

ARTBA Carries Fight For Gas Tax Increases As Nation Ponders Post-Interstate Era

By Tom Kuennen

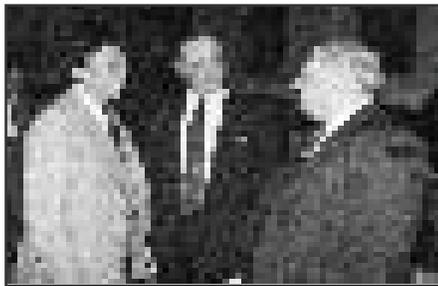
The 1980s were a decade of progress in transportation construction and the American Road & Transportation Builders Association (ARTBA) was at the center.

The first federal gasoline tax increase in 23 years was championed by ARTBA and Reagan administration support for the increase was publicly announced by U.S. Transportation Secretary Drew Lewis at ARTBA's 1982 convention in Phoenix.

Continuing its emphasis on construction safety, in light of the growing amount of roadwork on existing roadways, ARTBA organized the first National Conference on Highway Work Zone Safety in 1985, with the Federal Highway Administration (FHWA) and American Association of State Highway & Transportation Officials (AASHTO) as co-sponsors.

In 1986, ARTBA celebrated the 30th anniversary of the Interstate highway system by organizing a gala dinner in Washington, D.C., which brought many luminaries of the world's largest public works project together once more.

But later that year, the industry was rattled when federal highway funding expired as Congress adjourned without passing reauthorizing legislation for the federal surface transportation program.



House Aviation Subcommittee Chairman Norman Y. Mineta (D-Calif.), shown at left, speaks with 1983-84 ARTBA Chairman Joseph R. Perini and President Dan Hanson in 1984.

ARTBA brought national focus to the crisis with its "Highway Action Campaign." When authorizing legislation finally was passed early in 1987, President Reagan vetoed the bill and ARTBA helped galvanize industry grassroots action which led to a one-vote override.

In the 1980s, ARTBA and its allies again brought attention to transportation infrastructure needs with two more American Transportation Advisory Council (ATAC) reports, in 1981 and 1985. And as the decade drew to a close, through AASHTO, the nation's state departments of transportation (DOT) launched "Transportation 2020," a national outreach program to get public opinion on what the federal post-Interstate program should look like.

In every corner of the country, ARTBA made sure its members testified in support of a newly defined National Highway System to ensure that road needs would be met in the new era.

ARTBA Marks Unmet Needs

"1980 was not an easy year for members," reported ARTBA director Leo J. McKernan, Clark Equipment Co., to its ally, the Construction Industry Manufacturers Association (CIMA). "Inflation continued to adversely affect the transportation construction market. Federal efforts to combat inflation by reducing government expenditures only added to the immediate problem by upsetting state and local construction programs."

Pending surface transportation reauthorization would be the vehicle for boosts in transportation infrastructure work. As the 1980s began, ARTBA and its allies in transportation advocacy planned for another federal program reauthorization. The existing law signed by President Carter—the Surface Transportation Assistance Act of 1978—was slated to expire in 1982, and ARTBA had much work to do.

- In early 1980, Carter imposed a \$4.62 "gasoline conservation" tax per barrel of

"Whether it's highways, transit or airports, we are talking about the same pattern of deferred reinvestment and deferred maintenance which many of the railways of this country used just to get by a few tough years. But they found that once you start slipping behind the curve of needed reinvestment, you get pulled into a vicious cycle, and it becomes nearly impossible to get out."

-- Rep. Norman Y. Mineta (D-Calif.), new chair of House Aviation Subcommittee, addressing 1981 ARTBA national convention in Houston; Mineta now is U.S. Secretary of Transportation

crude petroleum, to fall entirely on gasoline consumers. Carter planned to replace this with a 10-cent-per-gallon tax on gasoline, to be used to reduce the federal debt.

