



June 30, 2017

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The Honorable Kevin Brady
Chairman
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth Building
Washington, DC 20515

The Honorable Richard Neal
Ranking Member
Committee on Ways and Means
U.S. House of Representatives
1139E Longworth Building
Washington, DC 20515

Subject: **SUPPORT A LONG-TERM FIX FOR THE HIGHWAY TRUST FUND
STRUCTURAL REVENUE DEFICIT IN TAX REFORM LEGISLATION**

Dear Chairman Brady and Ranking Member Neal:

The Orange County Transportation Authority (OCTA) Board of Directors is pleased to support the bipartisan effort led by Congressman Sam Graves (R-MO) and Congresswoman Eleanor Holmes Norton (D-DC) to include a long-term fix for the Highway Trust Fund (HTF) structural revenue deficit in tax reform legislation considered by the Committee on Ways and Means.

The principal revenue source for the HTF, federal motor fuel taxes, has not generated sufficient revenue to cover the fund's outlays since 2008, causing Congress to use short-term fixes to cover the cost of multiyear surface transportation legislation. The Fixing America's Surface Transportation Act (FAST Act; P.L. 114-94) transferred more than \$70 billion from other accounts, mostly from Treasury's general fund, to offset new transportation spending. The nonpartisan Congressional Budget Office (CBO) projects that revenues credited to the HTF will be insufficient to meet the fund's obligations by 2021. The CBO also projects cumulative shortfalls of \$80 billion and \$31 billion for the Highway and Transit Accounts, respectively, by 2026.

This structural revenue deficit brings unnecessary uncertainty to the work done by state and local transportation agencies, including OCTA, to provide for a safe and efficient transportation system. This funding increases the likelihood that projects will have to be halted, impeding the necessary infrastructure improvements and deterring more economic investment. Congress must find a long-term solution for the problematic structural revenue deficit rather than relying on more transfers from Treasury's general fund or additional spending offsets to fund future transportation projects.

Under your leadership, the Committee on Ways and Means is examining the U.S. tax code to prepare for the consideration of tax reform legislation,

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which represents the perfect opportunity to address this issue. Earlier this month, Congressman Graves and Congresswoman Norton led efforts on a June 12, 2017 bipartisan letter urging the inclusion of a long-term HTF fix in tax reform legislation. A majority of the Members in the House of Representatives signed the letter, signaling widespread support for such a fix. The letter calls for a "long-term, dedicated, user-based revenue stream" that will generate the infrastructure and economic activity levels that are consistent with the goals of the Administration's proposed infrastructure investment plan.

OCTA supports the inclusion of a HTF fix in tax reform legislation considered by the Committee. Congress should take advantage of this opportunity rather than waiting for the next surface transportation bill, when there will be even more uncertainty about future HTF revenues. Acting now will bring much-needed stability to the planning efforts of transportation agencies across the country at a time when leaders from both political parties are prioritizing infrastructure projects.

OCTA's support for a HTF fix is consistent with the principles included in OCTA's 2017-18 Federal Legislative Platform which supports federal legislation and programs that accelerates funding for transportation infrastructure projects and, thereby, creates additional jobs and economic activity in Orange County.

If you or your staff have any questions regarding OCTA's position on a HTF fix, please contact Kristin Essner, Manager of State and Federal Relations, at (714) 560-5754.

Sincerely,



Michael Hennessey
Chairman

MH: ds

c: Darrell Johnson, Chief Executive Officer
Members, Orange County Congressional Delegation
Potomac Partners, LLC