

TALKING POINTS FOR
SECRETARY ELIZABETH HANFORD DOLE
NATIONAL CONFERENCE OF STATE LEGISLATURES
MARCH 12, 1983

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I was very pleased when Bill Passannante (PAS-A-NON-TAY) invited me to spend a few minutes with you this morning. Your once-a-year meeting in Washington affords an excellent opportunity for us to share our mutual concerns and explore, together, ways to better serve the public.

* It's always been a pleasure for me to confer with NCSL members. I have had the occasion frequently in the past, in my prior position as Assistant to the President for Public Liaison, to consult with your association. Let me say that I know enough about the legislative process to appreciate the challenges you face in trying to evolve increasingly effective Federal-state relationships.

* I hope to do all I can to assist that process. Transportation forms an important link between Federal and state responsibilities -- important because so many of our national transportation systems and services depend on our partnership and a common commitment to meet public needs in the most effective way.

* When Ross Doyen testified before the House Ways and Means Committee last December, he expressed the NCSL's view that we should be spending more money at the Federal level to keep the nation's highways and transit systems in good repair. As I recall, Ross also pointed out -- quite correctly -- that the states had stepped up to their responsibilities and, almost without exception, increased taxes and spending to meet highway and transit needs.

* Since then we have, of course, won passage of the Surface Transportation Assistance Act of 1982 with its nickel increase in the fuel tax and some revisions in truck taxes to provide about \$ 5 billion more for our roads and -- for the first time --for public transit capital needs.

- The second part of Ross's testimony, reflecting the highway policy adopted at your meeting last August, called for turning some highway programs back to the states along with the revenues to support them.
- That proposal is part of President Reagan's revised New Federalism program which includes four block grants -- one for highways. We expect that proposal to be introduced in the Congress shortly, and we intend to give it our full support.

* Let me touch on a few of the provisions of the Surface Transportation Assistance Act which I am sure are of particular concern to you.

- We believe the five cents per gallon to be added to the motor fuel tax beginning in April constitutes a "moderate increase" and, in that regard, does not pre-empt the states from making their own adjustments in the fuel tax.
- Our nation's economy, we have found, is more resilient than we had thought in absorbing fluctuations in energy costs. It seems very likely that the gasoline tax increase will be virtually if not completely offset by the current drop in oil prices.
- The legislation also addresses the long overdue realignment of truck taxes, based on cost allocation studies which repeatedly have shown that the heaviest trucks have not been paying their fair share.
- Regretfully, this issue triggered a strike by some independent operators which was both unfortunate and unjustified.
- As we said repeatedly, before and during the attempted shut-down, the heavy vehicle taxes were increased, but not as much as the protesters claimed; and the increases were on a graduated basis with the first phase deferred until July 1984 for fleet operators and until July 1985 for operators

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after all the user fees are phased-in in 1989,

of five or fewer rigs. Even ~~then~~ heavy trucks will still be paying ~~less than~~ only
about 70 percent of their share of road costs.

* Most important, perhaps, is the fact that as a result of the gas tax legislation we can proceed with highway construction and rehabilitation projects that have been delayed for lack of funds. The states, we realize, have had a lot of those projects "on hold" long enough.

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* On average, states will get a ~~45~~ percent increase in highway construction money. Moreover, every state is guaranteed a return of no less than 85 percent of its estimated contributions to the Highway Trust Fund. The statute authorizes nearly \$58 billion for highway and safety programs through 1986 and ^{14.9}~~\$17.7~~ billion for public transit. ←

* With respect to the public transit provisions, the law clearly stipulates that funds flowing into the mass transit account of the Highway Trust Fund are to be used only for capital improvements. These include bus and rail car purchases, bus and rail transit rehabilitation projects, extensions to present rail lines and any new rail starts that may be approved.

-- This is consistent with Administration policy to increase the Federal commitment to public transit capital needs while phasing out Federal operating subsidies.

-- We are aware of the position your organization has taken on this issue, particularly as expressed in the mass transit resolution adopted at your business meeting last July. However, affording broad flexibility in transit grants, we have found, often leads states and cities to defer capital needs in order to deal with the nagging and more immediate problems of operating expenses.

