

**KENTUCKY**

# Transportation News

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## Infrastructure Authority Legislation Passes House and Senate

Infrastructure authority legislation to help facilitate the construction of mega highway projects passed the House on Wednesday by a vote of 89-9 and the Senate on Friday by a vote of 32-0 with one pass. While the provisions for the authority are virtually the same in both House and Senate versions, they are, unfortunately, in two different bills.

As passed by the House, [HB 4](#), deals only with the authority. The Senate included the authority in [HB 3](#), along with the economic development incentives package proposed by Governor Beshear and legislation to help preserve the Kentucky horse industry proposed by Senate President David Williams to counter the push for expanded gaming at racetracks. HB 3, as passed by the House, deals only with economic incentives. The Senate used HB 4 as the vehicle for the Governor's proposed budget revision, adopting the proposal with minor changes.

At the close of the Senate session on Friday, Williams declared the bills just passed by the Senate completed the work the special session was called to do -- revise the budget, provide an infrastructure authority, provide economic incentives, and aid the horse industry. Having completed these tasks, he said the Senate will come to Frankfort today but then may adjourn.

The situation brings back visions of the last session when both houses had passed infrastructure authority and economic incentive bills. The bills had been amended in the Senate with the expectation by Senate leaders that there would be a conference, but the House adjourned rather than work out the details in conference.

**The expected showdown this week between the House and Senate on whether or not expanded gaming is the best way to generate additional funds to meet General Fund needs and the best way to preserve the Kentucky horse industry hopefully will not end in the death of authority legislation.**

The infrastructure authority legislation, sponsored by Rep. Don Pasley, Speaker Pro Tem Larry Clark, Transportation Budget Review Subcommittee Chair Sannie Overly, Rep. Tommy Thompson, and Rep. Brent Yonts, would allow bi-state authorities to be created between Kentucky and Indiana to finance and build projects connecting the two states.

The legislation limits bi-state construction to Kentucky-Indiana to eliminate the opposition of Northern Kentucky legislators who oppose the concept of tolling for a much-needed Northern Kentucky Ohio River bridge. The provision would allow the Louisville bridges project and the I-69 bridge project near Henderson to move forward. The legislation would also provide for the creation of authorities to manage other mega-projects solely within Kentucky.

Pasley told the House there are “some \$12-\$13 billion in projects now on the radar that we have no feasible way to pay for.” In addition to the Louisville and Henderson projects, Pasley said projects within Kentucky that could be funded under the bill could include construction of bridges in West Kentucky’s lake region, I-66, and expansion of other state highways.

The legislation limits projects to Interstate or Interstate-type highways and attendant facilities that would be classified as mega-projects by FHWA. Currently, these are projects with estimated costs of \$500 million or more.

A Kentucky Public Transportation Infrastructure Authority would be created to facilitate the construction, financing, operation, and oversight of projects by entering into bi-state agreements and by creating bi-state and project authorities. The State authority would approve and oversee all mega-project construction and financing. The amended version of the bill would provide more legislative oversight than the original.

Authorities would be subject to legislative ratification both in the scope and the funding model for their projects. However, “the General Assembly will not be micromanaging,” said Senate Transportation Chair Ernie Harris, but would exercise oversight as it does with other bonded projects across the state. After initial legislative approval of a financing plan, General Assembly approval would only be required if additional state funding is requested. As amended by the Senate, the local government governing body, rather than just a mayor, would have to start the process establishing a bi-state authority.

**From the point of view of Kentucky’s economic future, no issue is more important than infrastructure authority legislation. It is critical that the state have a mechanism to proceed with major highway infrastructure to deal with growth and development.**

The Louisville Bridges project is at a virtual standstill absent authority legislation. While the General Assembly has authorized GARVEE bonds to move ahead on the project, Secretary Prather says the Cabinet will not invest more money without a “take out plan” to fund the balance of the \$3.8 billion project.

Last session, infrastructure authority legislation failed when the House and Senate could not agree on a bill. The Administration, the Transportation Cabinet and key legislators have acknowledged the state’s mega projects cannot advance without legislation to make financing the projects possible. Sen. Williams told the Senate Transportation Committee “it is imperative not to leave Frankfort without action” on authority legislation. He said Indiana has \$1.2 billion set aside for its share of the project, and “we must send a clear signal we are ready to proceed.”

