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### Federal Oversight Key

#### Federal oversight key

Samuel R Stanley, 2008, The Future Federal Role or Surface Transportation, http://reason.org/files/samuel\_staley\_surface\_transportation\_testimony.pdf

4. The federal role should be restricted to those activities with a clear interstate and/or international function. Rather than focusing on an overarching vision for transportation on the local and regional levels, federal transportation policy should focus on those elements of the transportation network that are truly national (or international) in nature. The US freight system is fundamentally interstate (and multimodal) and international in orientation. In commerce, we talk about global supply chains, notlocal ones, even in retail and local service industries. Focusing federal efforts on coordinating and upgrading key freight corridors will be essential for focusing federal funding and decisionmaking productively. Another key role the federal government can play is in facilitating interstate cooperation on key infrastructure projects, particularly bridges and tunnels that link key cities and parts of urban areas. A third critical federal focus should be on our nation’s ports and airports to ensure we have the facilities to remain globally competitive and goods move efficiently to (and from) markets throughout the US.

#### Conflicting state regulations kill solvency

Robert Poole, Director of transportation policy and Searle Freedom Trust Transportation Fellow at Reason Foundation, 10-1-1996, “Defederalizing Transportation Funding” http://reason.org/studies/show/defederalizing-transportation

Probably the most difficult problem for devolution advocates is the issue of (non-safety) standards and regulations. On one hand, one of the legitimate driving forces in favor of devolution is to gain relief from overly costly and intrusive federal regulations. On the other hand, legitimate concerns arise in our major transportation industries over potential state or local restrictions on the functioning of national network operations. For example, local governments might impose a new set of curfews on airport operations, wreaking havoc with the ability of overnight express carriers (e.g., Federal Express) to do business. States which already impose a patchwork quilt of different requirements on truck weights, lengths, and configurations might adopt even more conflicting requirements. It is argued that without the carrot-and-stick approach of being able to grant or withhold federal funding, the federal government will be unable to restrain states or cities from engaging in such costly regulations.

### Federal Oversight Key

#### Conflicting priorities kill solvency

Federal Highway Administration, 2-24-2012, “Megaregions: Literature Review of the Implications for U.S. Infrastructure Investment and Transportation Planning” http://www.fhwa.dot.gov/planning/publications/megaregions\_report/megaregions01.cfm

Historically, multi-state transportation and infrastructure planning has been difficult to accomplish in the American political context, partly due to the lack of multistate leadership, overlapping roles between multistate organizations and metropolitan planning organizations (MPOs), and funding problems (Cambridge Systematics, 2005)

#### Federal control key—local projects get caught in endless debates over implementation

Raymond A. Mohl, Distinguished professor University of Alabama at Birmingham, and Mark H. Rose, Professor at Ohio State University, 2011, “The Post-Interstate Era: Planning, Politics, and Policy since the 1970s” Journal of Planning History http://jph.sagepub.com/content/early/2011/11/02/1538513211425786.full.pdf

International comparisons highlight the trajectory of American transportation development to the present day. We look at China and other large nations, and observe the construction of high speed rail and complex freeways. The difference between China and the United States, however, is not one of ascendance versus decline, or of savers versus spenders, youth versus age, or energy versus lassitude. Rather, the difference between China and the United States is that of the state’s structuring presence. China’s transportation officials located in Beijing plan for the nation as a whole. Yet, American political leaders as far back as the Herbert Hoover and Franklin D. Roosevelt administrations never created and funded a national infrastructure bank. Since the 1970s, moreover, American political leaders have emphasized local control of infrastructure, including freeway development. Leaders in any one jurisdiction such as Broward County, Florida, endlessly debate whether to make runway improvements or rail transit investments. No one accepts responsibility for how a favored transportation project such as airports and seaports connect to nearby cities or to the nation as a whole. In this devolved political economy, one might more usefully express surprise when new transportation systems, including freeways, actually get constructed.

