WILMAPCO's 2014 Our Town Event:
"Transportation Funding Shortfall Just Ahead,"
September 3, 2014, at Embassy Suites Hotel, Newark, Delaware
Summary of Presentations by: Colin Peppard, Office of Senator Tom Carper, and Mark Kleinschmidt, President, New Castle County Chamber of Commerce

Mr. Colin Peppard, Office of Senator Tom Carper, said the Senator feels strongly that funding transportation and infrastructure is one of the most fundamental issues the Federal government needs to address. The U.S. needs to have a coherent national policy, whether it supports our ports, airport and air-traffic control systems, railway systems, roadway and bridge systems, or bike and pedestrian networks. A Federal transportation policy is needed for the U.S. to be a competitive nation that supports trade and economic growth.

The U.S. has been lacking in its vision of a highly competitive growth strategy, which had served us well for decades, even looking back to the trans-continental railway. The U.S. was only ranked twenty-sixth among developed nations regarding the quality of infrastructure. Without the federal role, all those transportation projects that we think we need right now are not going to be funded.

However, in 32 states across the country overall, despite the political climate that doesn't favor revenue increases, they have increased their revenue, specifically dedicated to infrastructure and transportation.

Sometimes states increase their fuel tax and index it so that it increases automatically. Pennsylvania has initiated fee increases on oil, gasoline, and petroleum. Other states, like Virginia, have moved forward by developing a sales tax on gasoline. This has all been based on the promise that the federal government would always be there to supply a portion of the funding for the projects that are in the joint interest of the states and the nation. A national policy that is well-funded would allow us to do that. We do better when the United States competes with China, rather than when Delaware competes with China.

In the last several months, Senator Carper has embarked on a major push trying to get a major long-term surface transportation policy passed. We haven't had a long-term transportation bill since Safe, Accountable, Flexible, Efficient Transportation Equity Act – A Legacy for Users (SAFETEA-LU) expired in 2008. Since then, we have gone through thirteen extensions and one short-term bill. A two-year bill is not enough time for the most innovative and impactful projects to move forward that will allow states to use the Federal dollars for their best advantage.

Senator Carper said by the end of this year we need to make a decision if we are going to have a Federal transportation program, and he asked us to take a vote on the bill at a Lame Duck Session of Congress, when both sides would be ready to focus on transportation.

The Senator is a strong believer in user fees. He has said if it is worth having, it is worth paying for. The Federal gas tax was last raised in 1993, and with the rate of inflation since then, it buys much less. His position is that if we want to keep pace with other nations, we need to be investing, and in order to invest we need to raise revenues and user fees, which is one of the ways of doing that.

Senator Carper did win an amendment in the Senate for the proposed transportation bill to set up a vote this fall, and there was a long debate in the Senate about how we would pay for it, but, the House of Representatives killed that proposal. Then, we put through an extension for May of next year.

Our great fear is that if we don't get a transportation funding bill passed this year, we may not get a bill passed until possibly 2018 because of the next presidential election cycle. We will need to have the kind of federal partnership that allows us to make this happen, but, because there will be a new president, progress could be slowed down.

Therefore, we feel we are at a real crossroads in where we are now, and what the U.S. and the states will be able to do to support transportation projects, and get the funding for them. We certainly won't be able to do that without our partners.

Mark Kleinschmidt, President of New Castle County Chamber of Commerce, said, demographics are destiny, and good public policy requires reasonable politics. We need to look at transportation funding on a short-term and long- term basis. Delaware is challenged because of its small size and we are somewhat limited in how we can raise funds. New Castle County is unincorporated, and there are not a lot of levels of government that would participate in additional transportation funding. Therefore, we are challenged in how to move forward to have an adequate source of funding.

Mr. Kleinschmidt recently read a book entitled, "The End of the Suburbs: Where the American Dream is Moving," by Leigh Gallagher, which captured many demographic trends of government and businesses. It described trends, such as young professionals being more interested in living in urban areas, who are not as focused on buying and owning cars. However, in the New Castle County suburbs you still need to drive to get around.

We have come to a tremendous crossroads in our economy locally, nationally, and globally, and the Great Recession has put us on notice that we need to change the way we do business and the way we think. We need to be more cognizant of the impact on economic development and the impact of infrastructure investment. We need to focus on mass transit and other forms of transportation, in the long-term, and focus on our roads in our communities in the short-term. This will help to create jobs and generate a tax base.

In terms of economic development, we also need to think regionally. A lot is being done connecting us to the north in Philadelphia through SEPTA and Amtrak is stopping in Newark. There are also more MARC train stops, such as Perryville, Maryland, connecting us to the south.

We need to be looking at long-term investments in infrastructure that are not just based on a gas tax. The Chamber of Commerce didn't support the gas tax as presented. We felt there are other things that could be done. For instance, we need to look at a balance between the tolls and debts and come up with another method.

Mr. Kleinschmidt attended a session focused on this issue at a National Conference of Chambers. He learned that Pennsylvania and Georgia both have created a complex series of funding mechanisms that address short-and long-term needs. In particular, Georgia has focused on public/private partnerships, which can provide solutions other than the gas tax.

A Transportation Trust Fund was established in Delaware, and some of the funds were used previously for operations. We feel strongly that the funds that come in for transportation need to be used for transportation. We need to have a process that if we raise money for roads that we use that money for roads.

There are good examples around the country of public/private partnerships that work. We need to focus on how the demographics are changing and we need to change the way we fund. To get public funding we need to play politics, which just means various agencies and citizens coming to the table to come up with a reasonable solution.