



In This Issue

- Gas, Diesel Taxes to Climb in Connecticut
- Feds OK \$1.9B Upgrade for I-94
- Georgia Gov. says No Gas Tax Increases
- NH Lawmakers Compromise on 10-Year Plan
- Senate Leader Proposes Turnpike Lease Alternative
- Rendell: Vote on Turnpike Lease Unlikely Until Fall
- VDOT Seeks Proposals for Public-Private Partnership
- Gas Reaches up to \$11 a Gallon Worldwide
- Minnesota Closes 3rd Bridge as Special Inspections Continue

Gas, Diesel Taxes to Climb in Connecticut

Hartford Courant - Jun 3, 2008

Connecticut - The already sky-high fuel prices are going up on July 1 for drivers in Connecticut, with a 7.7-cent increase on diesel and between three and four cents on gasoline, depending on the wholesale price that day. In an announcement Monday, the tax department said the increase is because the state's gross receipts tax on both diesel and gasoline will be going up at the beginning of July. The tax hike is in addition to the 25-cent-per-gallon state tax on gasoline.

State law requires the tax department to calculate the tax based on the fuel's average wholesale price for the period of April 1 to March 31 each year. For diesel fuel, since the average wholesale price for that period over the past year was \$2.488 per gallon, the new tax rate will be 44.7 cents per gallon- an increase of 7.7 cents from the current 37-cent tax. The tax rate will stay at that level for one year and then be recalculated to go up or down at that time. The gross receipts tax on gasoline will be increasing to 7.5 percent, up from the past year's 7 percent.

"That's going to be very, very hard on the trucking industry," said Michael J. Riley, president of the Motor Transport Association of Connecticut, who also said the high prices are already choking the industry. "We're paying over \$5 a gallon, and we get 5 miles to the gallon. We're paying a dollar a mile for fuel. It will be the highest fuel tax in the country [for diesel fuel]. They're playing with dynamite here because we need a healthy trucking industry."

The American Trucking Association reported that 935 trucking companies went out of business nationally during the first three months of this year.

Feds OK \$1.9B Upgrade for I-94

Milwaukee Journal Sentinel, WI - May 31, 2008

Wisconsin - Plans for a \$1.9 billion expansion and reconstruction of I-94 in Wisconsin have received federal approval, clearing the way for construction to begin on the most expensive highway project in state history, according to a state freeways manager. Barring a lawsuit to halt the project, the authorization allows work to begin next spring on interchanges near Mitchell International Airport, with final completion projected for 2016.

The next step will be to develop a plan to pay for the project, which will extend from Milwaukee to the Illinois border, including reconstruction of 17 interchanges. With the federal approval, the freeway widening from six lanes to eight will be eligible for federal funding, and upcoming transportation bills are expected to allocate anywhere from 50% to 90% of the total project cost.

Despite a coalition of local organizations that submitted lengthy objections to stop the project, including increased pollution and derailing needed transit projects, the Federal Highway Administration was not swayed.

"Basically, it validates our 29-month process that we've gone through to evaluate all the alternatives and find a prudent and feasible plan that we feel is needed for this corridor," said Robert Gutierrez, state supervisor for freeways in southeast Wisconsin. He said the DOT assessment found that the additional lanes are necessary to prevent congestion on the key north-south route through 2035. The project also has the support of business groups and trade organizations.

Georgia Gov. says No Gas Tax Increases

WALB-TV, GA - Jun 2, 2008

Georgia residents received a little good news about gas prices this week. Gov. Sonny Perdue signed an executive order Monday to hold the state gas tax at 11-cents-per-gallon. Last month, Perdue also suspended the diesel tax for off-road uses, giving farmers and timber companies a break from the high fuel prices.

The state motor fuel tax and state sales taxes are recalculated by the Department of Revenue twice a year, based on the average price of gas for the previous six months. The governor's order prevented the gas tax from increasing by 2.9 cents a gallon.

The suspension freezes state sales and state motor fuel tax on aviation gasoline, propane and other special fuels.

NH Lawmakers Compromise on 10-Year Plan

CONCORD, N.H. - Lawmakers in New Hampshire have come to a tentative agreement on a \$2.3 billion, ten-year transportation plan that is almost half the size of the current plan. Over \$2 billion in projects were cut in the compromise, and lawmakers say they even expect a funding shortage for the pared down plan. It will be reviewed every two years to make necessary adjustments.

The lawmakers' plan includes a major shift from new construction to projects that will preserve the current system and repair deficient bridges.

Senate Leader Proposes Turnpike Lease Alternative

WTAJ, PA - May 30, 2008

HARRISBURG – The Republican Leader of the Pennsylvania Senate has proposed an alternative to leasing the Pennsylvania Turnpike, saying there is another way to raise the millions of dollars needed to fix the state's crumbling highways and bridges. Senate President Pro Tem Joe Scarnati says that borrowing additional money and moving tax dollars around would be a better way than either tolling I-80 or leasing the Turnpike.

Senator Scarnati, of Jefferson County, said the success of his plan is based upon transferring over five hundred million dollars each year from the state's motor license fund to pay for transportation. He says the Pennsylvania State Police, which would suffer the biggest loss from the transfer, should be funded by the state's personal income tax. Scarnati's plan would also cover the shift from the police fund by the state issuing \$250 million in state bonds.

The state's transportation funding issues will be a large part of the efforts over the next month to develop a new Pennsylvania Budget, which is due July 1.