**KBT supports the enactment of infrastructure authority legislation and the use of tolls as an alternative means of financing major highway projects. The legislation has broad support from across the state. As all the parties agree, it is critical that the General Assembly comes out of this session with authority legislation.**

## **Expanded Gaming**

The House, by a vote of 52-45, approved an expanded gaming bill that would allow the state’s racetracks to be licensed to operate video lottery terminals to “save” the horse industry and fund a number of state programs including education.

[HB 2](#), sponsored by House Speaker Greg Stumbo, is projected to generate over \$1 billion in state revenue over the next five fiscal years, including \$194.3 million in fiscal year 2010. Initial licensing

fees paid by tracks with VLTs would add another \$102 million per year over five years, Stumbo said, giving the state what he described as a “conservative” total of around \$300 million a year for individual income tax and horse farming tax breaks, regional infrastructure, education and job growth.

“If this bill becomes law, it will not only save the signature industry (horse industry) in this state, it will save thousands of jobs,” Stumbo told the House. “Kentuckians need to go back to work, and we have the ability and the tools to put them back to work today.”

The bill is designed to help the state’s ailing horse industry by funding breeder incentives and attracting more horses for races through larger purses.

The legislation would, it is estimated, provide at least \$143 million a year to pay off future bond issues for capital construction at both public schools and state colleges and universities. Funding for educational technology and equipment and an increase in funding per pupil is also included in HB 2.

**Williams’ Proposal** -- A few hours after the House passage of the VLT bill, the Senate adopted HB 3. Under the Senate’s approach to helping the state’s horse industry, lottery tickets would include a 10 percent surcharge. Tracks and off-track betting centers would pay a 1.5 percent surcharge for their simulcasting signals from Kentucky horse racing tracks. The money raised -- projected at some \$86 million -- would benefit purses at Kentucky race tracks, horse breeders, local horse shows, and the state’s KEES scholarship programs. Williams told the Senate the legislation would mean Kentucky would have “the richest purses in America.”

Sen. Tim Shaughnessy told the Senate no state currently taxes lottery tickets, and the tax would be in violation of the state’s contract with Powerball.

**Obviously, the General Fund desperately needs additional revenue, partially evidenced by the continuing use of the Road Fund to help shore up the General Fund.** Significant highway user revenue is being used in an effort to help balance the General Fund budget: “Balanced General Fund Costly for Highway Users” [http://kbt.net/uploads/TransportationNews2008\\_04\\_24\\_Revised.doc](http://kbt.net/uploads/TransportationNews2008_04_24_Revised.doc).

## **Economic Development**

HB 3, as sponsored by Rep. Tommy Thompson, House Economic Development Chair Ruth Ann Palumbo and others, would create incentives to keep jobs and attract new jobs and tourism to the Commonwealth, passed the House 97-1. The legislation, as approved by both House and Senate, would expand tax incentives for existing businesses to help them expand, add small business tax credits and tax credits and refunds for high tech businesses, expand the kinds of properties that qualify for tax increment financing (TIF), establish a refundable income tax credit for films produced in Kentucky, provide incentives to bring a NASCAR Sprint Cup race to Kentucky Speedway and the Breeder’s Cup to Kentucky and secure funding for an advanced battery manufacturer proposed for Hardin County.

**Rail Development** -- The bill would provide personal and/or corporate tax credits for investment in Class II and III rail properties and facilities. The allowable credit would be 50 percent of expenditures up to \$3,500 per mile of track owned or leased by the investor/taxpayer. The bill would establish a short line railroad assistance fund authorized to receive funds from appropriations of the General Assembly, grants, donations, and payments to the fund for any lawful purpose. Coal companies and other minerals producers subject to a severance tax and biomass producers using rail transport and rail companies serving these companies would be eligible for a 25 percent tax credit against corporate income and LLC

tax for expansion and/or improvement of track and facilities. The credit is limited to \$1 million annually for all companies.

KBT supports tax credits for rail improvements. The state's future economic development is greatly enhanced with a strong rail industry. Some types of industry will not locate here without rail access, and, in the future, rail must play an increasingly important role in carrying the nation's freight. However, the bill's raid on the Road Fund to build and maintain railroad spurs to industrial parks is problematic.

While arguably more justifiable than funding airports with highway user revenue, funding a rail program with Road Fund revenue is patently unconstitutional. Section 230 of the Kentucky Constitution provides that highway user revenues are to be used for highway purposes. Highway users have no particular ability to fund the program considering the unmet needs on the state's highways.

