



The Daily Dish

April 9th Edition

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The EPA has sent a final version of their controversial Waters of the United States rule to the White House. Though the EPA is tightlipped on details, EPA head Gina McCarthy said in a blog post that they have made changes based on some of the public comments. The original version of the rule left a vague opening for regulation of any body of water that proposes “significant nexus,” without defining what that means. The first version imposed \$166 million in annual costs to state and local governments, and private entities.

ICYMI: The one gif you need to see on this nation’s energy locked up on federal lands.

With H1-B visas hitting their limit this week, AAF explains the convoluted regulatory process that small businesses have to navigate. Employers looking to utilize this program for highly skilled workers can face six federal forms, totaling 118 pages, and at a cost of approximately \$2,200 per hire.

Eakinomics: Two Cheers for the Broken Highway Trust

The Highway Trust Fund (HTF) will run out of money on May 31 and out of all the options for dealing with the issue, the most likely outcome is a short-term patch that kicks the can down the road. Among traditionalists, this is policy apostasy. In that view of the world, the “right” thing to do is simply raise the federal gas tax, pour the funds into the HTF and fully-fund the “right” amount of highway and transit spending.

Not so fast.

First, that is not how it has worked for a long time. Instead, something like 25 to 30 percent of funds have come in the form of transfers from the general fund. A short-term patch would be more of the same. Think about what that means. Instead of a highway or urban transit project automatically getting funded, Congress would have to decide to not spend those general funds on another type of infrastructure project (e.g., ports or waterways), or another type of investment (research at the National Institutes of Health), or another responsibility of government (national security), or a transfer program (Medicare) and to spend them on the project. More transit means less of something else, thereby ensuring the scrutiny and comparison of the benefits that comes from competing for funds. A project has to be worth it — worth taking the money away from the taxpayers to begin with and worth not being devoted to the competing budgetary demands. That is good budgeting.

Indeed, pushing this line of reasoning ends up with getting rid of the HTF altogether. It is, after all, a legacy of the building of the interstate highway system. The system is built and the HTF is a funding mechanism in search of a mission. One could abolish it, put the gas tax in general revenue, and have transit compete in the appropriation process for all funds.

Does that mean short-term patch after short-term patch is fine? No. Because patches are ad hoc and not built into the annual budget cycle, the funding competition remains short of a level playing field. But some competition is better than none. Two cheers for the broken Highway Trust Fund.

From the Forum

[The Costs of a Broken Immigration System on American Business](#) by Sam Batkins, AAF Director of Regulatory Policy; and Laura Collins, AAF Director of Immigration Policy

[Weekly Checkup: What Types of Plans Will be Hit by the Cadillac Tax? And When?](#) By Conor Ryan, AAF Senior Health Care Data Analyst

[VIDEO: “Big Ideas on a Little Stool”](#) featuring Carly Fiorina