- In January 1980, Carter released a budget that hurt federal highway expenditures. Carter's FY 1981 highway budget was only \$8.8 billion, with an increase of only \$25 million, compared to an 81 percent increase in transit capital grants.
- Then, in April 1980, Carter urged a \$400 million cut in cash outlays for the Federal-aid highway program for FY 1981.
- Only 379 miles of new Interstate highways had been opened in calendar year 1979, ARTBA reported.

RU4BT?

To underscore transportation needs and help legislators understand the issues, in 1980 ARTBA reached out to legislators with a new survey, RU4BT?, that is, "Are You for Better Transportation?"

Over 150 members of Congress responded, considered high for a survey of that sort, and 93 percent favored use of user-supported trust funds for transportation funding. They were strongly opposed to increasing the federal user fee

ARTBA TIMELINE

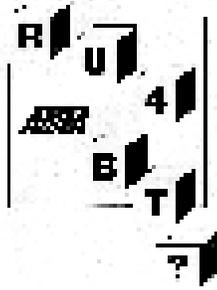
1980

ARTBA's "RU4BT" ("Are You for Better Transportation") survey is sent to legislators to focus their attention on transportation financing.

William B. Eline, Terex Division of General Motors, is elected ARTBA chairman at San Diego convention.

1981

At Houston meeting, David H. Burrows, president, Wiley N. Jackson Co., is elected ARTBA chairman.



to enable direct revenue sharing with states.

Against this backdrop, in September 1980, ARTBA argued points that should be included in reauthorizing legislation for the next year. 1980 ARTBA Chairman William B.

Eline, Terex Division of General Motors, testified before the Senate that inflation was impairing existing state construction and maintenance programs, and that higher dollar levels were required for all highway programs.

At those hearings, ARTBA proposed a "4+4 for the 80s" plan of gas tax increase, meaning a continuation of the 4-cents-per-gallon user fee paid at the pump to be augmented by a 4 percent dedicated excise fee on the wholesale price of motor fuel.

No Relief from Reagan Administration

The industry looked forward to better times under the new Reagan administration (1981-1989), but was disappointed early on. The month after taking office, Reagan proposed cuts in highway budget authority for FY 1982.

Into this void came the second of three reports from the ARTBA-led American Transportation Advisory Council, ATAC II. Following the successful pattern of its predecessor, ATAC I in 1977, ATAC II provided Congress, the new administration, and the news media with the hard data on capital needs required to justify higher expenditures.

In May 1981, ARTBA witnesses made two more appearances before Congressional committees pondering reauthorization. ARTBA emphasized its opposition to restrictive and unpredictable highway obligation ceilings, and the resultant chaos that manipulation of obligation ceilings inflicted on state planning.



Cover of the ATAC II Report

But in House testimony in July 1981, Reagan's U.S. Transportation Secretary Drew Lewis said despite tremendous growth in forecast traffic, the administration would not be pressured into recognizing "absolute spending targets" for surface transportation.

"Nobody should go into this subject with the assumption that we can identify needs, however plausibly they may be derived, and establish them as spending targets," Lewis said. But ARTBA announced that the proposed funding was inadequate for even the scaled-down goals set by the administration.

ARTBA Identifies Fourth 'R'

For coming surface transportation legislation, ARTBA urged higher funding aimed at completing the Interstates, but identified a "second generation" of construction needs for older segments of the Interstate system. ARTBA advocated that these "second generation" needs be met by an expanded Interstate 4R program that would include Reconstruction, as well as the "3Rs" of Resurfacing, Restoration and Rehabilitation.

By July, Federal-aid highway lettings were at a standstill. "The program is now in serious trouble," ARTBA said that summer. "Unit costs of construction have more than doubled since 1973 [but] the growth rate for highway revenues have lagged far behind."

The problem was exacerbated Oct. 1 when the deadline for the Interstate construction apportionment came and went, halting Interstate contract lettings in half the states. The crisis in highway construction boiled over in December 1981 as the House and Senate neared adjournment with greatly differing bills releasing the funds.

With time running out, ARTBA flexed its muscles and strongly urged stop-gap action from both houses of Congress. "What transpired turned out to be a legislative version of football's two-minute drill," said then-ARTBA President Dan Hanson.