## **Cabinet Presents Projected \$239 Million Program Cuts**

The Transportation Cabinet, last week, gave the House Budget Review Subcommittee on Transportation its recommended revision to deal with a projected \$239.1 million shortfall in FY 10 Road Fund revenue. The budget revision is the result of the recent projection by the Consensus Forecasting Group for FY 10 Road Fund revenue to come in at \$1.166 billion compared to the budgeted \$1.405 billion.

Tammy Branham, executive director of the KYTC Office of Budget and Fiscal Management, explained that the major cuts would be in budgeted debt service, \$106 million, and the State Construction Account, \$59 million. The resurfacing program will take a \$10 million cut.

State Highway Engineer Mike Hancock told the subcommittee the State Construction Account was in "dire straits" before the \$59 million reduction that leaves the account with only \$117 million. He indicated "early stage" projects would be held up.

Some \$46 million of the \$106 million debt reduction is in funds budgeted for debt service on bonds that have not been sold. The biennial budget adopted by the General Assembly last year included authorization for a \$60 million "road bond" issue for airport development (to be paid off with Road Fund revenue). So far, only \$9 million of the issue has been sold to help pay for a new Blue Grass Airport runway. Debt restructuring accounts for \$60 million of the reduction.

The CFG forecast, on which the FY 10 budget was adopted, assumed the average wholesale price of motor fuels would continue to stay above the state's average wholesale price floor, which is limited to 10 percent growth annually. The budgeted \$724.4 million in motor fuels tax revenue is now projected to be \$629.7 million -- a decline of \$94.7 million. Motor vehicle usage, budgeted at \$425.3 million, is now projected to be \$313.3 million -- a decline of \$112.1 million.

Local government is directly affected by the decline in motor fuels tax revenue which is shared, by statute, with local government. County Road Aid will be reduced by \$17.3 million, Municipal Aid by \$7.7 million, and Rural Secondary by \$21.1 million.

Earlier this month, Branham told the interim subcommittee there would be a \$96 million shortfall in FY 09 revenue, which would result in budget cuts including \$56.1 million from the \$161.4 million State Construction Account and \$19.5 million from debt service. Revenue sharing will be reduced by \$5.9 million. The FY 09 shortfall is largely the result of a decline in vehicle sales. Motor vehicle usage tax has declined by nearly \$72 million.

The CFG's numbers for future planning purposes don't look much better -- \$1.201 billion for FY 11 and \$1.254 billion for FY 12. Actual Road Fund revenue for FY 07 was \$1.226 billion.

During the regular session earlier this year, the General Assembly authorized a \$400 million bond issue for state (SP) projects in the construction plan, which had previously been unfunded. (Going into the last session, the state had some \$3 billion in unfunded SP projects in the Six-Year Plan.) Some legislators have expressed concern that the bond issue is not being utilized.

Rep. Pasley asked if Cabinet staffing levels were adequate to deal with the stimulus program and the normal program. Hancock responded, "Our resources are thin right now," and noted that FHWA had expressed concern about staffing to oversee construction work. Some project related work normally done by the Cabinet could be contracted to consulting engineers.

