

**AMENDMENT TO RULES COMMITTEE PRINT**

**114-32**

**OFFERED BY MR. GARRETT OF NEW JERSEY**

At the end of title I, add the following:

1 **Subtitle E—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. 1501. 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.

9 (2) FEDERAL MOTOR FUELS TAXES.—Not later  
10 than 1 year after the date of the enactment of this  
11 Act, the Secretary of the Treasury, after consulta-  
12 tion with the Administrator of the Federal Highway  
13 Administration, shall prescribe regulations under  
14 which no tax which would otherwise result in an ap-  
15 propriation to the Highway Trust Fund shall be im-  
16 posed under section 4041 or 4081 of the Internal  
17 Revenue Code of 1986 with respect to any motor  
18 fuel which is used (or which is likely to be used) in  
19 a State participating in the pilot program, or if such  
20 a tax is imposed, such tax shall be refunded.

21 (3) INCREASE IN STATE FUEL TAXES.—A State  
22 shall not be eligible to participate in the pilot pro-  
23 gram unless such State increases the amount of tax  
24 imposed by the State on each motor fuel used in  
25 such State by an amount equivalent to the amount

1 of the reduction in taxes imposed on such motor fuel  
2 under paragraph (2).

3 (c) 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.

10 (d) CONDITION ON PROGRAM BECOMING EFFEC-  
11 TIVE.—The provisions of the pilot program shall take ef-  
12 fect only if the Director of the Office of Management and  
13 Budget certifies that the pilot program is deficit neutral.

14 **SEC. 1502. PILOT PROGRAM TO ALLOW STATES TO ELECT**  
15 **TO RECEIVE CONTRIBUTIONS TO THE HIGH-**  
16 **WAY TRUST FUND IN LIEU OF PARTICIPATING**  
17 **IN THE FEDERAL-AID HIGHWAY PROGRAM OR**  
18 **CERTAIN PUBLIC TRANSPORTATION PRO-**  
19 **GRAMS.**

20 (a) ESTABLISHMENT OF PILOT PROGRAM.—Not  
21 later than 1 year after the date of the enactment of this  
22 Act, the Administrator of the Federal Highway Adminis-  
23 tration, after consultation with the Secretary of the Treas-  
24 ury, shall establish a pilot program that, subject to the  
25 requirements of this section, allows one or more States

1 to receive the amount equal to that of the States' contribu-  
2 tions to the Federal-aid highway program and public  
3 transportation programs in lieu of amounts apportioned  
4 or allocated to it under the Federal-aid highway program  
5 and public transportation programs.

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

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

18 (A) the amount to be transferred to a  
19 State under the direct Federal-aid highway pro-  
20 gram for a fiscal year shall be the portion of  
21 the taxes appropriated to the Highway Trust  
22 Fund under section 9503 of the Internal Rev-  
23 enue Code of 1986, other than for the Mass  
24 Transit Account, for that fiscal year that is at-  
25 tributable to highway users in that State during

1           that fiscal year, reduced by a pro rata share  
2           withheld by the Secretary to fund contract au-  
3           thority for programs of the National Highway  
4           Traffic Safety Administration and the Federal  
5           Motor Carrier Safety Administration; and

6                   (B) the amount to be transferred to a  
7           State shall be the portion of the taxes trans-  
8           ferred to the Mass Transit Account of the  
9           Highway Trust Fund under section 9503(e) of  
10          the Internal Revenue Code of 1986 that is at-  
11          tributable to highway users in that State during  
12          that fiscal year.

13          (2) Public transportation programs covered by  
14          this section are the programs authorized under  
15          chapter 53 of title 49, United States Code.

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

23          (d) CONDITION ON PROGRAM BECOMING EFFEC-  
24          TIVE.—The provisions of the pilot program shall take ef-

- 1 fect only if the Director of the Office of Management and
- 2 Budget certifies that the pilot program is deficit neutral.