### Federal Oversight Key

#### Federal involvement key

Ben Husch et al., NSCL/ National Conference of State Legislatures, 2012, “2011-2012 Policies for the Jurisdiction of the Transportation Committee”, http://www.ncsl.org/state-federal-committees.aspx?tabs=855,30,674

The federal government plays a vital role in supporting a national surface transportation system that meets national defense needs, addresses fairly and equally the mobility needs of all Americans and facilitates interstate commerce. NCSL supports the continuation and preservation of a federal-aid surface transportation program. The federal program should direct spending to national priorities while allowing for state and insular area flexibility in local and regional variations. It is also essential that the federal-aid surface transportation program incorporate requirements and foster goals of other national policies that impact transportation decision-making.

### Federal Oversight Key

#### 50 state coordination isn’t enough – federal action is key

Ben Husch et al., NSCL/ National Conference of State Legislatures, 2012, “2011-2012 Policies for the Jurisdiction of the Transportation Committee”, http://www.ncsl.org/state-federal-committees.aspx?tabs=855,30,674

State authority includes oversight of political subdivisions' compliance with federal standards, and the mediation of disputes between and among political subdivisions. States should join with the federal government to develop and implement requirements that add to public safety. States should be considered full partners with the federal government in inspection activities. At the same time, if the state acts as an administrative arm of the federal government, the costs of implementation should be defrayed by the federal government. States have a primary interest in the designation of highway routes for hazardous materials transportation and should be consulted in the establishment of any highway routing standards. Finally, states' fiscal autonomy in the regulation of fees and penalties and the expenditures of such fees and penalties should not be restricted in any manner.

### No Funds

#### States’ budgets are extremely tight and can’t afford to fund transportation infrastructure

James B. Reed, Heads the Transportation Program at NCSL, 6-26-2012, "Stalled: March 2010." http://www.ncsl.org/issues-research/transport/stalled.aspx

Funding for transportation and virtually all other areas at all levels of government is coming up short, however, in the wake of the worst recession in decades. The extensions of the federal program for two months at a time added to the uncertainty for states. Since states aren’t sure how much money will be available in the expected six-year reauthorization, some have reacted by cutting transportation budgets. The murky future for the legislation also has added to the uncertainty for an already beleaguered construction industry. “We are planning future transportation projects with one hand tied behind our backs, expecting the federal government will pass a reauthorization bill but not sure when,” says Oregon Senator Bruce Starr, summing up the sentiments of many state lawmakers. The previous legislation—referred to as SAFETEA-LU—authorized $286 billion in 2005 for a variety of programs for highway construction and maintenance, public transportation and transportation safety. It was enacted late as well, after eight short-term extensions, so this year’s dilemma is neither new nor unexpected. It could be worse. Reauthorization of an aviation bill is now more than two years late. This time around, the recession has state coffers starved of revenue and has exacerbated the backlog of transportation needs. With money from the 2009 federal stimulus package, states were able to pay for some of the delayed maintenance needs, such as repaving roads and replacing equipment. A second stimulus bill is under consideration in Congress to give additional money for infrastructure. State budgets continue to be battered, however, and more deep cuts will be necessary to close gaps in FY 2011 budgets, already estimated at $54.2 billion in the most recent budget report by the National Conference of State Legislatures. “It makes no sense to me that, after putting the industry to work with the stimulus funds to begin rebuilding the nation’s crumbling transportation infrastructure, the federal government would then turn around and un-employ those workers by not funding the reauthorization,” says New Hampshire Representative Candace Bouchard. As 2010 began, states were preparing to make significant reductions in transportation programs. For example, budget cuts in Kansas reduced highway maintenance funds by $50 million. And Virginia chopped nearly $900 million in transportation projects—and with it, 1,000 jobs—as expected revenues failed to materialize. For transportation, the key funding source is the motor fuels tax at the federal, state and local levels. But less driving and widespread use of fuel-saving hybrid and battery-powered vehicles has cut gasoline use. As a result, revenue from the fixed cents-per-gallon tax on gasoline and diesel has been in a steady decline. To meet escalating transportation needs, 20 states raised transportation funds in 2009 through gas tax increases or vehicle fees. Seven others opted to pursue public-private partnerships to help fund and construct new transportation infrastructure.

