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SPECIAL POINTS OF INTEREST

- **ARE WE DOING A GOOD JOB FOR YOU?** If the answer is yes, consider introducing us to a customer or supplier. If they go with the Outsource team you win, too. Ask us about our residuals program.
- **DO YOU SHIP WITH US SOME OF THE TIME?** Become a Program Customer and we will guarantee savings of 10%.

**IT'S DÉJÀ VU ALL OVER AGAIN FOR THE HIGHWAY TRUST FUND**

Once again we have faced a funding deadline marking the expiration of the latest short-term extension of the Highway Trust Fund (HTF), and once again Congress has been unable to do more than provide a temporary band-aid. A two-month temporary extension was passed by the House of Representatives on May 19, was approved by the Senate on May 23, and was signed by President Obama on May 29. The measure will extend several aspects of infrastructure spending through the end of July, at which point we can look forward to going through all of the debate and debacle and inertia all over again.

This newest stop-gap measure is the 33rd temporary patch for road project funding since 2008, underlining Congress' inability to find the political courage and bipartisan cooperation necessary to come up with a much-needed longer term bill.

According to White House Press Secretary Josh Earnest in a May 29 announcement, "Democrats and Republicans acknowledge that investments in infrastructure are critical to our economy, both over the long term but also in terms of the short-term impact that they could have to strengthen our economy and create jobs. But these kinds of short-term patches are also not beneficial to our economy."

Earnest went on to say that uncertainty delays about \$2 billion worth of projects. "That's \$2 billion fewer dollars going into our economy in the form of paychecks for workers, in the form of contracts going to small businesses, in the form of investments that we know would derive a much larger economic benefit for communities across the country if they benefited from a modern, efficient, upgraded transportation infrastructure."

The sticking point, as always, seems to be how to pay for the estimated \$15 billion a year required to adequately fund a highway bill for as long as six years. The fuel tax on gasoline and diesel continues to be the primary contributor to the fund, but this tax has not been raised since 1993, and the political will to endorse a raise in the gas tax is largely absent, despite the fact that the idea has widespread support from various business groups, including the generally tax-resistant U.S. Chamber of Commerce, as well as from current and former DOT Secretaries of both parties. Currently, Federal transportation programs cost about \$50 billion a year, while fuel taxes and other user fees going into the HTF total about \$35 billion.

One school of thought maintains that the practice of using fuel tax and user fees to fund the HTF is in conformity with the principle that the taxes one pays should be connected to the benefits one receives, regarded by the conservative non-profit Tax Foundation as an equitable way to finance government projects. In this case, those who drive on the roads and cause wear and tear are the ones

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who should pay for future repairs. This also sets a “price” for driving on the road, which, in theory, should help to prevent overconsumption in the form of congestion.

Beside the decline of the real value of the gas tax, which has decreased by 36% since 1994 due to inflation and has not been adjusted accordingly, there is the impact of the improved fuel efficiency of vehicles. Consumers purchase less fuel to drive more miles, resulting in more wear on the roads and less fuel tax revenue for the trust fund that maintains the roads.

The temporary fixes that have been put in play so far have used deficit financing and budget gimmicks to transfer revenue from the general fund to the trust fund in order to keep it solvent, including a gimmick called “pension smoothing,” which shifted forward future corporate tax revenue and transferred it to the trust fund. Everyone agrees that these measures do not fix the trust fund. What everyone does NOT agree on is the best way to fund a permanent solution.

Here are a few recent proposals that indicate how wide is the divide:

- Senator Mike Lee (R-UT) and Rep. Tom Graves (R-GA) proposed dropping the gas tax from its current 18.4¢ per gallon to 3.7¢ per gallon, and transferring nearly all highway funding responsibility to the states.
- Rep. Earl Blumenauer (D-OR) proposed increasing the gas tax to about 33.4¢ per gallon over the course of a few years, then adjust the tax for inflation going forward, looking at ultimately eliminating the gas tax altogether and replacing it with a vehicle miles traveled (VMT) tax.
- Rep. Bruce Westerman (R-AR) has introduced a bill that would add up to \$15 billion each year to the trust fund by adjusting the percentage of Medicaid match funds required under the Affordable Care Act, which 3 out of 5 states have adopted, thus placing the burden on those states.

Any of the above would permanently address the solvency issue, but it is unlikely that any of them would pass before the trust fund runs out of money again this year.

- Senators Rand Paul (R-KY) and Barbara Boxer (D-CA) proposed a one-time tax on U.S. multinationals’ offshore earnings, allowing them to pay a discounted domestic tax rate on overseas income that they bring back to the

States. According to the Joint Committee on Taxation, this “repatriation holiday” only raises revenue in the first few years and loses money in subsequent years.

- In President Obama’s fiscal year 2016 budget, there is a provision that would deem all offshore corporate earnings repatriated and tax them at a flat 14% rate. The budget would also expand trust fund spending by \$400 billion. Since the foreign tax earnings would only raise about \$280 billion, the additional spending would not be fully funded by this means and the one-time tax would not address the trust fund’s long-term solvency.