State funding is largely a closed system—meaning that if you take from one agency to fund another, you ultimately have to fill the gap from somewhere. This gap can be filled by shifting the increase in taxes from one source to another (e.g. from motor fuel taxes to personal income taxes as proposed here) but it has to come from somewhere. These proposals historically die when folks figure this out and realize that the other programs need their funding as well. The other thing that is notable here is that part of the funding is coming from increased borrowing. Between the two, fund transfers and more borrowing, there is no new money brought into the system. Therefore, this proposal really isn't an alternative to the money that would come from leasing the turnpike. TW

Rendell: Vote on Turnpike Lease Unlikely Until Fall

Pittsburgh Post-Gazette – June 3, 2008

HARRISBURG – State lawmakers will not be making a decision on Gov. Ed Rendell's proposal to lease the Pennsylvania Turnpike to a private company until the fall, the governor told reporters this week. A busy legislative calendar, including approving a 2008-09 budget and borrowing \$750

million for capital projects, means legislators won't get to the turnpike lease deal by session's conclusion at the end of June.

"There isn't enough time in the next 28 days to have the General Assembly review the turnpike lease," Gov. Rendell told reporters. He had previously said he wanted legislators to act on the plan by late June.

A group led by Citigroup of New York and Abertis Infraestructuras of Spain has been selected to lease the turnpike for 75 years, if the plan receives legislative approval. The group would pay \$12.8 billion upfront, which the state plans to invest with the hope of getting \$1.1 billion each year for repairing their transportation system.

VDOT Seeks Proposals for Public-Private Partnership

WTKR 3, VA - Jun 3, 2008; VDOT Press Release - May 30, 2008

RICHMOND – The Virginia Department of Transportation is seeking conceptual proposals from private companies to form a public-private partnership for an estimated \$1 billion in improvements to the Downtown Tunnel\Midtown Tunnel\MLK Freeway Extension between Norfolk and Portsmouth in the Hampton Roads area.

The corridor improvements call for the design and construction of a parallel Midtown Tunnel; extension of the MLK Freeway between I-264 and London Boulevard; and improvements to the existing Midtown and Downtown tunnels. Conceptual proposals are due to VDOT September 29, 2008. VDOT plans to move to a solicitation for detailed proposals in the summer of 2009, award a contract by 2010 and complete construction by 2015.

There are currently no public funds committed for the corridor improvements, and the entire project will be financed through tolls, including the Midtown and Downtown tunnels. Earlier this month, more than 100 people turned out for a public hearing to discuss the MLK Freeway Extension component of the project.

Gas Reaches up to \$11 a Gallon Worldwide

Deseret News - May 31, 2008

PARIS – Americans are not the only ones being pummeled by the effects of record gas prices, which are reaching \$4 a gallon in many states. Drivers in France are paying almost \$10 a gallon, and in Turkey, it recently passed \$11. This means it costs about \$200 to fill up the tank of a midsize car; enough to forget driving and buy a domestic plane ticket.

Some commuters are starting to fight back, with strikes and protests in Europe and Indonesia, demanding the government do more to bring relief. European truck drivers took a stand against the high gasoline prices this week by forming a road block on a central London Highway last week. At the same time, French fisherman blockaded ports as French President Nicolas Sarkozy proposed cutting European fuel taxes as gasoline prices continued to spike. Britain's national

average for diesel hit the equivalent of \$9.56 a gallon, while regular unleaded reached \$8.61 a gallon, according to the Automobile Association.

European countries chose long ago to use heavy taxes on gasoline to encourage use of public transportation. The British government charges \$3.77-per-gallon gas tax, with a 17.5 percent consumption tax on top of that – the highest charges in Europe. In contrast, the U.S. charges about 47 cents per gallon of unleaded gasoline, and 53.6 cents on diesel.

The cost of a regular gallon of unleaded gas has risen from \$1.47 in May 2003 to more than \$3.96 today, an increase of nearly 170 percent. Alternatively, the most popular grade of gas in France rose by about 90 percent, a comparatively smaller jump.

The London consultancy Global Insight reports that the world is driving more than ever, with 887 million vehicles worldwide, up from 553 million 15 years ago. It estimates that figure will reach 1 billion in as little as four years.

Policymakers looking for a solution to the oil crisis are turning to Brazil, where ethanol produced from sugar cane is broadly available to the country's 190 million people. Eighty percent of the cars sold there can run on pure ethanol, gas or any combination of both. The cost of ethanol in San Paulo is about half the price of gas, which costs \$5.67 a gallon.



I thought the global perspective found in this story would serve us all well. There are many public policy decisions that separate the U.S. from other countries in the world so a straight- across comparison is impossible. That said, we doing more to adjust our travel patterns and practices than we have in decades. That's not a bad thing in the long run. TW

Minnesota Closes 3rd Bridge as Special Inspections Continue

New York Times – June 5, 2008

ST. PAUL – A third bridge in Minnesota has been closed after state officials discovered problems similar to those suspected in causing the fatal collapse of the I-35W bridge last August. The 67-year-old high-truss bridge over the Mississippi River was closed Tuesday after officials found corrosion of multiple gusset plates, which hold together the bridge's beams.

In response to the I-35W collapse, state began special inspections of bridges across the state three months ago. State transportation commissioner Tom Sorel said the closing was "precautionary," and full inspection of the bridge along with some necessary repairs will be performed over the next several weeks.

Three out of the seven steel-truss state bridges have been closed following field reviews of gusset plates. Eighteen others remain to be inspected. A St. Cloud bridge was closed in March, and will require complete reconstruction, while repairs of a bridge in Duluth that was closed in May will begin within a week.

The Federal Highway Administration has recommended the gusset plate inspections, which are now taking place across the country. "They're a critical piece of these kinds of bridges that we never looked at before, and now we're looking at them," said Mr. Sorel.

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