#### States have no funding for transportation infrastructure – budget deficits and revenue uncertainty

Shirley Ybarra, Senior Transportation Policy Analyst. "Reason Foundation." Reason Foundation. N.p., 6-26-2012, http://reason.org/news/show/temporary-fix-for-transportati-1

State transportation trust funds are under severe pressure as well. Almost every state's transportation trust fund is predominantly financed with gas tax revenues, which have been declining due to higher gas prices, less driving and people driving more fuel efficient vehicles. In the face of financial uncertainty at both the federal and state levels, it is no wonder that most state transportation departments will be forced to make cautious decisions about their future projects. They simply don't know how much money they'll have. In addition, many states are facing budget deficits. California's deficit is $15 billion, for example. As governors prepare budgets, they should propose budget cuts and cost-saving measures. States will also likely "borrow" money from their transportation trust funds in order to make ends meet elsewhere. "Borrowing" is effectively an additional transportation budget cut that will cause major infrastructure projects to be further delayed.

### No Funds

#### State funding is unpredictable

LAO 2011, California’s nonpartisan fiscal and policy advisor, “A Ten-Year Perspective: California Infrastructure Spending,” http://www.lao.ca.gov/reports/2011/stadm/infrastructure/infrastructure\_082511.aspx

Transportation Funding Less Predictable. During the last ten years, there has been tension among state and local entities over the competing potential uses of revenues for state highway and local roads projects and public transportation. This tension arises because there is always more demand for transportation projects than there are revenues available for these purposes. In addition, due to the state's severe and ongoing fiscal problems, transportation funds have been used to help balance the state's General Fund budget. This competition for funds is evidenced by the series of legislation and voter–approved initiatives that have been enacted since 2000 which attempt to govern the use of specific pots of transportation funding. These abrupt shifts in funding have resulted in an inconsistent level of funding for transportation projects from year to year. Such instability makes it difficult for the state or other entities to plan and deliver projects, which in turn can lead to project delays that can often make projects more costly.

#### States don’t have the money for infrastructure investment

Department of Transportation with the Council of Economic Advisers, 2012, “A NEW ECONOMIC ANALYSIS OF INFRASTRUCTURE INVESTMENT,” http://www.treasury.gov/resource-center/economic-policy/Documents/20120323InfrastructureReport.pdf

Our analysis indicates that further infrastructure investments would be highly beneficial for the U.S. economy in both the short and long term. First, estimates of economically justifiable investment indicate that American transportation infrastructure is not keeping pace with the needs of our economy. Second, because of high unemployment in sectors such as construction that were especially hard hit by the bursting of the housing bubble, there are underutilized resources that can be used to build infrastructure. Moreover, states and municipalities typically fund a significant portion of infrastructure spending, but are currently strapped for cash; the Federal government has a constructive role to play by stepping up to address the anticipated shortfall and providing more efficient financing mechanisms, such as Build America Bonds. The third key finding is that investing in infrastructure benefits the middle class most of all. Finally, there is considerable support for greater infrastructure investment among American consumers and businesses.

### California Spending DA

#### New California spending kills its credit rating

Elizabeth MacDonald, Writer for the fox business network, 6-11-2012, “S&P: California Can't Afford to Bungle Budget”, http://www.foxbusiness.com/investing/2012/06/11/sp-california-cant-afford-to-bungle-budget

