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COMMENTS

The Highway Trust Fund—The Hour of Decision

At the present time Congress is trying to decide what to do with its growing—if not already grown—child, the Highway Trust Fund. What is going to happen to her? Will her parents turn her loose, let her broaden her understanding of the entire transportation problem, or will they continue to try to keep her at home?

The purpose of this comment is to look at the history of Federal-aid legislation for highways, recent hearings before the House and Senate Public Works Committee, Subcommittee on Roads, and try to forecast the future of the Highway Trust Fund.

Our story of early road laws in this country can be traced back to 1632 when the Legislature of Virginia, meeting at Jamestown, passed an act, as follows:

Highways shall be layd out in such convenient places as are requisite according as the governor and Counsell or the commissioners for the monthlie costs shall appoynt, or accordinge as the parishioners of every parish shall agree.¹

Other subsequent enactments by American colonies provided the early foundation for the development of local road administration.

Federal legislation for road construction began within fifteen years after the United States Constitution was adopted. The Act of April 30, 1802² authorized the use of five percent of the net proceeds of the public lands sold within the State for

... laying out and making public roads, leading from the navigable waters emptying into the Atlantic, to the Ohio, to the said state, and through the same, such roads to be laid out under the authority of the Congress, with the consent of the several states through which the road shall pass.³

This type of provision was also extended to other states.

² 2 U.S. Stat. 173 (1802). See also W. Kurylo, Study of Federal Aid—Highway Progress 13 (1959) [hereinafter cited as Kurylo].
³ Id. at 175.
But the most important Federal undertaking during this early road legislation was the construction of the Cumberland Road, with the states of Maryland, Pennsylvania and Virginia granting their consent to the undertaking. Between 1806 and 1844, Congress passed thirty-four appropriation acts for this purpose, totaling more than $6,800,000 for the Cumberland Road. It was the first Federal construction of an interstate or national road in American history, and was located along the route presently known as U.S. 40.

During this period road construction began to decline because newly built railroads began to appear on the scene. Most of the roads constructed during this time were of the horse-and-buggy type under the jurisdiction of local governmental units. Yet Congress still enacted hundreds of laws appropriating funds for roads for military and other purposes. Appropriations up to 1893 were reported to have been in excess of $17 million.

The year 1893 marks a real turning point in American highway transportation development. It was the year (1) when an automobile was first successfully operated in the United States and when Henry Ford manufactured his first car, (2) when Massachusetts established the first State highway department, and (3) when the Federal government renewed its interest in the Nation's road needs by creating the Office of Road Inquiry with an annual appropriation of $10,000. This was the forerunner to the present Bureau of Public Roads.

"During the next twenty-five years there was a tremendous increase in the number of motor vehicles in daily use, an increase in additional State highway departments, and a gradually expanding Federal interest in highway development." During the second session of Congress in 1912, more than sixty bills providing for some form of Federal aid were introduced. States were to furnish double the amount of the Federal appropriation with the works to be under the supervision of the Secretary of Agriculture.

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4 Laws of Maryland 1806-7, Ch. LXX, approved January 4, 1807; Pennsylvania Laws 1806-7, Ch. CXIII, approved April 9, 1807; and Laws of Virginia 1806-7, Ch. XCIII, approved January 12, 1807.
6 Booth, p. 151.
7 Id.
8 Kurylo, p. 20.
9 Id., p. 20-21.
10 Id., p. 22.
11 Booth, p. 151.
Only seventeen states took advantage of the formula and the result was the construction of 425 miles of road. But this early experiment of Federal state cooperation laid some of the groundwork for the Federal Aid Highway Act of 1916. The Act authorized the Secretary of Agriculture to cooperate with the States, through their highway departments, in the construction of rural post roads. By 1921 all of the States had established a State highway department and twenty-eight made provisions for having Federal aid funds matched with State funds.

The Federal-Aid Highway Act of 1921 required the designation of a highway system on which Federal-aid funds could be expanded and provided for an adequate framework for establishing immediate and long-range highway needs.

When the Federal-aid highway system was initially designated it was not to exceed 200,170 miles. The routes selected were “to serve the dual purpose of providing maximum local service and, by connecting with each other, of forming a national system of highways.”