- Federal operating subsidies support transit functions over which the Federal government has no control or decision-making authority. In our view public transit will never take firm root in a community until stable and reliable sources of local funding are established.
- We remain firmly committed, however, to the necessity for greater Federal investment in the high-ticket capital equipment purchase and improvement programs. Our 1983 budget for transit capital programs represents a 31 percent increase over 1982; our 1984 budget proposal, a 44 percent increase in capital funding. Taken together, these two years account for about \$1.8 billion more than would have been available under the fiscal 1982 capital spending levels.
- Our new "section 9" block grant program assures that more money will be available under formula grants than under discretionary funding. And while the level of operating assistance has been reduced from the 1982 levels, the law does provide that for the next two years recipients can get up to their 1982 operating levels by using funds from their capital apportionment. Those funds, however, will be discounted by one-third and the Secretary's discretionary account augmented by that amount.
- Overall, we are proposing \$3.915 billion for transit programs in our FY 1984 budget. The total program level, of both general and trust fund monies, represents an increase of nine percent over fiscal 1982.

* To return to the issue of Federalism for just a moment, we couldn't agree more with your position that "the Federal government is overloaded with too many responsibilities that are primarily state and local concerns."*

* NCSL resolution, July 29, 1982.

* President Reagan earlier proposed returning a number of programs to the states under his New Federalism concept. Under the recent revision to that proposal, 34 categorical grants will be consolidated into four block grants including a grant for certain highway programs. Under this transportation block grant proposal:

- The Federal government will collect about \$2.36 billion annually, through 1988, ^{for} from the consolidation of six highway programs, ^{the "fat"? urban system} the secondary system, bridges other than primary and high cost bridges, ^{then}
- States participating in the block grant program would receive the money in ^{no state funds would be required.} a lump sum, with matching requirements. ^{reword}
- The states could use the money ^{for any of the purposes} as they see fit. ^{currently eligible under the major federal highway programs (chapter 148, title 23).}
- The programs involved in the turnback to the states would be funded at FY 1984 levels -- urban systems, \$800 million; secondary system, \$650 million; non-primary bridges, \$510 million; highway safety, \$10 million; and hazard elimination and railway crossings, \$390 million.

* We believe states would benefit in several ways from the transportation initiative of the President's Federalism proposal.

- For one, they would get the money faster ^{and no matching funds} ~~probably in about half the time~~ ^{would be required.} ~~required under the present system.~~
- Second, states would be spared the intrusive nature of current Federal policy regarding state decision-making.
- Third, states ^C would be freed from many of the constraints that accompany Federally-controlled grants.

* To shift to a slightly different subject, we have been very encouraged by the positive and effective actions by many of the states, on their own initiative or in partnership with the recommendations of the President's Commission on Drunk Driving, to cut down on highway fatalities.

Highway safety program administered by FHWA, the hazard elimination program and the rail-highway crossing program.

- Highway deaths dropped by more than 10 percent last year, and we believe the tougher measures most states are taking against drunk drivers deserve at least some of the credit for that improvement in highway safety.
- Our National Highway Traffic Safety Administration has just completed a rather comprehensive survey on state legislation dealing with drunk driving. It is a compilation of all the actions taken in each of the states, which collectively make up a rather formidable attack on the problem. We will make the survey available to each state in the hope that, together, we can still do much more to make our highways safer.

* To touch on just one more issue, I know you are concerned over the funding of enforcement responsibilities for hazardous materials related programs.

- We really see no need for a "national trust fund" for that purpose.
- The 1982 Surface Transportation Assistance Act does provide for establishment of a grant-in-aid program assist the states in motor carrier safety enforcement activities.
- We see no reason why hazardous materials enforcement couldn't be included under that program.
- As for determining specific routes for the movement of hazardous materials, we do regulate radioactive materials routing but we have not yet reached a decision on extending that authority to other hazardous materials. State and local governments, of course, are free to set their own standards (in the absence of any Federal standard) and designate acceptable routes.
- In addition, our Department's State Hazardous Materials Enforcement Development program provides financial and technical assistance to help existing public agencies carry out enforcement responsibilities.