Standard & Poor’s tells FOX Business that California faces a downgrade to its outlook if the state doesn’t pass a credible budget in time, as Democrat governor Jerry Brown continues to struggle to close a $15.7 billion budget deficit. California must submit a budget June 15. S&P says that although California’s economy is about an eighth of U.S. gross domestic product -- and is about the size of Italy -- its budget deficit is a huge 30% of all 50 states’ budget deficit. Gabriel Petek, an S&P analyst and co-author with analyst David Hitchcock of a new report on California’s fiscal crisis, tells FOX Business in an interview that the state “faces a downgrade to its outlook” to negative “if it bungles its budget.” Petek says that S&P is “keeping a close eye on budget gimmicks” that the state has tried to use to paper over problems. Petek says that the most populous state in the country, with an economy the ninth largest in the world, already is “overly reliant on personal income taxes” and that the state’s “tax structure is behind the deficit, because it over relies on the personal income tax” as its source of revenue. He adds that “for California to rely on capital gains tax revenue from things like the Facebook initial public offering is like looking for change in the seat cushions.” FOX Business has already reported that California governor Jerry Brown was too optimistic in forecasting more than $2 billion in expected state capital gains revenue over five years from the social networking site’s IPO. Even the state’s own legislative analysts told the governor’s office its forecast was too rosy -- as investors could sit on the Facebook (FB: 32.15, -0.90, -2.72%) stock and not cash out, or simply move out of the state, among other things. Already, California has seen a migration of upper bracket taxpayers out of the state. It has the worst credit rating out of all 50 states at single A minus. Brown has backed steep cuts to social, health and welfare programs, and is asking state voters to approve a ballot measure this November that would hike the state's sales tax as well as personal income taxes on the wealthy. But S&P tells FOX Business that California’s problem is not just due to over-spending, or large pension and retirement liabilities for state workers, or an excessive tax burden. Spending as a share of its economy is lower than at any time in the past 39 years, and state retirement costs are not a current, but a long-term problem, the S&P analysts note. Instead, California’s main problem is its budget operation itself Petek and Hitchcock call it a “dysfunctional” and “deficient” revenue operation, which is in dire need of restructuring along the lines of how New Jersey reformed itself. Watch this rigmarole -- California’s state constitution requires it to enact a balanced budget. But “it does not also require that the state end the fiscal year in budgetary balance,” S&P notes. So an overflow of deficit hits the next fiscal year’s books, continuously -- a chronic problem. The state is also often strait-jacketed by constitutional requirements on budget moves like tax and spending, including a two-thirds majority of legislators to approve changes. “So its ability to make straightforward budget adjustments is complicated, a lot of times its budget gimmicks don’t work out,” S&P’s Petek tells FBN. Meaning, “the state passes budgets that balance on paper, but several months later, the budget is again out of balance and out of whack,” says Petek. “With that track record, that’s why the state has such a big cash flow deficit,” Petek adds. Worsened because the state, home to Silicon Valley and a huge housing market, has been careening from bubble to bubble. Standard & Poor's has already warned in a report earlier this year: "We could change the outlook to negative or lower the rating if we believe the state's credit quality weakens through the budget process."

#### New spending destroys budget stability and wrecks the California economy

Robert Krol, is a professor of economics at California State University Northridge and author of a forthcoming Cato Journal paper on state budget institutions, 2012, “California Needs a Spending Limit”, http://www.cato.org/publications/commentary/california-needs-spending-limit