From the very beginning there has been stressed upon the American people the need for suitable highways. Mr. Thomas H. MacDonald, the first Commissioner of the Bureau of Public Roads “pointed out that although the cost of such highways is substantial, ‘this cost must be considered in its relation to the cost of motor vehicle investment, depreciation and operation.’” He added

So in a long time aspect the people of the United States will pay an amount equal to the cost of properly improved highways whether they have them or not. The total cost will be less if we have them.

With the phenomenal growth in the number of motor vehicles, it was only natural that States and local governments would have to turn to taxation of the motor vehicle owners, who were expected to benefit directly from these new roads. The first type of taxation used was registration licenses required of all motor vehicle owners and was originally levied for the purpose of regulation only. States also began imposing motor-fuel taxes.

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12 Id.
13 Kurylo, p. 33.
14 Id., p. 40.
15 Kurylo, p. 71.
16 Kurylo, p. 64.
By 1929, this was the "backbone" of highway finance in the United States. It now furnishes more than twice as much highway revenue as all other taxes combined.\textsuperscript{19}

Such was the beginning of highway legislation in the United States. Motor vehicle registration continued to grow and Congress began to sense the great public demand for early action on an expanded highway program. Such was the situation for the birth of the Highway Trust Fund.

When Congress reconvened in January 1956 it was faced with major budgetary and planning problems, a feasible method of financing an expanded highway program, and other related issues.\textsuperscript{20} The solutions to these problems were slow coming. After extended debates in both Houses President Eisenhower signed the enrolled bill on June 29, 1956, the Federal-Aid Highway Act of 1956 and the Highway Revenue Act of 1956 became law.\textsuperscript{21}

These new laws for the first time imposed a time limit on overall program performance, and authorized appropriations totaling almost $25,000,000,000 for completing the National System of Interstate and Defense Highways in thirteen years.\textsuperscript{22}

"It is the intent of Congress that the Interstate System be completed as nearly as practicable over a thirteen-year period and that the entire System in all the States be brought to simultaneous completion. Because of its primary importance to the national defense, the name of such system is hereby changed to the 'National System of Interstate and Defense Highways.'\textsuperscript{23}

It is hereby declared to be in the national interest to accelerate the construction of the Federal-aid highway systems, including the Interstate System, since many of such highways, or portions thereof, are in fact inadequate to meet the needs of local and interstate commerce, the national and the civil defense.\textsuperscript{24}

It is further declared that one of the most important objectives of this Act is the prompt completion of the Interstate System. Insofar as possible in consonance with this objective, existing highways located on an interstate route shall be used to the extent that such use is practicable.

\textsuperscript{19} Id., p. 172.
\textsuperscript{20} Kurylo, p. 230.
\textsuperscript{21} 70 U.S. Stat. 374 (1956), Kurylo, p. 232.
\textsuperscript{22} Id.
\textsuperscript{23} 70 U.S. Stat. 378 (1956).
\textsuperscript{24} Id., p. 385.
ticable, suitable, and feasible, it being the intent that local needs, to
the extent practicable, suitable, and feasible, shall be given equal con-
sideration with the needs of interstate commerce." 25

In order to finance this great undertaking a Highway Trust Fund was
created "to which (were) appropriated amounts equivalent to the yield
from certain taxes received in the Treasury before July 1, 1972."26 These
appropriations included the yield from a fuel tax of three cents per gallon
on gasoline and diesel fuel; the yield from a tax of eight cents per pound
on rubber used tires; the yield from a tax of nine cents per pound on the
rubber used in inner tubes; the yield from a tax of three cents per pound
on rubber used in retreading tires; the yield from a tax of five percent
on trucks, buses, truck-trailers, and similar vehicles; and the yield from
a use tax of $1.50 per 1,000 pounds, applicable to the portion of the gross
weight of heavy vehicles in excess of 26,000 pounds. It was estimated
that the cumulative yield from all of these taxes, between 1957 and 1972,
would approximate $38.5 billion.27

This new Highway Trust Fund increased the Federal share of the cost
of interstate projects from 60 percent to 90 percent, and limited Federal
contribution to 50 percent of the other Federal-aid projects.

There were two limitations placed upon the use of Trust funds: (1)
the program must be conducted on a pay-as-you-go basis;28 and (2) the
monetary requirements of the Federal-Aid primary, secondary, and urban
road programs are given preference over the monetary requirements of
the Interstate System program.29 Thus the Interstate System work could
fluctuate, depending upon the availability of funds. However, since 1956,
"the main thrust of the program has been concentrated on the develop-
ment of the 42,500 mile National System of Interstate and Defense High-
ways."30

The writer has not attempted to go into detail with all the Federal
Laws with regard to highway legislation but to set the stage for one of
the most controversial problems facing Congress—what to do with the
Highway Trust Fund.

