Federal Transportation Revenue Situation



Jack Basso

Chief Operating Officer and Business Development Director

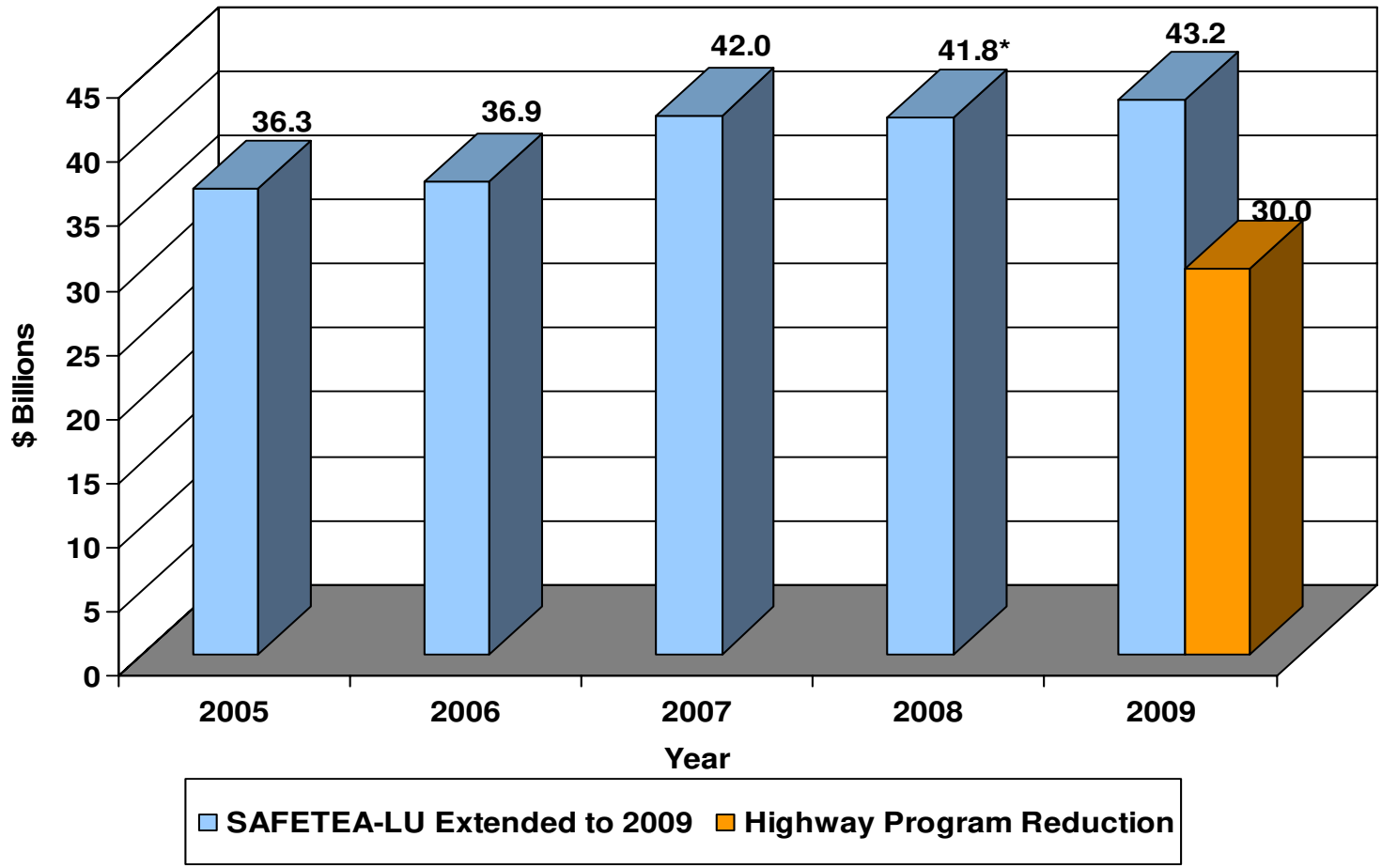
American Association of State Highway and Transportation Officials (AASHTO)

Objectives

- To provide the Board with an update on the National funding issues
- To provide you with information on the bullet we just dodged this past week
- To briefly look at what has to happen in order to have viable Federal funding in 2010 and beyond