<b>Road Fund -- Where It Goes</b>					
<b>FY 08 - FY 10</b>					
<b>(millions of dollars)</b>					
	<b>FY 08 Enacted</b>	<b>FY 09 Enacted</b>	<b>FY 10 Enacted</b>	<b>FY 09 Revised</b>	<b>FY 10 Revised</b>
State Police and Other Non KTC Agencies	67.2 <sup>1</sup>	77.8 <sup>2</sup>	77.8 <sup>2</sup>	77.8 <sup>2</sup>	77.8 <sup>2</sup>
Aviation Admin. /Grants	4.0	11.4	11.3	8.7	6.6
General Admin. & Support	70.1	74.4	74.8	70.0	69.8
<i>Revenue Sharing</i>					
Rural Secondary	111.9	131.8	145.8	127.2	124.7
County Road Aid	92.3	108.6	120.2	104.8	102.9
Municipal Aid	38.8	45.7	50.6	44.1	43.3
Debt Service	181.1	148.5	136.6	129.0	54.3
Federal Aid Match	40.2 <sup>3</sup>	40.2 <sup>3</sup>	40.2 <sup>3</sup>	40.2 <sup>3</sup>	40.2 <sup>3</sup>
Maintenance	285.8	311.6	338.0	311.6	323.2
State Construction	175.2 <sup>4</sup>	161.4 <sup>4</sup>	196.4 <sup>4</sup>	100.7 <sup>4</sup>	119.6 <sup>4</sup>
Contingency Account	37.7 <sup>4</sup>	31.0 <sup>5</sup>	31.0 <sup>5</sup>	31.0 <sup>5</sup>	31.0 <sup>5</sup>
Resurfacing	87.3	97.0	107.0	97.0	97.0
Vehicle Regulation	18.3	26.4	27.3	23.6	22.8
Highway Operations	24.9	21.5	22.1	21.2	24.8
Capital Construction	6.8	18.0 <sup>6</sup>	4.2	18.0 <sup>6</sup>	4.2
Judgments and Other	20.3	19.5 <sup>7</sup>	20.9 <sup>7</sup>	15.2 <sup>7</sup>	23.8 <sup>7</sup>
<b>Total</b>	<b>1,261.9</b>	<b>1,324.8</b>	<b>1,405.1</b>	<b>1,220.1</b>	<b>1,166.0</b>
<sup>1</sup> Includes \$50 million for State Police; \$13.9 million for Vehicle Enforcement. <sup>2</sup> Includes \$60 million for State Police; \$13.9 million for Vehicle Enforcement. <sup>3</sup> Toll road credits will be used to match the bulk of federal funds, but Federal law does not allow their use in all situations. <sup>4</sup> Includes \$2.5 million for Kentucky Pride. (Pride funds go to local government to clean up litter and dumps.) <sup>5</sup> Includes \$2.5 million for Kentucky Pride and \$4 million for the Industrial Road Access Account. <sup>6</sup> Includes \$10.3 million for Kentucky Horse Park roads and pedways; \$600,000 for Ryder Cup parking. The Blue Grass Airport runway is funded in the \$60 million Road Bond issue. <sup>7</sup> Judgments will be paid out of State Construction. Notes: Federal Funds and bond funds are not included. The State Construction Account was revised down to \$178.7 million and debt service was revised up to \$154.3 million by the General Assembly earlier this year for FY 10 to pay for debt service on the \$400 million road bond issue.					

## **KBT Seeks a New President**

Kentuckians for Better Transportation is seeking a president to replace the current president who will retire Dec. 31. KBT provides education and advocacy for improved economic development opportunity and quality of life. Applicants should have 10 years of association management or equivalent business and/or government experience and have good writing and public speaking skills. The successful candidate will come on board on or about October 1 and assume the president position January 1.

For more information: [http://kbt.net.org/inner.iml?mdl=pres\\_search.mdl](http://kbt.net.org/inner.iml?mdl=pres_search.mdl).

KBT will appreciate your passing this information along to persons you think would make a good president. In order to be considered, applicants must send a letter of application and resume to PO Box 24532, Louisville, KY 40224. Applications will be kept strictly confidential.

**Application Deadline: Monday 29 June 2009**

## **Regional Businesses Rally for Bridges Project**

Companies employing thousands of workers throughout the Metro Louisville region recently launched a support campaign for the Ohio River Bridges Project, citing the need for job growth now and in the future.

At a news conference at Eagle Steel Co.'s distribution center near the Ford Truck Plant in Jefferson County, the Advanced Manufacturing and Logistics Network of Greater Louisville unveiled a full-page advertisement which would run in *The Courier-Journal* urging public support for the project and Kentucky legislation that will put construction on a fast track.

Some 70 companies signed the ad in support of the project including the major employers in the region: UPS, Ford Motor Company, General Electric, Brown-Forman, Genentech, GUESS Inc., Houston-Johnson Industries, Raytheon Company, Pegasus Transportation, Stride Rite Corporation, and Whip Mix Corporation. Logistics is a key growth industry for Greater Louisville. More than 144,000 jobs in the region are tied to the logistics and manufacturing industries alone.

"We feel so strongly about the Bridges Project and its importance to the regional economy that we are taking this first step with an advertisement that will draw attention to the urgency of getting it moving," said Jeff Uligian, manager of Genentech's Louisville distribution facility and co-chairman of the network.

