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## **Senate Takes Up FAA Reauthorization — Highway Trust Fund Fix Included — Gas Tax Holiday Amendment Possible — Action Requested**

The Senate began debate on the Federal Aviation Administration (FAA) reauthorization bill yesterday and is expected to complete action on the bill by the end of the week. AGC has been urging completion of this legislation which has been languishing for over a year while a compromise was worked out between two Committees with jurisdiction over how to fund the necessary improvements to our Nation's aviation infrastructure. The compromise bill would increase the tax on jet fuel used in general aviation from 21.8 cents per gallon to 36 cents per gallon. The deal also eliminates a proposed \$25 per flight surcharge. As previously agreed to, Airport Improvement Program (AIP) funding would increase by \$100 million per year from \$3.9 billion in FY 2009 to \$4.1 billion in FY 2011. The House has already passed its version of the FAA reauthorization bill.

Included in the compromise bill is a provision Senate Finance Committee Chairman Max Baucus (D-MT) and ranking member Charles Grassley (R-IA) included in their Committee's version of the legislation that would provide the revenue necessary to keep the Highway Trust Fund solvent through FY 2009 allowing for the SAFETEA-LU authorized funding levels to be maintained. The Baucus/Grassley fix would reimburse the Highway Trust Fund for expenditures over the years for emergency repairs to transportation infrastructure and for gas tax exemptions provided to state and local government vehicles. Absent the Baucus/Grassley fix states could see a 32 percent reduction in Federal highway funds in FY 2009. Support for the Baucus/Grassley fix has been a top legislative priority for AGC. AGC's Chapter leaders were in Washington this week for their annual conference and many visited their Congressional delegations and urged support for the Baucus/Grassley fix. The Bush Administration has issued a veto warning regarding the FAA bill and one of the issues raised is the Administration's opposition to the Baucus/Grassley fix.

There has been much discussion in the past two weeks about suspending collection of the Federal motor fuels user tax for the summer driving months. In a major economic speech on April 15, Presidential candidate Sen. John McCain (R-AZ) called for a "Gas Tax Holiday" from Memorial Day to Labor Day with the Highway Trust Fund reimbursed from the general fund. Presidential candidate Sen. Hillary Clinton (D-NY) also spoke out in support of a "Gas Tax Holiday" but she suggested making the Highway Trust Fund whole by implementing a wind fall profits tax on oil companies. Presidential candidate Sen. Barack Obama (D-ILL) has said that, based on his experience while in the Illinois legislature when he supported a gas tax

suspension, consumers see little if any benefit from such an action. However, several members of Congress also have suggested a "Gas Tax holiday."

While there has been no amendment to the FAA reauthorization bill related to suspending the motor fuels tax yet proposed, it is a possibility. AGC has included a letter on the Legislative Action Center recommending that Congress oppose the idea. You are urged [to send the letter](#) to your Congressional delegation.

2300 Wilson Boulevard, Suite 400, ■ Arlington, Va. 22201 ■ 703.548.3118 (phone) ■ 703.548.3119 (fax)



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