25 Kurylo, p. 235.
26 Id.
28 Kurylo, p. 313.
29 Id.
30 Testimony of Hon. Frances C. Turner, Administration, Federal Highway
Administration, before the Senate Public Works Committee, Subcommittee on
Roads, April 15, 1970, p. 4.
The sole question facing Congress is whether to divert Federal road funds.

The main school of thought seems to be to protect the highway fund from "raiders." Revenue in the Highway Trust Fund amounts to about $5,000,000,000 and can be used only for road building. Since the Fund's very conception, the House Public Works Committee has jealously protected the Trust Fund from diversion.

Why should it still be protected? Let us examine the situation.

The Highway Trust Fund, of course, has been of great benefit to the development of the country. Since President Eisenhower signed the Federal-Aid Highway Act of 1956, more than 11 trillion vehicle miles of transportation have traveled over American highways.\(^1\) During the same period more than four trillion ton-miles of commercial freight were moved by highway. As of December 31, 1969, approximately 70 percent of the total Interstate System was open to traffic. Another 11 percent was under construction; on 15 percent engineering or right-of-way activities were under way; and only 4 percent of the system remained in preliminary status.\(^2\) The 42,500 mile Interstate System, which represents about one percent of all road and street mileage, will carry more than 20 percent of all highway travel.\(^3\) All Federal-aid routes combined, amount to less than one-fourth of total nationwide highway mileage, but they currently carry about two-thirds of all travel.\(^4\)

These Federal-aid highways are popular with highway users because of the many benefits that accrue directly to the highway user, in terms of increased safety, reduced vehicle operating costs, time savings, and greater comfort and convenience. For every 1,000 miles of interstate highways opened to traffic, about 200 traffic fatalities which would otherwise have taken place are eliminated every year.\(^5\) To illustrate the amount of time saved in terms of money, Mr. Frank Turner says that if saving an hour of travel time were worth $1.50 to the average Interstate System user, more than $273,000,000,000 would be directly returned to the traveling public by the Interstate System alone. If time saved were valued at the rate of $3.00 per hour, which is closer to the nationwide average, about $438,000,000,000 would be returned to Interstate users by 1979. Even if

\(^1\) Id.
\(^2\) Id.
\(^3\) Id.
\(^4\) Id., p. 5.
\(^5\) Id.
auto drivers and passengers felt their time was absolutely valueless, accrued savings would amount to about $107,000,000,000, which is still a good deal more than the estimated $70,000,000,000 total cost of the Interstate System.  

There are other benefits besides those to the highway user. The benefits of improved highway transportation to the social and economic structure of the Nation are literally beyond measure. Very real benefits such as increased job opportunities, dispersion of industrial and commercial activity, wider choice of residence, easier and quicker access to parks, recreational and cultural centers, and the improvement of effectiveness of such facilities and services as schools, hospitals, and churches, all add up to what can be termed "improved quality of life."  

The main objection to diversion of Highway Trust Funds is that the prime task of highway funds is to build adequate highways. Their argument is that few drivers would express enthusiasm for creeping along an obsolete two-lane road even if its shoulders were lined with rare orchids. Even though the Interstate System is near completion, parts of it will already be obsolete and many obvious expansions will be just as necessary as the original system was in the first place, so there is definitely a need for a continued trust fund for road building, say pro-continued Highway Trust Funders. There is also the problem of paying for cracking highways. When the Interstate System was first being constructed, it was to last forever, but now highway builders are becoming alarmed over the increasing number of cracking highways. Some blame this problem on the increased truck traffic alone. Others contend that the Bureau of Public Roads has skimped on construction standards, turning down specifications prepared by the state in favor of its own, less expensive and less durable. Regardless of who is at fault, more than $200,000,000 is needed now to repair these cracking highways.  