"The Bridges Project's two new Ohio River bridges and rebuild of Spaghetti Junction ensures the region remains vital and continues to prosper and grow," added Uligian. "Louisville and Southern Indiana are known as a major logistics hub, not just in this region but for much of the United States. We cannot afford to become a bottleneck. The cost to our economy if we do not build this project will far outweigh the cost of construction."

Chuck Moore, president of Eagle Steel, a major supplier for Ford and GE, said bridge congestion and traffic incidents on the bridges are a problem for workers and employers alike. "What does it do to your outlook on life if you have to start an hour early for your job just in case there's a bottleneck? How can an employer run a business if his people are held up on the bridge instead of being on time for work?"

“Steel,” said Moore, “is the life blood of manufacturing in our area. None of it is made in Kentucky. It all comes from Pennsylvania, Ohio or Indiana. It has to cross a bridge to get here.”

“In this age of just-in-time delivery, you have to have an efficient system for moving goods and people across the river. Everybody suffers because of the safety and congestion issues. We have to make sure we get the Bridges Project completed, and we see major progress as soon as possible.”

A member of KBT, The Advanced Manufacturing & Logistics Network is a network of over 120 manufacturing and logistics companies in Greater Louisville and Southern Indiana.

### **Oberstar, Mica Denounce Administration's Proposed Delay**

## **T&I Committee Proposes \$500 Billion Surface Program**

The U. S. House Committee on Transportation and Infrastructure, last Thursday, released a white paper outlining plans for the new surface transportation authorization bill that envisions a \$500 billion six-year program -- \$337 billion for highways, \$12.6 billion for safety, \$99.8 billion for transit, and \$50 billion for high-speed rail.

The paper, “A Blueprint for Investment and Reform,” does not say how the program will be funded, but does clearly present the need for action and a better funded program. Speaking at the news conference called to release the paper, T&I Chairman James L. Oberstar (D-MN) proclaimed the proposal “charts a new path for transportation. We will move from a highly prescriptive program to a performance and outcome based surface transportation program.”

Oberstar said the question of funding would be resolved in House Ways and Means hearings next week and the bill would be moved to House floor in July.

Oberstar denounced USDOT Secretary Ray LaHood's statement the previous day proposing the postponement of a six-year highway reauthorization bill and instead the enactment of an 18-month reauthorization as part of the effort to keep the Highway Trust Fund from running out of money in August.

LaHood noted the Administration's opposition to an increase in the motor fuels user fee. He said he recognized there will be concerns raised about postponing action on a long term reauthorization, but “with the reality of our fiscal environment and the critical demand to address our infrastructure investments in a smarter, more focused approach, we should not rush legislation. We should work together on a full reauthorization that best meets the demands of the country. The first step is making sure that the Highway Trust Fund is solvent. The next step is addressing our transportation priorities over the long term.”

**Referring to LaHood's statement, Oberstar said, “We don't have time for 18 months. That puts a Damocles sword of uncertainty over transportation. It is unacceptable. We are open to discussion with the White House, but they have to come across the divide and talk to us.**

“There are ways to achieve the financing that we will unveil during the coming weeks. We have the prospect of creating six million new jobs over the next six years or losing a million jobs with delay. We are not in the business of delay. We've had enough of that in our transportation experience.”

Joining Oberstar at the news conference, Ranking Minority Member John L. Mica (R-FL) said, “We are going to pass a highway bill. And it is very important that we do this at this time. I view this as the

most critical jobs bill before the Congress in the next year -- and we've gotta get it done before the next year. We are going to do everything in our power to move this legislation forward -- regardless of what the Administration said yesterday. We don't want an 18-month bill which is a temporary patch. We want a 72-month solution that creates jobs."

Mica said his caucus supports moving forward with the legislation. Oberstar said he has the unanimous support of his caucus to move forward. "There is bipartisan unanimity to move ahead in the public interest," said Oberstar.

Current estimates are that the Highway Trust Fund will need an infusion of \$5 billion to \$7 billion to pay states for all obligations through September, the end of this fiscal year. A minimum of \$8 billion to \$10 billion is needed for FY 10 unless a new revenue source is enacted or current spending levels are slashed.

Obviously, the current hole in the HTF needs a quick fix to avoid a financial crisis, but it is also important to move ahead with a six-year program. KBT recently met with the Kentucky Congressional Delegation to discuss the importance of enacting a program this year. The net result of not acting in a timely manner means there will be inefficient use of capital, a slowing of the transportation program, and irreparable damage to a struggling economy. See [http://kbt.net/uploads/TransportationNews2009\\_05\\_29.pdf](http://kbt.net/uploads/TransportationNews2009_05_29.pdf).

