

Lawmakers look to pension plans to bolster highway funding

WASHINGTON, D.C. — Several bills drafted by Congress to temporarily shore up the Highway Trust Fund include schemes that allow companies to reduce contributions to their employees' pensions. The fund, which helps states pay for transportation construction and upkeep, is due to run out of money by the end of summer. If Congress doesn't act soon, more than 700,000 middle-class jobs will be at risk.

National transportation and construction unions have endorsed a proposal put forth by Sens. Bob Corker (R-Tenn.) and Chris Murphy (D-Conn.) that would raise the 18.4-cent-per-gallon federal gas tax by 6 cents in each of the next two years. After that, increases would be indexed to inflation. [The federal gas tax hasn't been raised since 1993. If the tax had kept pace with inflation it would be at 29 cents a gallon now.]

A formal bill has yet to be introduced, and pundits don't expect a bill with any substance will move through Congress until after the November elections.

The Obama Administration does not support the tax hike, and neither does the Senate Finance Committee.

Finance Committee Chair Ron Wyden (D-Ore.) and top-ranking Republican Orrin Hatch of Utah patched together a proposal that would transfer

nearly \$11 billion to the Highway Trust Fund over the next 10 years. About \$7.824 billion of that would come from general tax dollars.

The bill would raise \$2.7 billion by extending changes made in federal pension laws that were included in a 2012 transportation measure. That provision gives employers a temporary break on making contributions to their employees' pension plans (referred to

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as pension smoothing). The Pension Rights Center (PRC) in Washington, D.C., is concerned that giving employers a pass on pension contributions might exacerbate a growing problem of pension plans that are already underfunded.

"Pension policy should not be driven by the need to raise revenue, especially when that revenue is not used to improve our nation's retirement system, but to pay for other programs — no matter how worthy they might be," PRC posted on its web site following passage of the 2012 transportation bill.

The pension provisions in the bill are considered "revenue-raisers" because contributions that employers make to their pension plans are not taxed by the federal government until the benefits are paid to workers. By allowing companies to contribute less to their plans, PRC says, the federal government calculates it will collect more revenue — either from the anticipated

increase in company revenue, or from workers in the form of higher wages.

A separate bill crafted by Republicans in the House Ways and Means Committee would raise \$6.4 billion over 10 years using the pension "smoothing" process.

"Allowing the Highway Trust Fund to go insolvent next month, clogging the roads Americans use every day and costing us hundreds of thousands of jobs, would be legislative malpractice and I'm not willing to let that happen," Wyden said in a press release. "Sen. Hatch and I were able to compromise on a solution and deliver a true bipartisan path forward. At the same time we must push forward to define a sustainable, long term plan to modernize our infrastructure."

Lawmakers have enacted 11 tempo-

rary extensions to the Highway Trust Fund in the past five years.

Transportation Trades Department President Ed Wytkind, appearing with President Barack Obama earlier this month to urge action on a long-term highway-mass transit bill, welcomed Wyden's activism.

"Wyden has been more than willing to work with his Republican colleagues to find a solution to this avoidable crisis. But to no one's surprise, cooperation from key Republican leaders has been a little hard — OK, very hard — to find. That needs to change soon," Wytkind said in a blog post.

Laborers President Terry O'Sullivan, who has been an outspoken advocate of congressional proposals to raise the gas tax by 12 to 15 cents over the next several years, said in a press re-

lease that "while there appears to be movement on ensuring the Highway Trust Fund does not go bankrupt by the end of summer, Congress has no valid excuses to not act on a long-term plan.

"There are multiple viable options which would end the duct-taping of our failing roads and bridges and provide the long-term investment our nation, our people and our economy needs. If Congress fails, it will be due to cowardice in standing up to extremists willing to destroy critical transportation infrastructure to make an ideological political point."

Oregon Department of Transportation Director Matthew Garrett reports the state could lose \$470 million in federal transportation money and 4,700 jobs next year if the fund runs out of money by Sept. 30.

DeFazio introduces transportation funding bill that would eliminate 18.4 cent gas tax

Oregon Congressman Peter DeFazio introduced a bill June 12 that eliminates the federal gas tax, but still provides long-term funding for the Highway Trust Fund.

His bill, HR 4848, "The Repeal and Rebuild Act," would:

- Repeal the federal gas tax (18.4 cents per gallon);
- Increase the tax on a barrel of oil that is processed into gasoline to \$6.75 and index it to construction cost inflation and fleet fuel economy;

- Index the diesel tax to construction cost inflation and fleet fuel economy;
- Bond the new revenue to backfill the Highway Trust Fund shortfall;
- Support a \$324 billion six-year reauthorization.

DeFazio, a senior member of the House Transportation and Infrastructure Committee, said in the first year the barrel tax would raise less than the 18.4 cent gas tax, but would provide potential short-term relief to consumers.

The barrel tax would be indexed to the Department of Transportation's National Highway Construction Cost Index and to CAFE (Corporate Average Fuel Economy) standards to account for less fuel consumption attributed to those standards. The tax would not be applied to aviation, rail, or home heating fuel.

"America's economic competitiveness is at stake. While Congress hems and haws over how to deal with the dwindling Highway Trust Fund, the rest of the world is moving full-speed ahead," said DeFazio.

"I introduced a real proposal because I'm tired of Congress being all talk and no action. It seems like every politician says creating jobs is their priority. Here's a chance for members to do just that by investing in our nation's infrastructure. Let's get this done."



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