The main thrust of the opposition to diversion is that American motorists pay their way, in the form of highway user taxes. Thus highway users pay for their highways in proportion to their use. You pay to use the highway much as you would pay train or plane fare. So to use the Fund for other purposes "would break a solemn pledge, it would breed a legal
or clear moral commitment. . . ."41 So they advocate that "the Highway Trust Fund should be continued on a permanent basis for highways—with none of its money diverted. Now is the time to say loud and clear—I want the money I pay for highways used for highways."42 They concede that mass transit needs money, but this still does not justify dipping into highway tax money. "No more than it would be justified to dip into the Airport Development Trust Fund for financing railroads."43 Therefore, Congress should keep the trust fund firmly locked against the light-fingered diversions proposed by Mr. Volpe or any other would-be raiders.44

"There is a growing body of opinion, and an influential one . . . that the nation's concentration on highway construction over the past decade was a mistake. Articulate leaders . . . in the highest reaches of government . . . advocate a drastic shifting of priorities and resources to other modes and methods of transportation in the future."45

Secretary of Transportation John A. Volpe is also feeling the effects of the undercurrent. As a result the present Administration Bill S. 4055 proposes to dip into the trust fund created to build Interstate highways and use some of the money for other purposes. Secretary Volpe wants to divert seven percent a year, or about $350,000,000 from the trust fund—replenished by a four cent gasoline tax and other levies—for safety research and highway beautification.

There is growing strength for a Unified Transportation Trust Fund which would finance roads, mass transit, and airports. New York Senator Charles E. Goodell has warned "We cannot solve our transportation problems simply by covering our land with concrete. As long as the coffers of the highway trust fund overflow and the Federal mass transit program starves, we will be building super highways to nowhere while our urban areas choke with congestion."

This Unified Trust Fund would receive all the revenues that now go into the highway trust fund, and the newly created airport trust fund. This new program would eliminate the present imbalance where there is an excess of money for superhighways and virtually no money for other

41 Statement of Senator Gaylord Nelson (D-Wis.) before the Subcommittee on Roads of the Committee on Public Works, United States Senate, July 13, 1970.
43 Editorial, The Plain Dealer, Cleveland, Ohio, August 14, 1970.
44 Footnote omitted.
modes of transportation, such as mass transit. Such a plan would have the following advantages:

— It would eliminate the present imbalance, where there is an excess of money for superhighways and virtually no money for other modes of transportation, such as mass transit.

— It would recognize that different areas of the country require a different "mix" of transportation facilities. A rural area that still needed roads, would get roads. A city that needed subways and a new airport, would get these facilities. A suburban country that needed a bus system would get one.

— It would be adequately and dependably funded, as the highway program is today. The earmarked transportation taxes would pour automatically into the Fund, thus avoiding the hazards of Congressional budget cuts. This not only assures that there will be enough money to start building a balanced transportation system, but guarantees this money far enough in advance to permit rational forward planning.

— It would be conceived as a unified plan, but one which involves full participation in the decision-making process by the regions that will be affected.

Senator Gaylord Nelson (D-Wis.) advocates the termination of the Highway Trust Fund and a need for radical change in transportation priorities. The American transportation system, he says, has gotten completely out of hand. "It has become too large, too costly, too wasteful and ironically falls far short of meeting our transportation needs." The focus should be on the social need for the best possible transportation for the maximum number of people. "Without developing the choice of efficient inter and intra-city ground transportation systems the dependence on the automobile will continue in its explosive growth until the roads will become so congested that the automobile will become virtually useless."

Such is the problem facing Congress. No one knows yet what its solution will be. Perhaps a hint to the solution came from Rep. Kluczynski, chairman of the Public Works Subcommittee when he challenged the

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47 Id.

48 Statement of Senator Gaylord Nelson before the Subcommittee on Roads of the Committee on Public Works, United States Senate, July 13, 1970.

49 Id.
idea of using Trust funds for beautification, "That money is there to build those roads."

The writer's answer to the problem would be two-fold: divert funds for highway safety and for developing feasible mass transport methods. This diversion is not actually too radical because both methods are closely connected to highway building. Highway Trust Fund financing would guarantee a source of funding for the program and at the same time would place the burden on those who benefit directly—the highway user.

