from the funds a new problem this year?

No! Congress has denied expenditure of the full, available funds for several years.

5. Why does Congress restrict use of the funds?

Possibly because keeping money in the funds reduces the federal deficit on paper. However, since these are dedicated monies, they cannot be transferred to pay for other programs.

6. How much money is at stake for Alaska?

\$20 million in highway funds and \$6 million in airport funds.

STATE OF ALASKA

STEVE COWPER, GOVERNOR

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

NORTHERN REGION, REGIONAL DIRECTOR

2301 PEGER ROAD
FAIRBANKS, ALASKA 99709-5316
PHONE: (907) 451-2210

December 24, 1987

Re: Gramm/Rudman Highway
Trust Fund
Log #88-78

The Honorable John B. Coghill
Alaska State Senate
P.O. Box V
Juneau, Alaska 99811

Dear Senator Coghill:

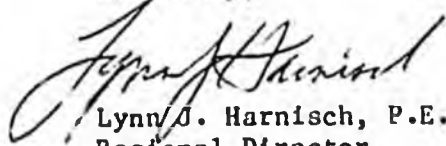
During our December 11, 1987 budget presentation, you had a number of questions about the Highway Trust Fund and the impacts of Gramm Rudman legislation.

This week, Congress passed the federal unified budget reduction package. Therefore, Gramm/Rudman provisions did not take effect. However, the end result is about the same, and Alaska's federal obligation authority will be reduced by approximately \$7 million.

The balance of the Highway Trust Fund normally is held at \$9-10 billion. Since it is a self supporting fund, dedicated only to the national highway system, the budget reduction measures will only increase the fund's balance and cannot be applied to deficit spending in other areas of the federal budget. Effectively, applying budget reductions to the Highway Trust Fund only reduces the overall Federal deficit on paper.

If you have further questions, please contact me at 451-2210.

Sincerely,



Lynn J. Harnisch, P.E.
Regional Director

PP/sa

cc: Bob Evans, Legislative Assistant, Office of the Governor, Juneau
Susan Fleischhauer, Legislative Liaison, Headquarters
Mark Hickey, Commissioner
John D. Martin, P.E., Chief of Planning & Research, Northern Region

From the federal bill
attempting to separate the funds
from the unified budget:

SUBTITLE B - HIGHWAY AND AIRPORT TRUST FUNDS

The purpose of this provision is to take the Federal-aid highway program, the public transportation discretionary grant program and the Airport and Airway Trust Fund out of the unified budget and thereby to protect them from manipulation either for the purpose of understating the size of the budget deficit (on paper) or for the purpose of increasing spending for programs funded from general revenues. The change is long overdue in light of the following: (1) These programs, and the trust fund which finances them, are subject to an impressive array of controls which render any restraint imposed by the budget process totally unnecessary.

From the federal bill attempting to separate
the funds

(2) In concept and in substance, these programs have no place in a unified or consolidated budget. (3) Inclusion of the highway trust fund and Airport and Airway Trust Fund in the unified budget has led to the imposition of obligation controls on the Federal-aid highway and Airport improvement programs for a decade and (more recently) the mass transit discretionary capital program. This has been despite Budget Act language clearly recognizing the unique character of the highway trust fund. (4) Such limitations have had the effect of (a) holding down expenditures under the affected programs below the level which can be sustained by revenues, and (b) constraining the program to an extent unnecessary to any rational program management objectives. (5) Renewed recognition on the part of the Congress that self-financed trust funds are indeed different from general revenues and deserving of treatment accordingly.

Nothing in the amendment would detract in any manner from the legitimate exercise of authority of the Committee on Ways and Means. Its chief substantive effect would be to help protect the programs from inappropriate meddling. Moreover, it would have no effect on the real deficit.

The following sections discuss the highway trust fund and Airport and Airway Trust Fund in greater detail.

Highway Trust Fund

1. Unified Budget Controls Unnecessary: The highway trust fund (including the mass transit account established by the Surface

FHWA FUNDING (\$'s in millions)

FISCAL YEAR		APPORTIONMENT	INITIAL OBLIGATION LEVEL	TOTAL OBLIGATED
1984	1	\$153.4	\$142.9	\$153.8
1985	1	\$164.1	\$151.9	\$159.4
1986		\$165.3	\$147.5	\$151.1
1987		\$152.7	\$145.8	\$152.4
1988		\$153.5	\$128.8	?

1. Amounts adjusted to reflect level program even though approximately \$8.8 million of 1985 apportionment not received until 1986.

FHWA Funding level \$4-88