Pressured by intense lobbying from ARTBA, Congress passed a limited-purpose

highway act Dec. 16, 1981, which cleared the way for apportionment of overdue highway funds, and incorporated the new 4R program.

Lobbying for '4 Plus-1'

Even as Congress struggled with routine approval of the Interstate funding, the administration became supportive of higher funding for surface transportation so long as it could be paid through user fees.

While nominally opposed to tax increases, the Reagan administration saw the gas tax increase as stimulating job creation, as well as enhancing cash flow to minimize the U.S. budget deficit, due to the float of funds between collection at the pump and disbursement to states to satisfy obligations.



President Reagan

By January 1982, Lewis had begun discussions on options for increasing user tax revenues up to \$6 billion a year to support both the Highway Trust Fund and public transit improvements. The U.S. DOT supported a plan that would increase the user tax by 4 cents for highways, with another penny for mass transit, dubbed the "4-Plus-1" solution.

On Jan. 13, ARTBA Senior Vice Chairman James A. Caywood, president, DeLeuw Cather & Co., and Hanson met with Lewis, only to see the meeting abruptly terminated by the Air Florida disaster near National Airport.

To ARTBA's delight, Secretary Lewis went public on the tax in a keynote speech at ARTBA's 80th annual convention in Phoenix

"An opportunity exists for the enactment of landmark legislation and this will enable the transportation construction industry to turn the corner and begin a long-overdue recovery. ARTBA has already taken a leadership role in this effort."

--ARTBA director Leo J. McKernan, Clark Equipment Co., November 1980

ARTBA TIMELINE

1982

First federal gas tax in 23 years is passed following strong support from ARTBA.

James A. Caywood, president, DeLeuw Cather & Co., is elected ARTBA chairman at Phoenix convention.

1983

Joseph R. Perini, Jr., senior vice president, Perini Corp., is elected ARTBA chairman at Orlando convention.

1984

At ARTBA's annual meeting in Denver, Perini is re-elected chairman.

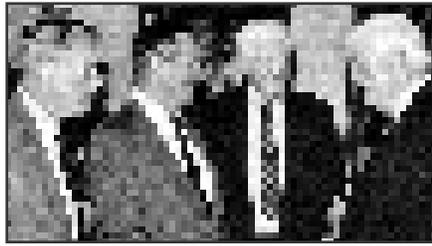
'ICE Chills Highway Work Despite Higher Funding

In the 1980s—despite tremendous obstacles—ARTBA, the highway industry and dedicated legislators were successful in boosting funding for transportation infrastructure renewal.

But complicating their work year after year was Congress' periodic need to approve a required "Interstate Cost Estimate" (ICE) report prior to release of Interstate highway funds. Established in 1956, ICE was a report on the progress of Interstate system construction, and the amount of money needed to complete the system.

ICE served as a check on the system; federal funds could not be released for Interstate work until each ICE had been approved by Congress. In the 1980s, ICE became a recurrent nightmare for ARTBA and all advocates as they scrambled to deal with its complications.

- In 1981, the ICE due Oct. 1 was enacted three months late as part of the 1981 highway act.
- In November 1983, Congress adjourned without having passed an ICE due Oct. 1. ARTBA lobbied for quick approval with Hill visits in January even before Congress returned. ARTBA and its allied associations sponsored a massive fly-in Feb. 28, by which time 40 percent of FY 1984 Federal-aid work had been delayed. In March, Congress approved a stop-gap, six-month ICE.
- In October 1984, despite the best efforts of the industry, the 98th Congress adjourned without having passed an ICE due Oct. 1. It would be March 1985 until that ICE was signed by President Reagan, ending a long drought in highway funding.
- In 1985, industry attention shifted from ICE to the potential sequestration of highway funds under the Gramm-Rudman-Hollings balanced budget law that threatened highway funding, even though highway spending was self-supporting through user taxes. But the memory of ICE remained as an example of just how bad the politics of road building could get.



