

**Resolution of the
Southern Association of
State Highway and Transportation Officials (SASHTO)**

Tax Exempt Transportation Financing

WHEREAS, the current method of financing the federal surface transportation program primarily through federal motor fuel taxes is not sustainable and will not address current and future transportation needs; and

WHEREAS, transformation of our transportation program should recast relationships among users and modes into a true transportation system and redefine the roles of the federal, state and local governments and the private sector; and

WHEREAS, states should be encouraged to employ business strategies, increase transportation funding through traditional measures and utilize and develop new innovative finance techniques that help meet national transportation goals. These include tolling, congestion pricing/managed lanes, and the full range of other public private partnerships mechanisms to bring additional resources to solving transportation issues; and

Whereas Section 142 of the Internal Revenue Code permits highway and freight transfer facilities that are privately developed and operated projects to be financed by Private Activity Bonds. Providing private developers and operators with access to tax-exempt interest rates lowers the cost of capital significantly, enhancing investment prospects. Increasing the involvement of private investors in highway and freight projects generates new sources of money, ideas, and efficiency; and

WHEREAS, the Private Activity Bond volume cap of \$15 billion is nearly 75 percent committed and should be increased in any transportation authorization enacted this year; and

WHEREAS, the Office of Management and Budget (OMB) has suggested an annual \$4 billion increase and a long-term bill should include an increase of a multiple of that amount.

NOW, THEREFORE BE IT RESOLVED that the Southern Association of State Highway and Transportation Officials (SASHTO) supports providing access to tax-exempt transportation financing, by increasing the federal volume cap on Private Activity Bonds, that creates a win-win environment for private investment in much needed transportation infrastructure improvements in the United States; and

Approved by the SASHTO Board of Directors
on August 4, 2015 in Nashville, Tennessee