Problem 1: An Immediate Funding Crisis

$13.2 Billion Cut in Federal Highway Program Obligations if Congress Takes No Corrective Action



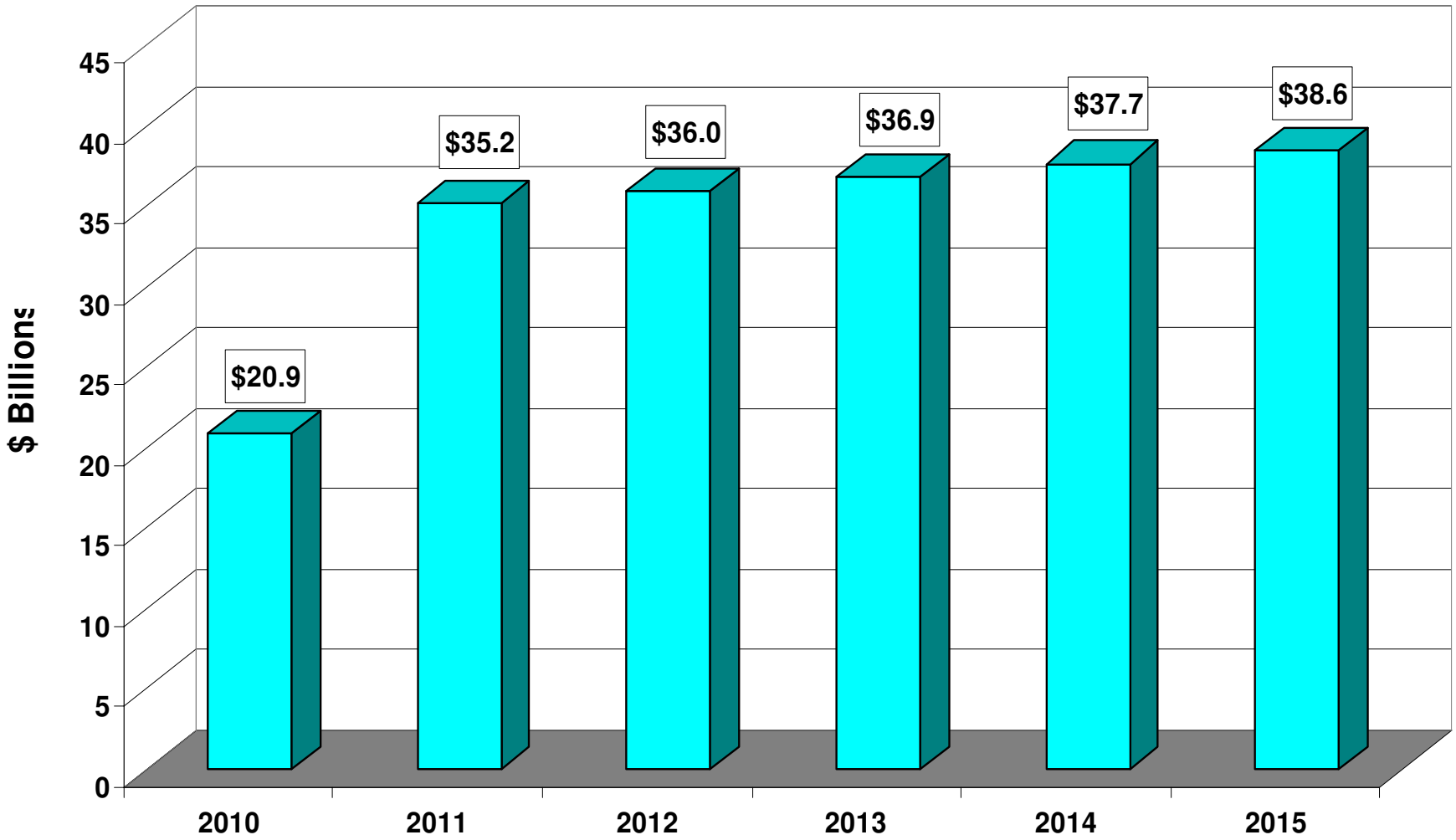
* Obligation level proposed in the President's 2008 budget request, which includes a suspension of $631 million in RABA funding.