(Left to right) House Public Works and Transportation Committee Chairman James J. Howard (D-N.J.), ARTBA Chairman Perini, ARTBA Vice President-Government Activities Francis X. Dooley and House Speaker Thomas P. O'Neill, Jr., discuss ICE issues in 1984.

on March 1, 1982. His 5-cents-per-gallon increase would boost Highway Trust Fund revenues by \$5 billion a year while providing more for transit.

That April, Caywood was a lead-off witness in a Senate hearing on 1982 surface transportation reauthorization. Caywood asked for a \$12 billion/year increase, compared to the DOT's \$5 billion already on the table. Later that month, ARTBA testified before the House.

For the rest of the year, debate raged over the prospect of raising highway taxes in a time of high budget deficits and a sluggish economy. Despite intensive research, testimony, jawboning and politicking, the 97th Congress approached adjournment at the end of 1982 without passage of reauthorizing legislation.

Reauthorizing legislation finally cleared Congress on Dec. 23, 1982. In a tremendous victory for ARTBA and its allies, the new Surface Transportation Assistance Act of 1982 (STAA '82)—signed by Reagan Jan. 6, 1983—raised the federal tax on fuel from 4 to 9-cents-a-gallon and provided \$72 billion in federal surface transportation funds over a four-year period.

"STAA of 1982 increased Federal-aid highway funding by over 50 percent," said Joseph R. Perini, Jr., ARTBA chairman and senior vice president, Perini Corp., in early 1984. "This was good news for the entire nation, and especially for the severely depressed transportation construction industry," Perini said. "ARTBA takes a lot of pride for our role in this magnificent accomplishment."

Gap Grows Between Needs, Funding

Despite the largesse of STAA '82—which provided more than \$52 billion in Federal-aid for highways over four years—the gap between transportation infrastructure needs and available funding grew enormously under the onslaught of growing traffic and aging structures.

National attention was brought to bear in the 1983 publication by the National Asphalt Pavement Association of Pat Choate's *Bad Roads: The Hidden Costs of Neglect*. Choate, who held policy positions in the U.S. Department of Commerce and Tennessee and Oklahoma governments, focused attention on the nation's declining transportation infrastructure for all modes.

Choate's message reinforced ARTBA's themes. "The effect of deteriorating roads on the economic vitality of the nation is clear," Choate said. "When the decay of the nation's airports, railroads, inland waterways, ports and mass transit systems also is considered, it becomes obvious that the hidden costs of allowing America's transportation systems to deteriorate are already much too high."

In October 1985, ARTBA and its cooperating organizations released the third American Transportation Advisory Council report, *New Directions in Transportation: ATAC III*. The

"ARTBA [does] a marvelous job here on the Hill, promoting the interest of road building, transportation needs, highway safety, what the industry means to the economy ... Where else would you get your knowledge, your information, your facts, if organizations like ARTBA didn't come and given them to you? ARTBA lets me know how much money is raised in transportation taxes, what these bills mean to the transportation construction industry and my state in terms of jobs."

-- Speaker of the U.S. House of Representatives Rep. Thomas P. "Tip" O'Neill, Jr., (D-Mass.) 1986

ARTBA TIMELINE

1984

ARTBA computerizes headquarters operations.

1985

ARTBA, FHWA and AASHTO co-sponsor first National Conference on Highway Work Zone Safety, in Washington, D.C.

ARTBA establishes tax-exempt "RED Fund."

During the Hershey, Pa., convention, Robert E. Hirschman, president, H.J. Williams Co., is elected ARTBA chairman.

HIGHWAY ACTION CAMPAIGN

new report forecasted transportation capital needs from 1987 to 1996, including \$494 billion for highways.

That year other changes came to ARTBA. To leverage tax law to increase financial support, in 1985 ARTBA created the tax-exempt ARTBA Research, Education and Development Fund (RED Fund) to provide money for research projects, safety programs and scholarships. Later the fund's name was changed to the ARTBA Transportation Development Foundation (ARTBA-TDF).

And in August 1985, T. Randolph "Randy" Russell—ARTBA vice president, public affairs—died after 27 years of service.