A Ways and Means subcommittee is expected to meet this week to begin examining options for funding the authorization. Oberstar has suggested implementing a fuel-tax increase once economic growth has returned for two consecutive quarters and then indexing the tax to the construction price index for future years. No figure has been mentioned on what the tax increase would be, however. (The current 18.4 cents per gallon federal tax has not been adjusted since 1993.) Rep. Peter DeFazio (D-OR), chairman of the Highways and Transit Subcommittee, has discussed taxing oil futures trades or imported oil.

It will be difficult to get an authorization measure on the House calendar before the month-long August recess.

The high-speed rail component would be brand new for an authorization measure, following up on the \$8 billion appropriated in the recovery act this year and the president's budget request for \$1 billion in additional rail funding for each of the next five years. The high-speed rail program would be financed outside of the HTF.

The Blueprint summary says the 2009 authorization act will "achieve specific national objectives: reduce fatalities and injuries on our nation's highways, unlock the congestion that cripples major cities and the freight transportation network, provide transportation choices for commuters and travelers, limit the adverse effects of transportation on the environment, and promote public health and the livability of our communities."

The act will consolidate dozens of existing funding categories into four core formula categories designed to bring highway and bridge systems to a state of good repair; improve highway safety; develop new and improved capacity; and reduce congestion and greenhouse gas emissions and improve air quality.

Transit funding would be focused in four core categories to bring urban and rural public transit systems to a state of good repair; provide specific funding to restore transit rail systems; provide mobility and

access to transit-dependent individuals; and plan, design, and construct new transit lines and intermodal facilities.

A National Transportation Strategic Plan would be created, based on long-range highway, transit, and rail plans developed by States and metropolitan regions, to develop intermodal connectivity of the nation's transportation system and identify projects of national significance.

The project delivery process would be improved by eliminating duplication in documentation and procedures.

Other highlights of the act include creating an Office of Livability in the Federal Highway Administration to advance environmentally sustainable modes of transportation such as transit, walking, and bicycling; requiring states and metropolitan regions consider comprehensive street design principles to take into account the needs of all users; creating the position of undersecretary of intermodalism at USDOT and giving that person authority over a new national infrastructure bank to fund large projects of regional or national significance; giving metropolitan planning organizations increased flexibility in spending transportation dollars as they desire; and adding an Office of Expedited Project Delivery in both FHWA and the Federal Transit Administration to speed important projects through the environmental review process, design, and construction.

The total FY 09 highway program is \$40.7 billion with an \$8.7 billion rescission in highway contract authority. The proposed \$337 billion for the six-year program would average \$56.2 billion annually. Of FY 09's \$40.7 billion program, \$32.7 billion is apportioned. Kentucky's share of the \$32.7 billion is \$568.1 million. If 80 percent of the new program were apportioned using the same factors as SAFETEA-LU, the new proposed program funding level would translate to an average apportionment of \$785 million annually for Kentucky. We would also expect the state to get a fair share of non-apportioned funds.

Information on the T&I plan is at <http://transportation.house.gov/Default.aspx>.

## **Legislation to Support Development of More Natural-Gas Vehicles**

The U. S. House Energy and Environment Subcommittee has sent to the full House Science and Technology Committee legislation authorizing \$150 million in federal spending over the next four years for a U. S. Department of Energy program to promote the development of natural-gas vehicles. HR 1622 would direct DOE to work with the automobile industry to produce more natural-gas engines and vehicles as well as the fueling and storage facilities needed to support them.

The U. S. has an abundance of natural gas, and, in comparison to oil, it is very inexpensive. Oil averaged about \$100 per barrel in 2008. The average price of natural gas delivered to Kentucky residential consumers in 2008 was \$13.77 per MCF. On a BTU basis, 1MCF of natural gas equals 8 gallons of gasoline. At \$13.77 per MCF, the per gallon equivalent price of natural gas, including state and federal gas taxes, would be about \$2.37.

Natural gas is used in many parts of the world to fuel automobiles and trucks. Fueling the nation's highway vehicles with natural gas would mean less export of the nation's wealth to foreign countries. Using natural gas rather than electricity would make it easier to retain the painless, time-tested pay-as-you-go method of funding highway programs.