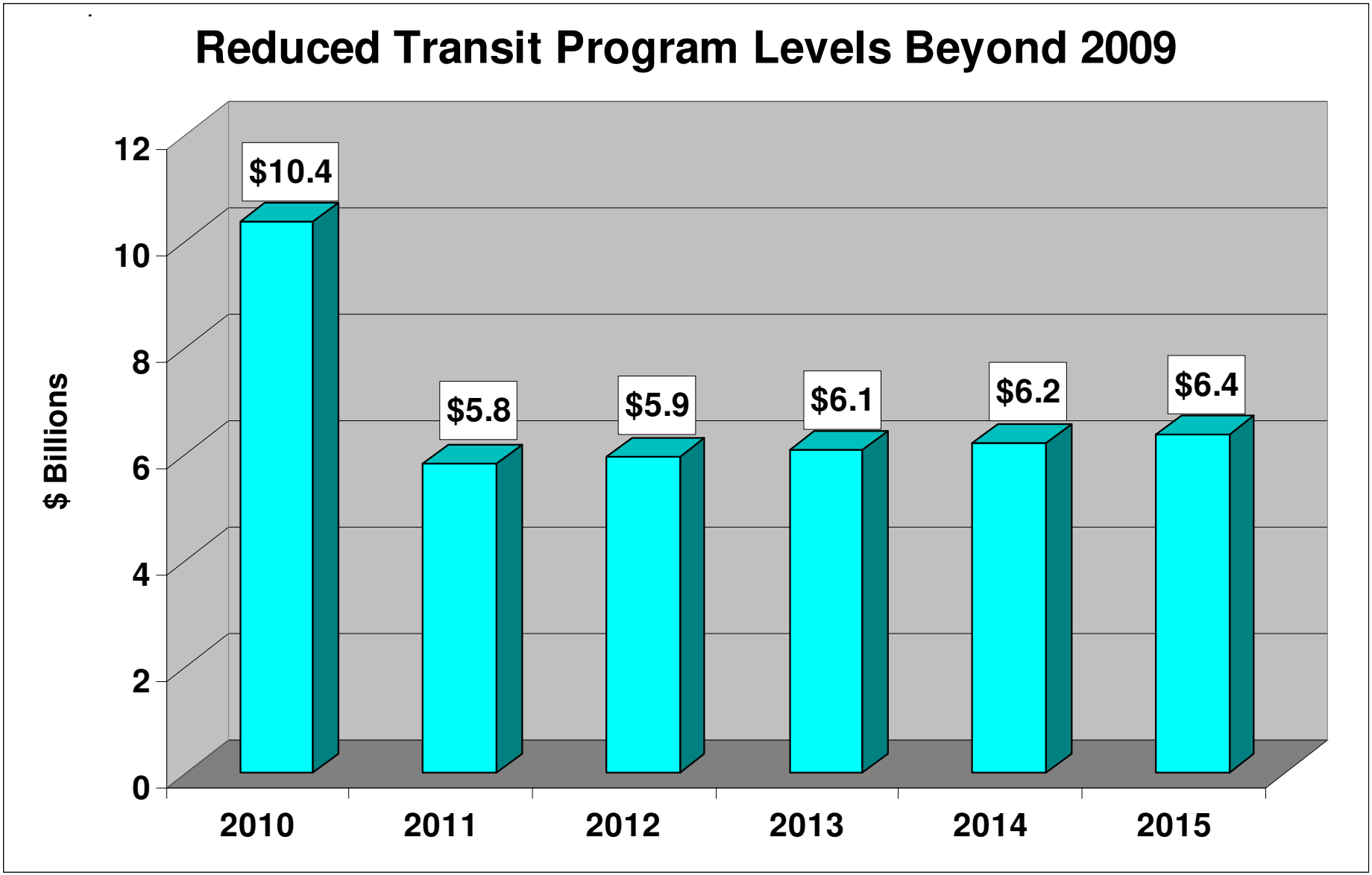
THE VOICE OF TRANSPORTATION

Current Events

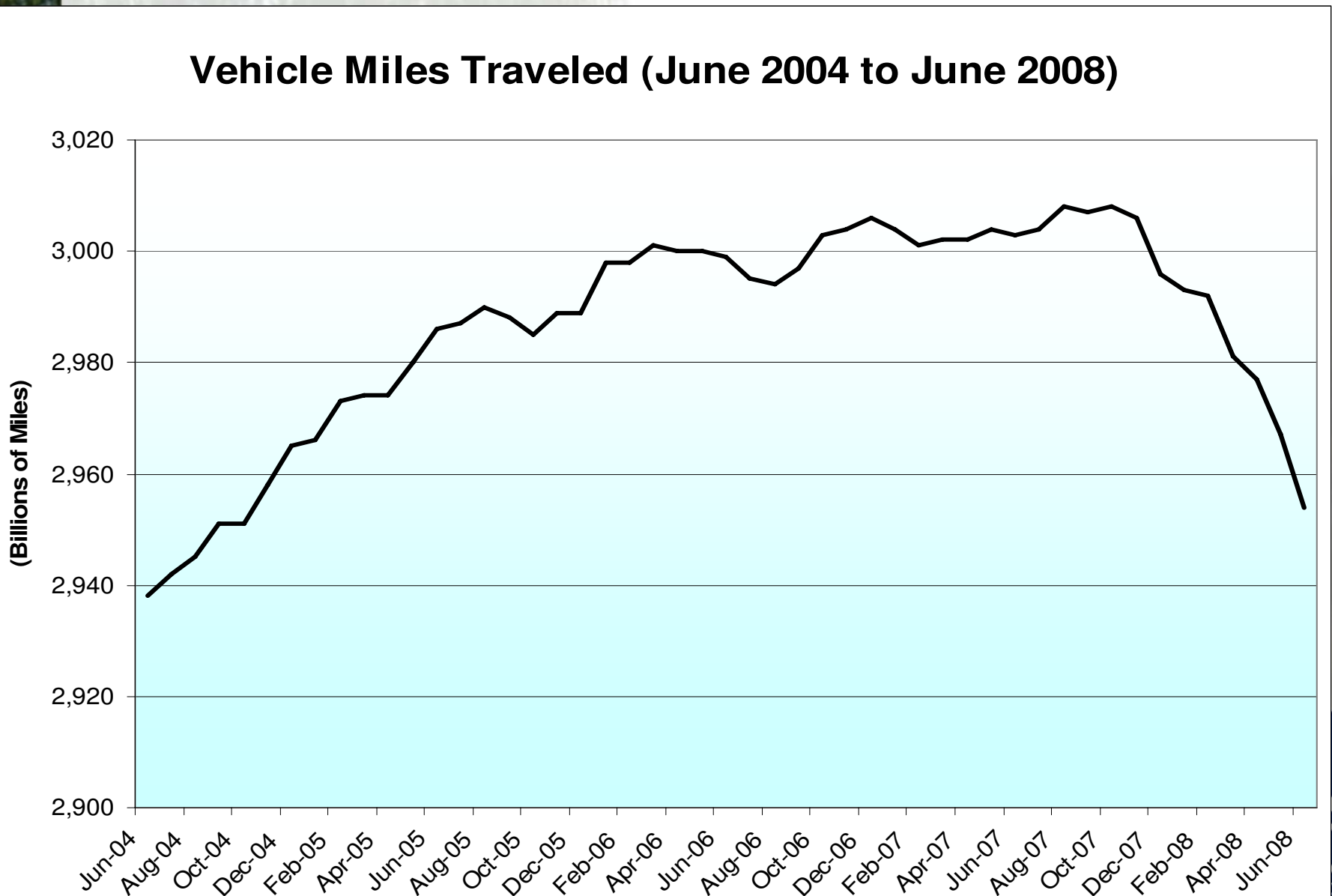
- The Congress acted last week to avert a shutdown in payments to the States adding $8 billion to the HTF
- While it was critical to act we just put a band-aide on a hemorrhage
- We need to understand that any fix is simply a short-term solution
- Difficult choices are necessary in the authorization legislation