STAA '86 Delayed to '87

At its 83rd annual convention in July 1985 in Hershey, Pa., ARTBA members had good reason for optimism. A Transportation Forum at that convention brought three key members of Congress, Federal Highway Administrator Ray Barnhart, and Dick Braun, AASHTO president and commissioner, Minnesota DOT, to talk about the near future of surface transportation.

There, House Public Works and Transportation Committee Chairman James J. Howard (D-N.J.), Subcommittee Ranking Republican Rep. Bud Shuster (R-Pa.), and Senate Transportation Subcommittee Chairman Steve Symms (R-Idaho) pledged cooperation on the coming reauthorization.

ARTBA hit a peak of activity during the year of program reauthorization—1986. In May 1986, ARTBA Chairman Bob Hirschman testified before the Senate that a program of \$15.5 billion annually should be supported.

And on May 30, ARTBA focused national attention on highways when it sponsored "Interstate Nite," a gala dinner marking the 30th anniversary of the Interstate program.

At the Washington Hilton, nearly 500 movers and shakers in transportation heard key-

note speaker Rep. Jim Wright (D-Texas)—Speaker of the House and member of the House Public Works Committee in 1956—compare the achievement of Interstate system to the pyramids and the Great Wall of China.

Working to a deadline of Oct. 1, when the existing legislation would expire, a four-year reauthorization package was reported out of the Senate Environment and Public Works Committee in July 1986, and included a \$12.4 billion per year level of funding, compared to the House bill's \$12.6 billion. The Senate bill also eliminated the need for approval of ICE by Congress.

The existing program expired Sept. 30. In early October, a conference committee took up the bill but became bogged down in issues such as "demonstration projects" appended to the bill that enabled legislators to earmark funds for specific transportation projects. To its shock, the industry watched Congress adjourn that fall without having passed "must-pass" reauthorizing legislation.

Battle Over Reagan's Veto

ARTBA quickly launched its "Highway Action Campaign," putting grassroots pressure directly on Congress. ARTBA also publicized the delay in the national media, via press conferences in Sacramento, Boston, Nashville and Richmond. Numerous Washington fly-ins by ARTBA members and state chapters put pressure on legislators at the constituent level.

New bills had been introduced in January 1987, but by March were slowed in House/Senate conference by squabbles over billboards on highways and the raising of the national speed



ARTBA President Daniel J. Hanson, Sr., attracted major media coverage on March 24, 1987, when he delivered thousands of petitions from ARTBA members to the White House.

Snapshot ARTBA Contractor of the 1980s

Over 250 ARTBA member firms responded to the association's 1983 survey of Contractor Division firms. The survey's findings give a snapshot view of the "average" ARTBA contractor nearly two decades ago.

The survey found the average member:

- Had a total volume in excess of \$7.5 million in 1983, and
- Employed more than 120 on-site workers.

Also, less than half the work of ARTBA contractor members was done by union forces, the survey found.

Highway and bridge work dominated the contractors' capabilities, with some involved in mass transit/railroad, utility construction and dams. Other ARTBA members worked in strip mining, fences and guardrails, signing and landscaping.

Paving milling and marking constituted only 0.5 percent of the work done by ARTBA members.

limit from 55 to 65 mph. That month, ARTBA helped organize a "Call Congress Day," which generated thousands of calls from coast-to-coast. On March 17, conferees reached agreement on a five-year highway/transit bill.

That February, during CONEXPO '87 in Las Vegas, ARTBA collected thousands of signatures on a petition to President Reagan, urging quick action by the president once reauthorizing legislation passed Congress. The petition was hand-delivered on March 24 to the White House by ARTBA President Dan Hanson and was covered as the lead story on ABC-TV's World News Tonight.

But on March 27, instead of signing the legislation, Reagan vetoed it, saying it was "a textbook example of special interest, pork barrel politics at work and I have no choice but to veto it."

ARTBA pointed out that not only was the bill not a budget-buster, it was well below previous spending levels after Gramm-Rudman cuts were factored in. In full-page newspaper ads,

ARTBA TIMELINE

1986

Gary Godberson, executive vice president, GOMACO Corp., is elected ARTBA chairman at San Francisco convention.

