Transportation Empowerment Act

Instead of making difficult decisions and exercising their lawmaking power, Washington has a ritual of "kicking the can down the road" on transportation policy. While this may amount to a mere periodic nuisance for federal policymakers, state legislators and industry are constantly burdened with uncertainty as the fate of their transportation budget oftentimes depends on the federal government's unreliable and unstable funding stream.

The federal transportation finance system is broken and cannot be sustained as is. For more than 10 years, the revenue flowing into the Highway Trust Fund (HTF) from the federal gas tax has been inadequate to pay for the increasing number of highways, mass transit, and beautification programs mandated by Congress. In addition, Congress has transferred more than $158 billion from the general fund to bailout the HTF. Absent any changes, the Congressional Budget Office estimates that the HTF will still face a cumulative shortfall of $195 billion from 2021 – 2030.[1]

In response to the unsustainable status quo and to return the rightful authority of general infrastructure maintenance and development to states, Senator Lee has introduced the Transportation Empowerment Act (TEA). Different states have different values and needs – and state and local governments are perfectly capable of reflecting those values and meeting those needs with unique, customized transportation policies without the interference of federal politicians, bureaucrats, and special interests in Washington, D.C. The federal government should instead focus its funding on a narrow set of interstate highways needed to keep interstate commerce flowing.

Bill Specifics

Highway Trust Fund Reform and Gas Tax Cut

- Narrow the scope of a "federal infrastructure project" to projects only on the "Interstate Highway System" by authorizing $18.45 billion per year (out of the Highway Trust Fund) to fully fund the projects on the Interstate Highway System.
- Lower the federal gas tax from 18.3 cents to 7 cents and the diesel tax from 24.3 cents to 8.3 cents to reflect the revenue necessary to pay for the projects on the Interstate Highway System.
- Require the Director of the Office of Management and Budget (OMB) to create a 5-year plan to pay off all outstanding infrastructure obligations incurred prior to enactment.

Pay-For Provisions

To account for the Highway Trust Fund's outstanding obligations and place the Fund on a long-term fiscally solvent and sustainable path, the bill would transfer $120.2 billion in unspent COVID-19 funds. Specifically, the funding would come from the following accounts:

- Unused COVID Funds - $42 billion
  - Economic Injury Disaster Loans: $31.1 billion
  - Other Small Business Administration: $5.9 billion
  - Pandemic Relief for Aviation Workers: $3.2 billion
  - Economic Stabilization Program: $1.4 billion
  - Education Stabilization Fund: $0.4 billion
- Ending Employee Retention Tax Credit A Quarter Early - $8.2 billion
- Unspent State and Local Fiscal Recovery Funds - $70 billion

[1] Congressional Budget Office, "A Statement to the Congress on the Long-Term Solvency of the Highway Trust Fund", April 14, 2021. https://www.cbo.gov/publication/57067

For more information concerning this bill or to be added as a cosponsor, please contact Joel Wellum (Joel_Wellum@lee.senate.gov) or Sophia Bagely (Sophia_bagley@lee.senate.gov) in Senator Lee's office.