Reduced Highway Program Levels Beyond 2009

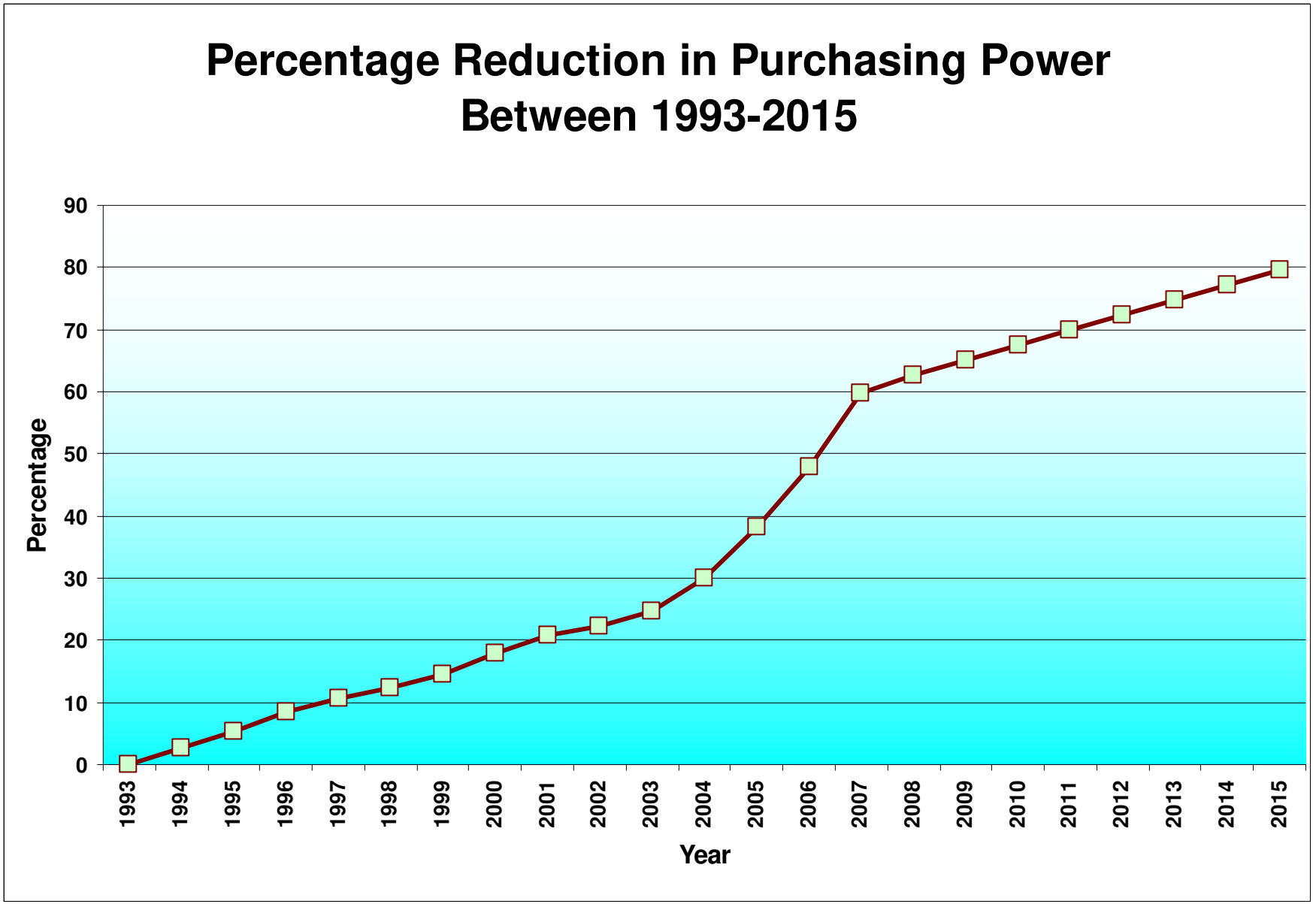



Reduced Transit Program Levels Beyond 2009
$ Billions
12
10
8
6
4
2
0
$10.4
$5.8
$5.9
$6.1
$6.2
$6.4
2010
2011
2012
2013
2014
2015

