

In Highway Funding Negotiations, Democrat Extends Olive Branch

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Sen. Ron Wyden Willing to Consider Republican-Backed Spending Cuts to Open Up Talks

WASHINGTON—Senate Finance Committee Chairman Ron Wyden (D., Ore.) opened the door to including Republican-backed spending cuts in a plan to keep thousands of transportation projects going this summer, aiming to tone down a partisan fight over how to pay for road and highway maintenance.

The approach, which would cover transportation spending through the end of the year, appeared designed to ease tensions and open up negotiations with the House, where lawmakers had rejected an earlier plan from Mr. Wyden, saying it relied too much on tax revenue.

Transportation Secretary Anthony Foxx has warned that without congressional action, the highway trust fund will become insolvent by August, putting as many as 700,000 jobs at risk. The federal government would then begin delaying payments to states.

But even a monthslong patch will be expensive and require either significant cuts or additional revenues if lawmakers don't want to add to the federal budget deficit.

Mr. Wyden's new, \$8 billion plan unveiled Thursday would raise money mostly by tightening compliance with existing tax laws. The chairman also opened up a pathway for amendments on dozens of other tax and spending changes—a move aimed at winning support from Republicans who have argued that the best way to prop up the fund is to cut unnecessary spending.

His committee is expected to vote on a package in early July after Congress returns from its July 4 recess. Sen. Orrin Hatch of Utah, the top

Republican on the panel, is expected to serve as a go-between with House GOP leaders.

"It's important for the committee to get something done, but it's even more important that we get something done right," said Mr. Hatch at a Finance Committee session Thursday, making it clear that House Republicans hold a lot of cards in the negotiations.

Sen. Chuck Schumer (D., N.Y.) said he has "a little more" optimism now than previously but said it isn't clear how the two chambers can reach a middle ground. "We'll see. The House is a big conundrum on this and everything else," he said.

A proposal floated by House GOP leaders to fund a one-year extension of the highway bill by limiting what mail the U.S. Postal Service would deliver on Saturdays fizzled. Now Speaker [John Boehner](#) (R., Ohio) said he is waiting to see a plan from the House Ways and Means Committee, also expected after the recess. Republicans on the panel said they expect Chairman Dave Camp (R., Mich.) will put forward a short-term measure, but one longer than six months to buy enough time to settle on a longer-term solution.

Mr. Wyden's offer to open up his bill to amendments was aimed at winning support from Republicans. But the amendment process itself could affect the outcome. At a Thursday Finance Committee session, Sen. John Thune (R., S.D.) said he was "deeply skeptical" about funding a high-speed rail project in California, something that Sen. [Barbara Boxer](#) (D., Calif.) has championed. Sen. Mike Enzi (R., Wyo.) indicated that he hopes to attach a measure to allow states to collect online sales taxes, setting up a potential fight in the House, where a large bloc of Republicans has portrayed online sales-tax collection as a tax increase.

The White House projects that the federal government will have to begin delaying payments to states, forcing them to choose which projects they would delay or halt.

"None of this is easy," said Rep. Devin Nunes (R., Calif.), who said there are few obvious ways left to offset the cost of replenishing the highway fund. Mr. Nunes said he expected Congress would pass a short-term patch

before the end of the year. "The reality of knowing we need to get something done is there."

Congress hasn't increased the federal gasoline tax, the main source of funding for the Highway Trust Fund, in more than two decades. As inflation has eroded the fund's spending power, Americans have increasingly been driving more fuel-efficient cars, reducing the amount they pay for each mile they drive. The result: the Treasury Department has transferred \$54 billion from the Treasury coffers into the highway fund since 2008, according to the Congressional Budget Office, which has warned that the fund is heading toward "an impossible situation."