

**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 to Opt Out of the Fed-**
3 **eral Transportation Program**

4 **SEC. 1801. PILOT PROGRAM FOR STATES TO OPT OUT OF**
5 **FEDERAL TRANSPORTATION FUNDING AND**
6 **FEDERAL TRANSPORTATION TAXES.**

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

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

1 carry out the pilot program), the pilot program shall pro-
2 vide for the following:

3 (1) FEDERAL TRANSPORTATION FUNDING.—A
4 State participating in the pilot program shall not re-
5 ceive, directly or indirectly, any Federal transpor-
6 tation funding which is expended from the Highway
7 Trust Fund with respect to taxes (and earnings
8 thereon) referred to in section 9503(b)(1) of the In-
9 ternal Revenue Code of 1986. Any amounts in the
10 Highway Trust Fund not attributable to such taxes
11 shall be apportioned to a participating State in the
12 same manner as it would have had the State not
13 participated in the pilot program.

14 (2) FEDERAL TRANSPORTATION TAXES.—Not
15 later than 1 year after the date of the enactment of
16 this Act, the Secretary of the Treasury, after con-
17 sultation with the Administrator of the Federal
18 Highway Administration, shall prescribe regulations
19 under which no tax referred to in section 9503(b)(1)
20 of the Internal Revenue Code of 1986 shall be im-
21 posed with respect to any motor fuel or other item
22 if such fuel or other item is used (or is likely to be
23 used) in a State participating in the pilot program,
24 or if such a tax is imposed, such tax shall be re-
25 funded.

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

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

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

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

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

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

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

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

1 year that is attributable to highway users in
2 that State during that fiscal year, reduced by a
3 pro rata share withheld by the Secretary to
4 fund contract authority for programs of the Na-
5 tional Highway Traffic Safety Administration
6 and the Federal Motor Carrier Safety Adminis-
7 tration; and

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

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

20 (c) TREATMENT OF GENERAL REVENUES.—For pur-
21 poses of this section, any general revenue funds appro-
22 priated to the Highway Trust Fund shall be transferred
23 to a State under the program in the manner described
24 in subsection (b).

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