- Further, as you know, our Materials Transportation Bureau joined with NCSL in sponsoring a national conference on this matter last September in Denver. As one result of that conference, a State Legislators Guide to Hazardous Materials Transportation is being prepared by our Materials Transportation Bureau.
- We are also funding six demonstration projects to encourage localities to identify the types and frequency of hazardous materials shipments through their areas as a help in developing accident prevention programs.
- Finally, I should not fail to mention that we have sent slide/tape presentations to every state for use in training personnel on how to handle certain hazardous materials accident situations, including those involving natural gas and radioactive materials, and we have also made incident guidance books and self-study guides available.
- We will continue to work with the NCSL in your role as a participant in the industry-state-local hazardous materials working group to reach a consensus on matters of regulation and control.

* Our time together today clearly does not permit a thorough examination of any of the issues I have addressed. My practice today and in the future, however, as it has been in the past, is to keep an open door and an open mind on all issues of concern to you and to the public at large.

* You may be sure that I will give much time and careful thought to your agenda of concerns, and I will welcome further opportunities to discuss these and other matters with you.

~~modify to~~
~~reflect recent~~
~~change~~

Q. When are the states going to know what the new truck size and weight law means to them?

A. We are in the process of identifying non-Interstate highways to which the new uniform truck size and weight provisions apply. We

have asked each state highway agency to furnish a list of routes within

its borders which would qualify under the new standards,

or the exceptions on the Primary System that will not qualify if the states intend on a broad designation of the entire Primary System.

The states may designate other roads that comply with safety and

operational standards, or roads which should be specifically excluded.

The Federal Highway Administration in cooperation with the National

Motor Carrier Advisory Committee has held three public meetings in

various parts of the country to gather information and make recommen-

dations on the issue. The Surface Transportation Assistance Act of

1982 requires the Secretary of Transportation to make an initial

identification of the qualifying routes by April 6, and this will be

done.

Q. You mentioned in your confirmation hearings port development. What are the Department's plans in this area?

A. There is no question of the need for modernization of our ports. This is also an area which is a prime example of where the user fee concept should be applied, with cost recovery coming from commercial users of Federally-financed expenditures on our inland waterways and ports.

There has been much debate over the last few years on how user fees should be applied and who should pay the costs of port and harbor dredging. DOT, the U.S. Army Corps of Engineers, industry and State and local governments are attempting to work out a compromise that would pave the way for a port modernization bill in this Congress.

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Airline Deregulation/Small Communities

Q. Has airline deregulation caused smaller communities to lose scheduled air service?

A. I don't think small communities that had airline service at the time deregulation was passed in 1978 have lost air service.

When Congress passed airline deregulation, it established the Essential Air Service program to assure continued service to small communities. The program provides subsidies to air carriers to provide service to small cities where there is not sufficient passenger demand to sustain profitable service. The program, which is administered by CAB, provided subsidies for service to 88 small communities in Fiscal 1982 at a federal cost of \$86 million. The program was authorized for 10 years--until 1988.

As a practical matter, some small communities are getting better service and more flights than before deregulation. In some cities, the large carriers have dropped out and have been replaced by commuter airlines providing more flights with smaller aircraft more suited for service to small cities.

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Bus Deregulation/Small Communities

Q. Haven't a lot of small communities lost bus service as a result of intercity bus deregulation?

A. Intercity bus deregulation has been in effect less than four months. So it is probably too early to draw conclusions about what the effects have been. It is true that Greyhound and Trailways have dropped service to a number of smaller communities. But at the same time, bus companies entering new routes are providing new service to many of these small communities. Both large and smaller bus companies have been moving into new routes and providing service to many small communities that lost Greyhound and Trailways.

We are trying to track these new entries to get a clear picture of what is happening.

Florida deregulated its bus service in 1980 and officials there have been pleased with the results. The large bus companies dropped a number of communities, but new entrants have restored service to many of the towns that lost service in the first place.