

Policy Update: Can America Afford to Defund Rural Infrastructure

Even after sending the first long-term highway funding bill in a decade to the President's desk, one important question is still circulating Capitol Hill these days: how do we provide a sustainable financing mechanism for America's surface infrastructure? When not funded by a list of unrelated "pay-fors" like the current legislation, many U.S. highways, roads and bridges are funded through excise taxes collected on the sale of each gallon gasoline and diesel fuel. The tax has been held at a constant 18.4 cents a gallon for gasoline and 24.4 cents on diesel since 1993. Since inflation impacts costs, but has not impacted revenue, the tax raises about \$34 billion annually, which is \$16 billion less than \$50 billion maintenance obligations.

During the current funding debate, some have proposed that funding allocated to rural infrastructure be pared back and more focus placed on big cities and economic hubs. While this may seem like a reasonable solution to the problem, a deeper analysis suggests otherwise.

Although larger cities typically draw more attention as a result of their larger populations, rural America makes a significant contribution to the economy. As recently highlighted by The Council of State Governments, "rural highways provide many benefits to the nation's transportation system, including serving as a bridge to other states, supporting the agriculture and energy industries, connecting economically challenged citizens in remote locations to employers, enabling the movement of people and freight and providing access to America's tourist attractions."

American infrastructure as a whole ranks considerably worse than most of its allies. In 2013, The World Economic Forum ranked America 25th in the world for infrastructure quality, a bad spot to

be in for one of the most developed countries in the world. Given the already dismal state of American infrastructure, cutting further funding from rural areas would in fact be counter intuitive in terms of overall national interest.

- America has experienced a rising rural population since 1976, with 19 percent of the population living in rural areas as of 2014. This roughly works out to 61 million people who live and work in rural areas who require an expanded infrastructure network.
- Rural areas hold much of America's natural resources. Getting these from the source to place of production safely and efficiently is essential for a thriving and competitive economy.
- A majority of agriculture is produced in rural areas. Transporting these products to market swiftly and efficiently increases profits among the agricultural communities, while also reducing food costs across the nation.
- A lot of tourist attraction and historical sites lie in rural areas, which are essential to educate future generations and keep revenue coming into these areas. A recent report by TRIPS, a national transportation research group found that 86 percent of Americans that travel to rural areas do so for leisure.
- Rural communities have much less access to public transport, such as airports, ports, rail, or buses and therefore rely heavily on the road network to move goods and people around.

- Perhaps the most fundamental issue is that the fuel taxes that fund American infrastructure are paid for by every motorists regardless of where they live – in a rural or urban community. Plus, because rural communities are more spread out, rural drivers use more fuel, and consequently pay more taxes, than their urban counterparts. Therefore, withholding funds from rural areas for the benefit of urban ones is unfair, and could even lead to litigation and increased overall costs.

Given the rural community's contribution to the U.S. economy, both directly and indirectly, cutting back on rural infrastructure funding could have serious negative repercussions - not only for those particular communities and the 61 million people who live them, but also to the nation's economy as a whole.

A better course of action is to find a long term, sustainable source of funding for domestic infrastructure, allowing an equal focus on developing and maintaining both rural and urban areas, catching up to international standards and optimizing economic performance and the standard of living in rural communities.

The Alliance for Innovation and Infrastructure (Aii) is an independent, non-profit alliance focusing on infrastructure innovation through awareness and education.