

Transportation and Tea Party Politics – I

by Richard L. Beadles

Volume III, No. 15. August 15, 2011

If economics is the dismal science, then transportation economics must be the black hole of economics. We would submit that not one out of one-thousand Virginians could explain, in reasonable detail, how our highway system is funded. It is even less likely they could do that with regard to any of the other modes. But Virginians may soon get a chance to learn more, thanks to the influence of what is now called the Tea Party. Resistance to new taxes is not necessarily bad. If responsibly pursued, such restraint can be constructive -- and very American -- but if we put at risk our transportation infrastructure just for the sake of political ideology alone, that's quite another matter. Current news is full of idiocy, not all attributable to the Tea Party.

Sometimes we wonder if anybody gets it? One leg of Governor McDonnell's recently-approved transportation construction (not maintenance) financing program depends upon receipt of future federal transportation disbursements to service the debt on \$ 1 billion of Virginia construction bonds. What happens if the flow of federal monies to Virginia is constrained, as indeed Florida Congressman John Mica proposes? He is chair of the House Transportation & Infrastructure Committee. Mica wants the Federal Highway Trust Fund to live within its means, i.e. to pay out only what it takes in (gas taxes, etc.), which it has not in recent years. General revenue has recently been used to substantially supplement the Trust Fund, to the tune of about \$30 billion. Meanwhile, Virginia has been held hostage to the "no gas tax increase" mantra since the days of former-governor, George Allen. Attend meetings of the Commonwealth Transportation Board to see first-hand unmet needs, especially in deferred highway maintenance. Now the Tea Party is said to be targeting the federal gas tax. A day of reckoning is coming.

Commercial aviation is battling strong headwinds, partly because of seemingly- permanently-high jet fuel costs. Delta and other carriers are gradually pulling out of smaller markets, e.g. Lynchburg. Current travel to and from Richmond and Norfolk airports is down. In the case of Richmond, Jet Blue's discontinuance of service to New York is said to be part of the answer. Recently, AirTran (Southwest) announced that it is leaving Newport News. Aviation has awesome capabilities as well as costs. Now, congress may be on the verge of reining in air subsidies. Were the feds to limit aviation investment, and subsidies, to what is actually collected in direct taxes from aviation (the Mica model), the impact would likely be quite severe to infrastructure and service. Even more bizarre was the recent failure of the politicians to permanently resolve the FAA's authorization, resulting in the loss of millions in uncollected taxes on air travel.

Drivers on Route 164 can see costly, but now idle, cranes at Portsmouth Marine Terminal (PMT). These were partially funded by State sales tax money allotted to VA's Transportation

Trust Fund. What's going on? VA Port Authority (VPA-VIT) bailed out private owners of the new APM terminal in what, for now at least, is a money-losing lease deal. The APM terminal, now operated by VPA-VIT, is busy but PMT is quiet. So how does all this relate to rail? Read on, in No. 16 of VA Rail O&C's.
