AMENDMENT

OFFERED BY MR. LANKFORD OF OKLAHOMA

At the end of the bill, add the following:

TITLE III—PILOT PROGRAMS

SECTION 3001. PILOT PROGRAM FOR STATES TO OPT OUT OF FEDERAL TRANSPORTATION FUNDING AND FEDERAL MOTOR FUEL 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 motor fuels 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 re-
receive, directly or indirectly, any Federal transportation funding which is expended from the Highway Trust Fund.

(2) Federal motor fuels 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 which would otherwise result in an appropriation to the Highway Trust Fund shall be imposed under section 4041 or 4081 of the Internal Revenue Code of 1986 with respect to any motor fuel which is used (or which 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).

(e) 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.

(d) **STATE RESPONSIBILITY.**—

(1) **IN GENERAL.**—The Governor or chief executive officer of a State making an election under subsection (b) shall—

(A) agree to maintain the Interstate System in accordance with its current Interstate System program;

(B) submit a plan to the Secretary describing—

(i) the purposes, projects, and uses to which amounts received under the direct Federal-aid highway program will be put; and

(ii) which programmatic requirements of this title the State elects to continue;

(C) agree to obligate or expend amounts received under the direct Federal-aid highway program exclusively for projects that would be eligible for funding under section 133(b) if the State was not participating in the program; and
(D) agree to report annually to the Secretary on the use of amounts received under the direct Federal-aid highway program and to make the report available to the public in an easily accessible format.

(2) NO LIMITATION ON USE OF FUNDS.—Except as provided in paragraph (1), the expenditure or obligation of funds received by a State under the direct Federal-aid highway program shall not be subject to regulation under this title (except for this section), title 49, or any other Federal law.

SEC. 3002. PILOT PROGRAM TO ALLOW STATES TO ELECT TO RECEIVE CONTRIBUTIONS TO THE HIGHWAY TRUST FIND 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 National Highway Traffic Safety Administration and the Federal Motor Carrier Safety Administration; and

(B) the amount to be transferred to a State shall be the portion of the taxes transferred to the Alternative Transportation Account of the Highway Trust Fund under section 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 section 3038 of the Federal Transit Act of 1998 (49 U.S.C. 5310 note).

(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.