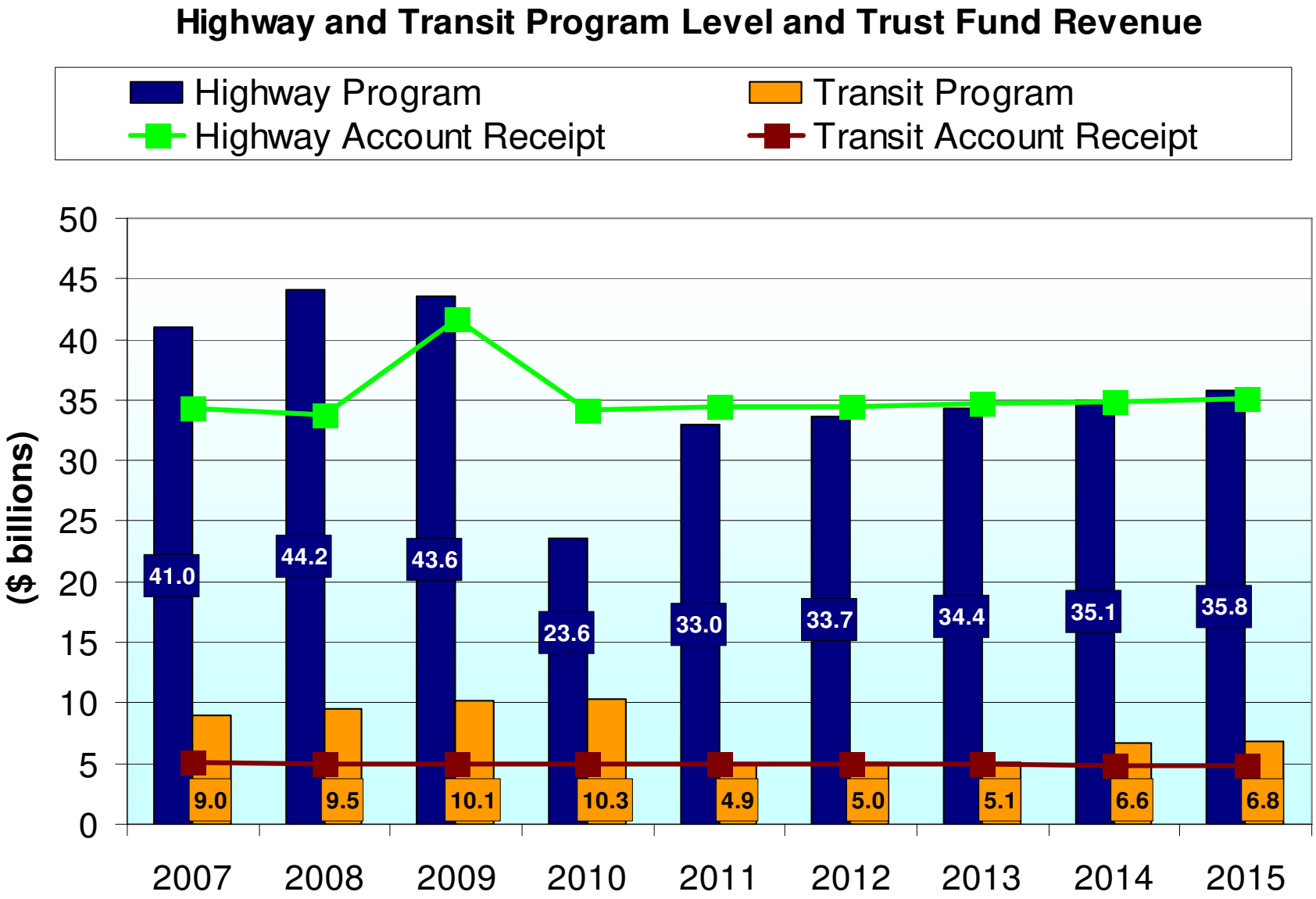
Decline in Vehicle Miles Traveled



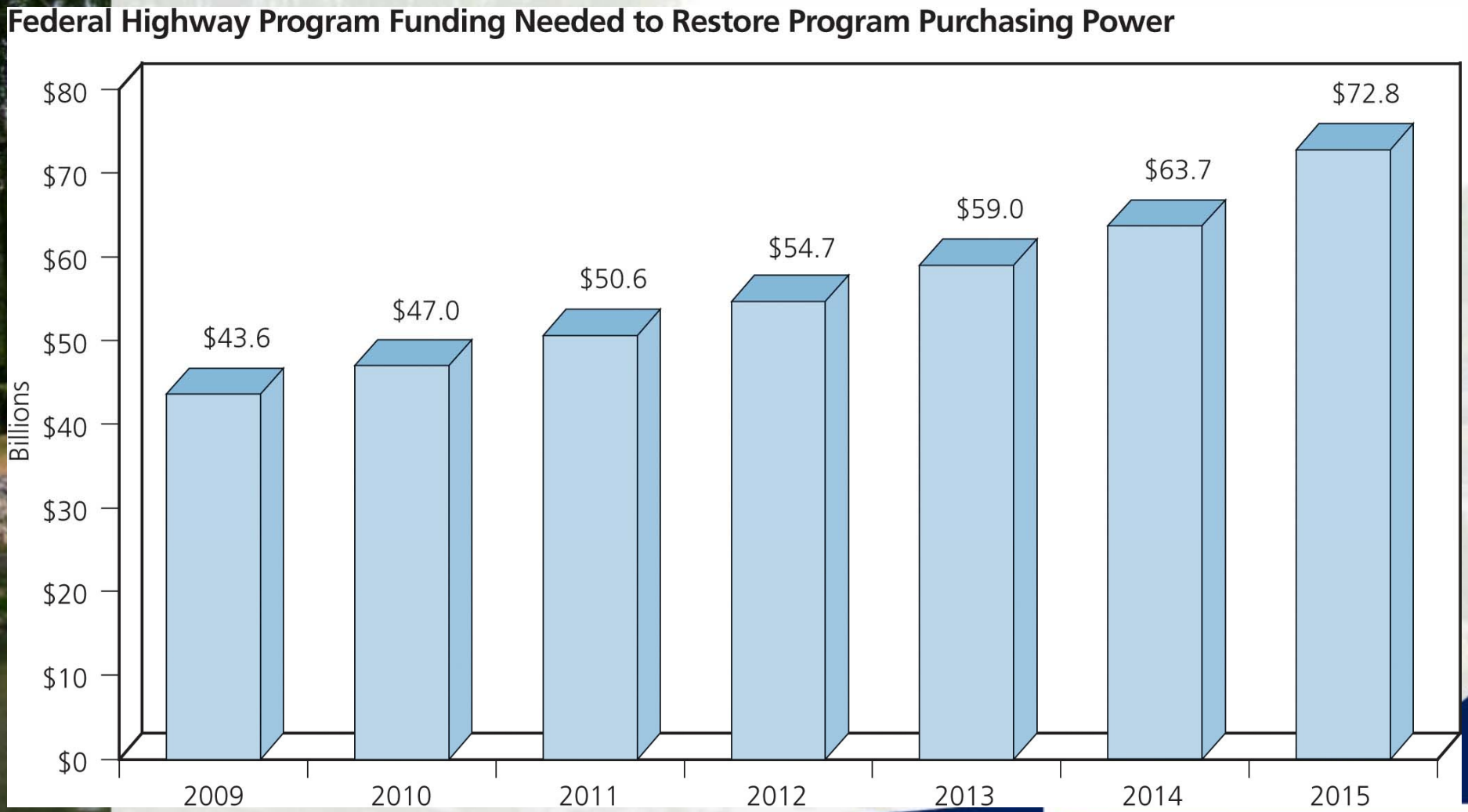
The Impact of Inflation



The Revenue Picture



Restoring Purchasing Power



Some Highway Trust Fund Options to Increase Revenues

Highway Program Level Made Possible 2015

- 10 Cent Rate Increase $75 billion
- 10 Cent Rate Increase, Indexed to CPI $82 billion
- Five Percent Sales Tax on Gas $85 billion
  (if fuel prices increase 4% annually)
- 14.2 Percent Sales Tax on Gas $95 billion
  in lieu of 28.4 Cent Gas Tax
  (if fuel prices increase 4% annually)

