



METROPOLITAN
TRANSPORTATION
COMMISSION

Agenda Item 5b

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Memorandum

TO: Legislation Committee

DATE: September 4, 2015

FR: Executive Director

W. I. 1131

RE: S. 1994 (Carper): Tax Relief And #FixTheTrustFund For Infrastructure Certainty Act of 2015 (TRAFFIC)

Background

Senator Carper recently introduced S. 1994 to restore solvency to the Highway Trust Fund and create a mechanism to pay for a long-term authorization bill by raising the federal excise tax on gasoline and diesel fuels by 16-cents per gallon over four years. To reduce the potentially regressive nature of the gas tax the bill doubles the federal Earned Income Tax Credit.¹

Recommendation: Support

Discussion

This bill is very similar to H.R. 680 (Blumenauer), which MTC supported last March. Whereas H.R. 680 proposed a 15-cent increase in the federal gasoline excise tax over three years, S. 1994 would raise the tax by 16-cents, in 4-cent increments over four years. Both bills would index the tax to inflation thereafter. S. 1994 would also raise the diesel excise tax by 16 cents, whereas H.R. 680 proposed a slightly higher 18.4-cent tax increase on diesel fuel.

Raising and indexing the federal gas tax to restore its purchasing power and provide for reliable, long term federal transportation funding is a long-standing component of MTC's federal advocacy program. With gasoline prices at historic lows this year, legislators from both parties have championed a gas tax increase. The federal fuel excise taxes have not been adjusted since 1993 and have lost almost 40% of their purchasing power since then.

Lastly, we note that a number of national publications have urged Congress to embrace the simple solution of the gas tax as the proper user fee to solve the transportation trust fund shortfall.

Known Positions

TBD



Steve Heminger

SH: RL

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¹ Institute on Taxation and Economic Policy, "[The Federal Gas Tax: Long Overdue for Reform](#)," 5/20/2014