The Daily Dish

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With ACA deadlines drawing closer, businesses are finding themselves forced to cut hours and struggling to comply with onerous data management rules. Companies, such as Regal Entertainment and SeaWorld, have been cutting hours to below the 30-hour threshold. As the Washington Post reports, even those with the best of intentions are finding the costs of healthcare and new secure computer systems is stalling hiring. After offering healthcare to formally part time employees a restaurateur found, “I don’t think the staff cares that much.”

Energy will continue to be in the spotlight for the remainder of the week with House Republicans voting on three bills this week. Included in the energy package is a bill to speed up energy production by shortening the approval time for projects such as Keystone XL to 120 days and removing the State Department from the process, unless the project poses a national security threat. This would be much quicker than the current five years and counting for Keystone XL.

Eakinomics: Wither the Highway Trust Fund?

Federal government trust funds are accounting entities, not genuine reservoirs of economic value. The Social Security Trust Fund contains special Treasury bonds — they are issued only to the Social Security Administration and cannot be marketed to the public — that may only be redeemed by either raising taxes or additional borrowing. If you put aside the trust fund illusion that means Social Security benefits are paid for by taxes and borrowing — as is every federal expenditure.

The Highway Trust Fund is no different. On paper gasoline taxes are “deposited” in the Trust Fund — an accounting nicety; in reality they flow into the Treasury like every other tax and fee — and are used to finance transportation projects. The rub is that the amount of deposits legally limits spending, and the gasoline tax no longer delivers sufficient revenues for the typical federal spending on highways. Traditionalists argue that the solution is to raise the gasoline tax. After all, the gas tax is supposed to be a proxy for a user fee or toll — if you drive on highways, you have to buy gas and pay the tax and pay for your use of the roads.

The problem is that the gas tax is no longer a good approximation of road use — your new Tesla will use the roads, but not gas — and not even the president is willing to raise it to a level that pays the bills. Without a dedicated funding mechanism that raises enough revenue, the Highway Trust Fund is broken. There are other potential funding mechanisms — the most promising is a tax for every mile a vehicle travels (the “vehicle miles tax” or VMT), but there are privacy issues to be surpassed before Americans permit that kind of tracking — but the tradition has become to simply use general revenue to patch the Trust Fund.

As the fall approaches, Congress is under pressure to fill the funding gap in the Highway Trust Fund. With the White House opposed to raising the gas tax, the most likely outcome is another patch that robs the Treasury to pay the highways bill. Finding a way to pay for the Nation’s transportation needs is an important issue that remains unresolved.