Highway Action Campaign is launched by ARTBA after federal funding expires when Congress fails to reauthorize program and adjourns.

1987

Denver Collins, Jr., president, Marshall C. Rardin & Sons, Inc., is elected ARTBA chairman at annual meeting in Orlando.



Sunshine Skyway Bridge in Tampa Bay, Fla., in 1989.

ARTBA articulated the damage to states that would result from a sustained veto and urged the 100th Congress to override Reagan's veto.

And on April 2, after excruciatingly long days of debates and parliamentary maneuvers, the veto of H.R. 2, the Surface Transportation Assistance Act of 1987 was overridden by one vote, ending the uncertainty that began Sept. 30 the year before.

Post-Interstate Era at Hand

As the decade ended, the post-Interstate era clearly was at hand. No longer would federal transportation policy power construction of vast new highways through rural and urban areas alike.

Changes were in store at ARTBA as well. Its communications and government relations functions were broadened. Most significantly, in 1988, Dan Hanson was named ARTBA president emeritus and T. Peter Ruane was named president. Hanson retired from ARTBA in 1991.

The new missions of the next century would require new methods of financing and interaction. "Transportation policy today is more than just asking for more money for major projects," Transportation Secretary Sam Skinner told ARTBA members in early 1989. "It is finding new funding mechanisms and service

delivery alternatives. These challenges demand more initiative by the private sector and more cooperation between business and government than we have seen in recent years."

Later that year, ARTBA brought focus to this new theme of public/private partnering in transportation infrastructure funding by holding the first annual Public-Private Ventures (P-PV) in Transportation Conference.

And in 1990, it institutionalized this challenge by establishing its Public-Private Ventures in Transportation membership division, its eighth, which has championed federal transportation policy and legislation designed to generate additional financial resources for transportation projects as an addition to conventional funding mechanisms.

ARTBA's BABATT Frames 1990 Debate

In 1989, ARTBA took bold steps to position the association to frame the debate on the next federal highway program reauthorization, due in 1990.

Under the leadership of new ARTBA President and CEO Pete Ruane, the association launched the "Building a Better America Through Transportation" campaign (BABATT).

Its centerpiece was the call for a 15-cent-per-gallon increase in the federal motor fuels user fee to meet the nation's highway capital needs outlined by the U.S. Department of Transportation in its report to Congress.

ARTBA members and state contractor chapters would contribute an unprecedented \$1.5 million to support BABATT initiatives over the next two-and-a-half years. The campaign included first-ever coalition efforts with national labor unions and use of new communications technology—the fax machine—to expand, educate and mobilize the transportation construction indus-



try's grassroots lobbying army.

In 1989, ARTBA also pioneered the association's use of a Capitol Hill newspaper—*Roll Call*—for advocacy advertising, launching a multi-year ARTBA print ad campaign on page two of the publication.

The actions ARTBA took at the close of the 80s set the stage for a dramatic turnaround of industry fortunes in the decade to come. ARTBA—and the roadbuilding establishment at-large—stood on the brink of the post-Interstate era. **TB**

NEXT MONTH:

ARTBA Expands Mission as Post-Interstate Era Brings New Resources and Fundamental Change to Surface Transportation in the United States (1990-1999)

About the Author

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100th Anniversary Trivia..

1. What year did ARTBA hold the first National Conference on Work Zone Safety?

- A) 1980
- B) 1985
- C) 1990
- D) 1995

2. What year was the Public-Private Ventures in Transportation Division established?

- A) 1984
- B) 1986
- C) 1988
- D) 1990



Answers: B, D

ARTBA TIMELINE

1988

T. Peter Ruane joins ARTBA as association president.

Daniel J. Spagai, partner, HNTB, is elected ARTBA chairman at Phoenix convention.

1989

M.O. Brenden, Brenden Construction Co., Eau Claire, Wis., is elected ARTBA chairman.

"Washington Update" fax service is established.

"Building a Better America Through Transportation Construction" campaign for increased federal investment is launched.