AMENDMENT TO H.R. 4348
OFFERED BY MR. GARRETT OF NEW JERSEY

At the end of the bill, add the following:

TITLE IV—PILOT PROGRAMS ALLOWING STATES TO OPT OUT OF THE FEDERAL TRANSPORTATION PROGRAM

SEC. 401. PILOT PROGRAM FOR STATES TO OPT OUT OF FEDERAL TRANSPORTATION FUNDING AND FEDERAL TRANSPORTATION TAXES.

(a) Establishment of Pilot Program.—Not later than 1 year after the date of the enactment of this Act, the Administrator of the Federal Highway Administration, after consultation with the Secretary of the Treasury, shall establish a pilot program that, subject to the requirements of this section, allows one or more States to opt out of Federal transportation funding and Federal transportation taxes.

(b) General Requirements of Pilot Program.—Notwithstanding any other provision of law (but subject to such regulations as may be prescribed by the Administrator of the Federal Highway Administration to
carry out the pilot program), the pilot program shall provide for the following:

(1) **FEDERAL TRANSPORTATION FUNDING.**—A State participating in the pilot program shall not receive, directly or indirectly, any Federal transportation funding which is expended from the Highway Trust Fund with respect to taxes (and earnings thereon) referred to in section 9503(b)(1) of the Internal Revenue Code of 1986. Any amounts in the Highway Trust Fund not attributable to such taxes shall be apportioned to a participating State in the same manner as it would have had the State not participated in the pilot program.

(2) **FEDERAL TRANSPORTATION TAXES.**—Not later than 1 year after the date of the enactment of this Act, the Secretary of the Treasury, after consultation with the Administrator of the Federal Highway Administration, shall prescribe regulations under which no tax referred to in section 9503(b)(1) of the Internal Revenue Code of 1986 shall be imposed with respect to any motor fuel or other item if such fuel or other item is used (or is likely to be used) in a State participating in the pilot program, or if such a tax is imposed, such tax shall be refunded.
(3) INCREASE IN STATE FUEL TAXES.—A State shall not be eligible to participate in the pilot program unless such State increases the amount of tax imposed by the State on each motor fuel used in such State by an amount equivalent to the amount of the reduction in taxes imposed on such motor fuel under paragraph (2).

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

SEC. 402. PILOT PROGRAM TO ALLOW STATES TO ELECT TO RECEIVE CONTRIBUTIONS TO THE HIGHWAY TRUST FUND IN LIEU OF PARTICIPATING IN THE FEDERAL-AID HIGHWAY PROGRAM OR CERTAIN PUBLIC TRANSPORTATION PROGRAMS.

(a) ESTABLISHMENT OF PILOT PROGRAM.—Not later than 1 year after the date of the enactment of this Act, the Administrator of the Federal Highway Administration, after consultation with the Secretary of the Treasury, shall establish a pilot program that, subject to the
requirements of this section, allows one or more States to receive the amount equal to that of the States’ contributions to the Federal-aid highway program and public transportation programs in lieu of amounts apportioned or allocated to it under the Federal-aid highway program and public transportation programs.

(b) **GENERAL REQUIREMENTS OF PILOT PROGRAM.**—Notwithstanding any other provision of law (but subject to such regulations as may be prescribed by the Administrator of the Federal Highway Administration to carry out the pilot program), the pilot program shall provide for the following:

1. Not later than 1 year after the date of the enactment of this Act, the Secretary of the Treasury, after consultation with the Administrator of the Federal Highway Administration and the Administrator of the Federal Transit Administration, shall prescribe regulations under which—

   (A) the amount to be transferred to a State under the direct Federal-aid highway program for a fiscal year shall be the portion of the taxes appropriated to the Highway Trust Fund under section 9503 of the Internal Revenue Code of 1986, other than for the Alternative Transportation Account, for that fiscal
year that is attributable to highway users in
that State during that fiscal year, reduced by a
pro rata share withheld by the Secretary to
fund contract authority for programs of the Na-
tional Highway Traffic Safety Administration
and the Federal Motor Carrier Safety Adminis-
tration; and

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

(2) Public transportation programs covered by
this section are the programs authorized under
chapter 53 of title 49, United States Code, and sec-
tion 3038 of the Federal Transit Act of 1998 (49

(c) TREATMENT OF GENERAL REVENUES.—For pur-
poses of this section, any general revenue funds appro-
priated to the Highway Trust Fund shall be transferred
to a State under the program in the manner described
in subsection (b).
(d) SELECTION OF STATES.—The Administrator of the Federal Highway Administration, after consultation with the Secretary of the Treasury, shall select one or more States to participate in the pilot program from among the States that file an application to participate on the basis of such criteria as the Administrator publishes in advance of the application process.