The Brookings Institute, a non-partisan think-tank in Washington, has published a [policy brief](#) and a longer [discussion paper](#) entitled *Financing U.S. Transportation Infrastructure in the 21st Century* through their Hamilton Project. In these papers, some of the nation’s leading thinkers have put forward innovative and potentially important economic policy ideas that tackle the issue of funding the nation’s infrastructure now and going forward. The economy of the United States depends on our infrastructure; an efficient and reliable transportation infrastructure facilitates the transactions that enable the economy to grow and to create private sector jobs. Click on the links to read the full text of each paper.

Similarly, the Tax Foundation has a white paper entitled [Options to Fix the Highway Trust Fund](#). Their model is to increase the gas tax, adjust it to inflation, and offset the increase by reducing another tax by the same amount of revenue, making the swap revenue neutral. The only problem with their solution is that out of the tax offsets they proposed, most of them disproportionately end up placing the financial burden of the increased fuel tax on the bottom and middle quintiles, while the top quintile either benefits or is not greatly impacted.

Both the House and the Senate are expected to take up their own versions of a six-year highway bill in June. Whether they are able to come up with a long-term funding plan that can pass both Houses remains to be seen, but several observers believe they will be unable to adopt one by the July deadline and will end up extending funding only through the end of the year. Again.

SOURCE: *Brookings Institute Hamilton Project [Financing U.S. Transportation Infrastructure in the 21st Century](#); Tax Foundation [Options to Fix the Highway Trust Fund](#); Journal of Commerce; The Hill; Landline; Transport Topics.*

## JUNE MARKS THE 28th ANNUAL ROADCHECK

North America's 28th Annual Roadcheck, the largest targeted enforcement program on commercial vehicles in the world, was held on June 2-4. Organized by the Commercial Vehicle Safety Alliance, which represents safety inspectors working for law enforcement in the three North American nations, nearly 17 trucks or buses were inspected, on average, every minute across North America during a 72-hour period.

The CVSA is an international not-for-profit organization comprised of local, state, provincial, territorial, and federal motor carrier safety officials and industry representatives from the United States, Canada, and Mexico. Their mission is to promote commercial motor vehicle safety and security by providing leadership to enforcement, industry and policy makers. Their member jurisdictions are represented by various Departments of Transportation, Public Utility and Service Commissions, State Police, Highway Patrols, and Ministries of Transport.

Each year International Roadcheck places special emphasis on a category of violations. This year the focus was on load securement.

"We've seen some trending in data that load-securement violations have been on the rise," said CVSA Executive Director, Stephen Keppler. This is the fourth most common

violation, behind brakes, lights, and tires.

The proper loading and securing of cargo on vehicles is a matter of public safety. For many types of loads, particularly those that are not sealed or otherwise inaccessible to the driver, regulations require the driver to stop within the first several miles of a trip and recheck the tie downs and other load securing equipment.

Motorists are also reminded to share the road safely, by not tailgating, being cognizant of a truck's lengthier stopping distance, and avoiding travel in a truck's blind spots

There is concern about the lack of a long-term highway funding bill among CVSA members, particularly highway patrols. Funding for inspections has been flat-line for five years. "These inspections are proven to work and save lives," said Keppler. Surface transportation acts pay for inspection grants not just asphalt, concrete, and steel rebars.

SOURCE: CVSA website; *Transport Topics*—6/4/15.



## AGRITOURISM, or DOWN ON THE FARM



How would you like fresh eggs on your breakfast plate that were just gathered that morning? Or milk from a cow you know by name? Imagine yourself (or your kids) feeding

a bottle to a little lamb, talking to a llama, currying a horse. How would you like to learn how to make cheese or spin wool or tap trees for maple syrup? Picture the night sky bright and full of stars as you never get to see them in your urban or suburban surroundings.

If the idea of disconnecting and waking to the rustic sounds of farm life sound appealing, you might want to consider staying on a farm or a ranch or a vineyard for your next vacation.

Farm stays, already well known in Europe, Australia, and New Zealand, are beginning to catch on in the U.S., ac-

ording to [FarmStayU.S.](http://FarmStayU.S.), a non-profit 501(c)6 trade association designed to connect guests with farm and ranch stays throughout the U.S.

All of them are working farms. Most provide breakfast, other meals depend on how the farm is operated. Some farms have guest rooms in the farm house, while others have converted old farm buildings into guest quarters, and still others provide campsites. Some offer hands-on experiences while others demonstrate. Some feature classes in cheese making, spinning, gardening, cooking, or animal care...even animal photography. They come in all shapes and sizes, but for the most part you are free to participate in farm life as much or as little as you like.

What most guests seem to come away with is a new awareness of and appreciation for the small farmers, as well as time spent that has been welcoming, peaceful, fun, relaxing, and simple. Who knows—it might be just the thing for you.

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Established in 1990, OUTSOURCE, Inc. offers a complete range of freight management services and supply chain solutions to help you improve control and increase profitability.

OUTSOURCE specializes in worldwide logistics and transport, offering your organization an optimized transportation management solution. Our customer-driven approach to doing business allows us the flexibility to select services and solutions that best serve our clients' individual needs, and our extensive collective experience in distribution, warehousing, retailing and transportation logistics provides us with the expertise to make it happen.

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## TRIVIA

1. Which planet spins the fastest? Which spins the slowest?
2. What is the smallest country in the world?
3. Who is the only pitcher in Major League Baseball to win a World Series games in three different decades?
4. Everybody loves M&M candies. But do you know what the "M & M" stands for?

*[Click here for answers to Trivia questions.](#)*