

**AMENDMENT TO THE RULES COMMITTEE PRINT
OF H.R. 7
OFFERED BY MR. GARRETT OF NEW JERSEY**

Page 260, after line 16, insert the following:

1 **Subtitle H—Pilot Programs Allow-**
2 **ing States That Raise Their**
3 **Taxes on Motor Fuels To Opt**
4 **Out of the Federal Transpor-**
5 **tation Program**

6 **SEC. 1801. PILOT PROGRAM FOR STATES TO OPT OUT OF**
7 **FEDERAL TRANSPORTATION FUNDING AND**
8 **FEDERAL MOTOR FUEL TAXES.**

9 (a) ESTABLISHMENT OF PILOT PROGRAM.—Not
10 later than 1 year after the date of the enactment of this
11 Act, the Administrator of the Federal Highway Adminis-
12 tration, after consultation with the Secretary of the Treas-
13 ury, shall establish a pilot program that, subject to the
14 requirements of this section, allows one or more States
15 to opt out of Federal transportation funding and Federal
16 motor fuels taxes.

17 (b) GENERAL REQUIREMENTS OF PILOT PRO-
18 GRAM.—Notwithstanding any other provision of law (but
19 subject to such regulations as may be prescribed by the

1 Administrator of the Federal Highway Administration to
2 carry out the pilot program), the pilot program shall pro-
3 vide for the following:

4 (1) FEDERAL TRANSPORTATION FUNDING.—A
5 State participating in the pilot program shall not re-
6 ceive, directly or indirectly, any Federal transpor-
7 tation funding which is expended from the Highway
8 Trust Fund with respect to taxes (and earnings
9 thereon) attributable to sections 4041 and 4081 of
10 the Internal Revenue Code of 1986 which are re-
11 ceived in the Treasury and appropriated to the
12 Highway Trust Fund. Any amounts in the Highway
13 Trust Fund not attributable to such taxes shall be
14 apportioned to a participating State in the same
15 manner as it would have had the State not partici-
16 pated in the pilot program.

17 (2) FEDERAL MOTOR FUELS TAXES.—Not later
18 than 1 year after the date of the enactment of this
19 Act, the Secretary of the Treasury, after consulta-
20 tion with the Administrator of the Federal Highway
21 Administration, shall prescribe regulations under
22 which no tax which would otherwise result in an ap-
23 propriation to the Highway Trust Fund shall be im-
24 posed under section 4041 or 4081 of the Internal
25 Revenue Code of 1986 with respect to any motor

1 fuel which is used (or which is likely to be used) in
2 a State participating in the pilot program, or if such
3 a tax is imposed, such tax shall be refunded.

4 (3) INCREASE IN STATE FUEL TAXES.—A State
5 shall not be eligible to participate in the pilot pro-
6 gram unless such State increases the amount of tax
7 imposed by the State on each motor fuel used in
8 such State by an amount equivalent to the amount
9 of the reduction in taxes imposed on such motor fuel
10 under paragraph (2).

11 (c) SELECTION OF STATES.—The Administrator of
12 the Federal Highway Administration, after consultation
13 with the Secretary of the Treasury, shall select one or
14 more States to participate in the pilot program from
15 among the States that file an application to participate
16 on the basis of such criteria as the Administrator pub-
17 lishes in advance of the application process.

18 **SEC. 1802. PILOT PROGRAM TO ALLOW STATES TO ELECT**
19 **TO RECEIVE CONTRIBUTIONS TO THE HIGH-**
20 **WAY TRUST FUND IN LIEU OF PARTICIPATING**
21 **IN THE FEDERAL-AID HIGHWAY PROGRAM OR**
22 **CERTAIN PUBLIC TRANSPORTATION PRO-**
23 **GRAMS.**

24 (a) ESTABLISHMENT OF PILOT PROGRAM.—Not
25 later than 1 year after the date of the enactment of this

1 Act, the Administrator of the Federal Highway Adminis-
2 tration, after consultation with the Secretary of the Treas-
3 ury, shall establish a pilot program that, subject to the
4 requirements of this section, allows one or more States
5 to receive the amount equal to that of the States' contribu-
6 tions to the Federal-aid highway program and public
7 transportation programs in lieu of amounts apportioned
8 or allocated to it under the Federal-aid highway program
9 and public transportation programs.

10 (b) GENERAL REQUIREMENTS OF PILOT PRO-
11 GRAM.—Notwithstanding any other provision of law (but
12 subject to such regulations as may be prescribed by the
13 Administrator of the Federal Highway Administration to
14 carry out the pilot program), the pilot program shall pro-
15 vide for the following:

16 (1) Not later than 1 year after the date of the
17 enactment of this Act, the Secretary of the Treas-
18 ury, after consultation with the Administrator of the
19 Federal Highway Administration and the Adminis-
20 trator of the Federal Transit Administration, shall
21 prescribe regulations under which—

22 (A) the amount to be transferred to a
23 State under the direct Federal-aid highway pro-
24 gram for a fiscal year shall be the portion of
25 the taxes appropriated to the Highway Trust

1 Fund under section 9503 of the Internal Rev-
2 enue Code of 1986, other than for the Alter-
3 native Transportation Account, for that fiscal
4 year that is attributable to highway users in
5 that State during that fiscal year, reduced by a
6 pro rata share withheld by the Secretary to
7 fund contract authority for programs of the Na-
8 tional Highway Traffic Safety Administration
9 and the Federal Motor Carrier Safety Adminis-
10 tration; and

11 (B) the amount to be transferred to a
12 State shall be the portion of the taxes trans-
13 ferred to the Alternative Transportation Ac-
14 count of the Highway Trust Fund under sec-
15 tion 9503(e) of the Internal Revenue Code of
16 1986 that is attributable to highway users in
17 that State during that fiscal year.

18 (2) Public transportation programs covered by
19 this section are the programs authorized under
20 chapter 53 of title 49, United States Code, and sec-
21 tion 3038 of the Federal Transit Act of 1998 (49
22 U.S.C. 5310 note).

23 (c) TREATMENT OF GENERAL REVENUES.—For pur-
24 poses of this section, any general revenue funds appro-
25 priated to the Highway Trust Fund shall be transferred

1 to a State under the program in the manner described
2 in subsection (b).

3 (d) SELECTION OF STATES.—The Administrator of
4 the Federal Highway Administration, after consultation
5 with the Secretary of the Treasury, shall select one or
6 more States to participate in the pilot program from
7 among the States that file an application to participate
8 on the basis of such criteria as the Administrator pub-
9 lishes in advance of the application process.