At the present time some 60,000 people are killed annually on American highways and this year an additional seven thousand more will die from injuries incurred in previous years. In 1969 more than two million people suffered disabling injuries, and almost twelve billion dollars were lost in property damage. In the last ten years, over one-half million people have died on highways, and in the last twenty years, in excess of nine hundred thousand. Something needs to be done; there need to be more strict vehicle safety standards, improved highway construction and design standards, and most important of all, ways to recognize problem drivers who drive. At present there is inadequate detection of problem drinkers, limited availability of chemical tests, restrictions on use of chemical tests, failures to prosecute DWI (driving while intoxicated) drivers, inadequate treatment programs for problem drinkers, and tax enforcement of driving suspensions. Most states fail almost entirely to take any practical steps to enforce the driving license revocation. While only two percent of the drivers on the road are intoxicated, they account for over one-half of the "at fault" drivers in fatal accidents.

According to the Federation of Insurance Counsel, recent single vehicle run-off-the-road accidents on certain sections of the interstate system represented 57 percent of the total fatal accidents; and of these, 78 percent hit one or more fixed objects. Another study, of a state highway system, showed that 63 per cent of fatal one-car crashes were caused by hitting fixed objects. Something needs to be done, but this will take money. What difference does it make whether you travel on a new super-highway if you do not arrive there safely! One method which has been

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80 Statement of Secretary John A. Volpe, before the Subcommittee on Roads, House Public Works Committee, June 10, 1970.
82 Id., p. 2-7.
83 Id.

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developed to keep drunken drivers from driving is to put a special lock on the car ignition, which can only be operated by pushing five numbered tabs in the right sequence. Two failures lock the ignitions and the driver can not try again for thirty minutes. Mr. Douglas W. Toms, Director of the National Highway Safety Bureau, says that with the necessary resources and public support, he foresees the possibility of reducing fatalities on our highways from the current 60,000 to 10 to 20,000 annually. This is very important since Americans are now travelling about one trillion miles on the highways each year, and this will increase by 50 percent in the next fifteen years.

Traffic snarls that are becoming progressively worse, unabated air pollution from millions of autos and experiments in motoring restrictions even now being conducted in major cities all indicate the time is at hand to devote thought and money to the task of working out feasible mass transport methods. Urban America will double in the next 40 years, with more than 100 million additional persons living in the Nation's metropolitan areas. Something must be done to provide for this massive and complex growth.

Urban mass transit systems have not developed adequately in response to changing conditions. Since World War II, they have had intensive financial difficulties, whether public or privately owned. In addition, even though in an area of great technological advance, there have been few dramatic improvements in rail rapid transit. "Urban transportation presents a paradox of technological obsolescence in the midst of an abundance of relevant new techniques." Yet with adequate funding mass transit could help to decongest the flow of all vehicular traffic on the streets and highways.

Bus systems are now and will continue for some time the most heavily patronized form of public urban transportation. To help upgrade bus quality in order to encourage people to ride buses there is a need to find solutions to buses being caught in traffic jams and consuming large amounts of time boarding or discharging passengers. Possible solutions might include: exclusive bus lanes, traffic flow control, people activated traffic control, computer-assisted bus scheduling, improved bus design,
urban bus propulsion, improved steam propulsion, gas turbines, and turboelectric powerplants.58

In addition, experimentation should be encouraged in order to develop new systems. "The more promising of these new systems could include:

1. Dial-a-Bus: A bus type of system activated on demand of the potential passengers, perhaps by telephone, after which a computer logs the calls, origins, destinations, locations of vehicles and number of passengers, and then selects the vehicle and dispatches it.

2. Personal Rapid Transit: Small vehicles, traveling over exclusive rights-of-way, automatically routed from origin to destination over a network guideway system, primarily to serve low-to medium population density areas of a metropolis.

3. Dual Mode Vehicle Systems: Small vehicles which can be individually driven and converted from street travel to travel on automatic guideway networks.

4. Automated Dual Mode Bus: A large vehicle system which would combine the high-speed capacity of a rail system operating on its private right-of-way with the flexibility and adaptability of a city bus.

5. Pallet or Ferry Systems: An alternative to dual mode vehicle systems is the use of pallets to carry (or ferry) conventional automobiles, minibuses, or freight automatically on high-speed guideways.

6. Fast Intraurban Transit Links: Automatically controlled vehicles capable of operating either independently or coupling into trains, serving metropolitan area travel needs between major urban modes.

7. New Systems for Major Activity Centers: Continuously moving belts; capsule transit systems, some on guideways, perhaps suspended above city streets."59

No one knows what Congress will do with her child—the Highway Trust Fund. Even if Congress does turn her loose, she will not stray too far from home.

JERRY W. CRAIG

58 Id., p. 33-36.
59 Id., p. 3.