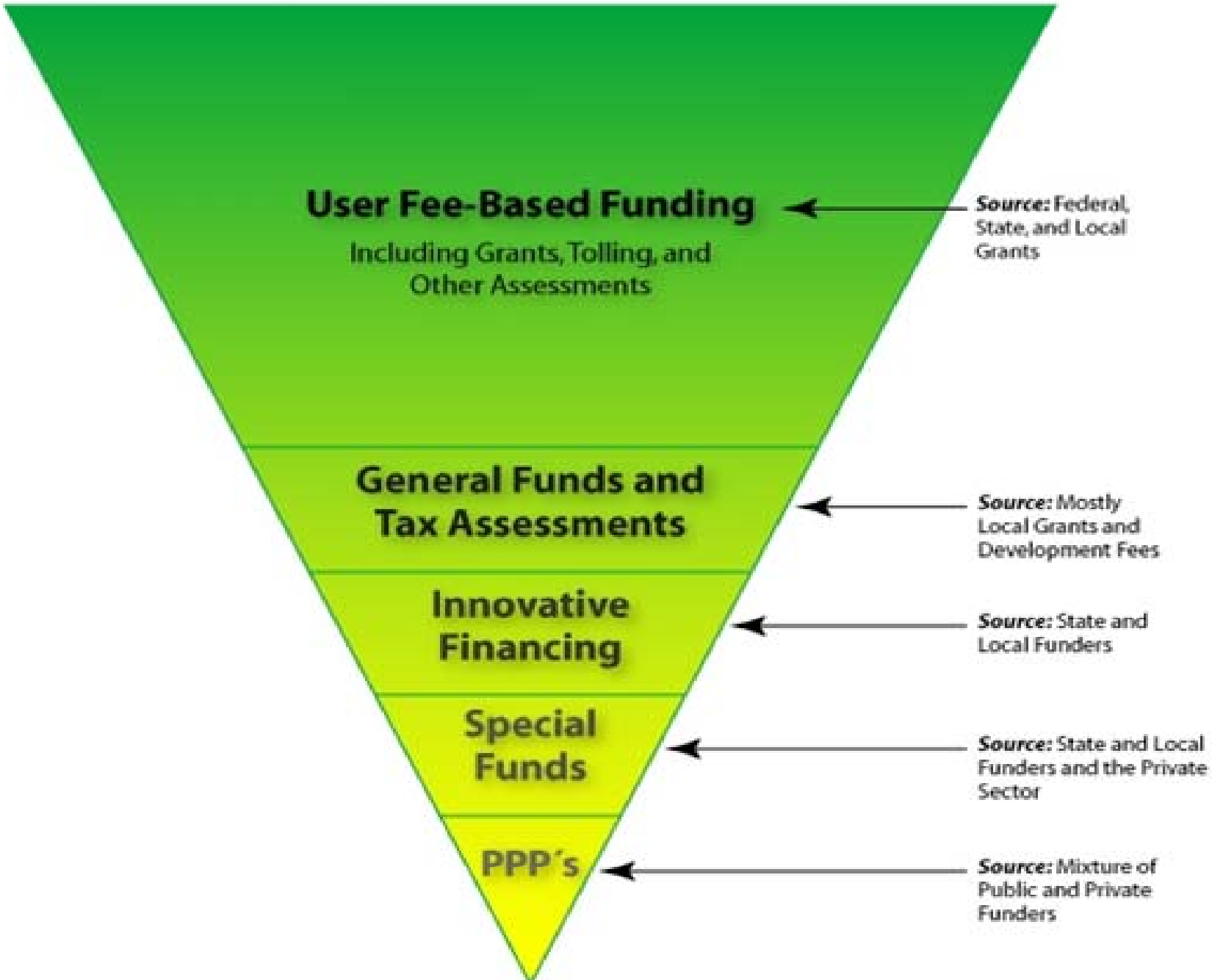
All Levels of Government Must Continue to Fund Their Share

National Capital Investment in Highways

(billions)

	2010	2015	Funding Increase Needed	New Toll Revenue	Net Required
Federal	$43	$75	$32		$32
State/ Local	$52	$95	$43	$8	$35
Total	**$95**	**$170**	**$75**	**$8**	**$67**

Funding for Infrastructure Projects



Questions?

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