California's budget is once again in the red. The governor signed a balanced budget in August of last year, but before the ink was dry, a slowing economy, the real estate bust and a spate of unplanned spending resulted in a significant budget crunch. The Legislative Analyst's Office now projects a deficit of about $10 billion over the next 18 months, and Gov. Schwarzenegger says the shortfall may be as high as $14 billion. To be sure, the slowing economy has reduced revenues, but excessive spending remains the root cause of California's persistent financial troubles. The governor plans to declare a "fiscal emergency," requiring legislators in Sacramento to correct the deficit. The resulting legislation will likely include spending cuts, fee increases and borrowing. Details aside, Schwarzenegger must insist that any legislation contain an enforceable framework to help prevent future fiscal crises and allow for a voter referendum on a constitutional spending limit. The time is right. California's taxes are already high, so the solution is to control spending with a constitutional constraint limiting expenditure growth to inflation plus population growth. Schwarzenegger proposed a spending limit in 2005, but it was poorly designed, and voters had little incentive to support it. Now, the fiscal crunch is much worse. A new proposal should require legislators to get voter approval for any expenditures above the limit, and include a component allowing taxpayers to decide for themselves whether they want higher spending or a tax refund. Such a law would lessen the severity of budget shortfalls in economic downturns. Recent experience provides an example of how this would work. The state's revenues began to rise in the 2004-05 fiscal year. Since that time, pegging spending increases to inflation and population growth would have allowed spending to grow by 15 percent. Instead, expenditures increased by more than twice that much. If spending growth had been limited to 15 percent since 2004-05, we'd be facing a $7 billion surplus rather than a $2 billion deficit for the current fiscal year. Thirty states already have some form of a tax or government spending limit. Most of the limits link the growth of state expenditures to growth in personal income. California overwhelmingly passed a population growth plus inflation spending constraint in 1979, but it was amended by voters in 1990 to limit expenditure growth to increases in population plus growth in personal income. This more generous limit has never effectively constrained state spending. Linking spending growth to increases in population plus inflation is a more effective way to establish fiscal discipline in Sacramento. We know from other states that tax and spending limits can constrain the expansion of government. Research shows that the most effective limits are constitutional, written by voters and limit increases in spending rather than revenues. As an added bonus, financial markets reward states with expenditure limits by demanding lower interest rates on state borrowing. This offers significant savings over time. During economic booms, if revenues increase more than inflation plus population growth, the surplus should be refunded to taxpayers or used to shore up California's rainy-day fund. If state leaders wanted to spend some of the additional revenues, they should put their proposals up for a vote. California has little choice but to get its spending under control. Higher taxes are not an economically viable option. The Tax Foundation in Washington, D.C., ranks California 46th in its 2007 State Business Climate Rankings. Our neighboring states – Arizona, Nevada and Oregon – rank considerably better. Despite healthy revenue growth over the last few years, the California budget has been mismanaged. Schwarzenegger has been unable to make good on his pledge to reform Sacramento and get state lawmakers off of what he called "autopilot" spending. In the 2003 recall election, he ran as a budget reformer, promising he would "tear up the credit cards" and rein in runaway spending. He has failed to live up to his promises. A spending limit would give California some much-needed budget stability, and allow the governor to salvage his legacy. With a new fiscal mess brewing, it's time for him to try again.

### California Spending DA

#### California is key to the US economy

Juliet Williams, writer for the Huffington Post, 6-29-2009, “California's Ailing Economy Could Prolong US Recession”, http://www.huffingtonpost.com/2009/06/29/californias-ailing-econom\_n\_222616.html

SACRAMENTO, Calif. — California faces a $24 billion budget shortfall, an eye-popping amount that dwarfs many states' entire annual spending plans. Beyond California's borders, why should anyone care that the home of Google and the Walt Disney Co. might stop paying its bills this week? Virtually all states are suffering in the recession, some worse than California. But none has the economic horsepower of the world's eighth-largest economy, home to one in eight Americans. California accounts for 12 percent of the nation's gross domestic product and the largest share of retail sales of any state. It also sends far more in tax revenue to the federal government than it receives \_ giving a dollar for every 80 cents it gets back \_ which means Californians are keeping social programs afloat across the country. While the deficit only affects the state, California's deepening economic malaise could make it harder for the entire nation's economy to recover. When the state stumbles, its sheer size \_ 38.3 million people \_ creates fallout for businesses from Texas to Michigan. "California is the key catalyst for U.S. retail sales, and if California falls further you will see the U.S. economy suffer significantly," said retail consultant Burt P. Flickinger, managing director of Strategic Resource Group. He warned of more bankruptcies of national retail chains and brand suppliers. Even if California lawmakers solve the deficit quickly, there will likely be more government furloughs and layoffs and tens of billions of dollars in spending cuts. That will ripple through the state economy, sowing fear of even more job losses. Californians have already been scaling back for months as the state's unemployment rate has climbed to a record 11.5 percent in May. Increases to the income, sales and vehicle license taxes approved by lawmakers and Gov. Arnold Schwarzenegger in February acted as a further drag on spending. Personal income declined in California in 2008 for the first time since the Great Depression, and income tax revenue fell by 34 percent during the first five months of this year. The decrease in spending is especially evident in automobiles. California is the nation's largest single auto market, and sales are down 40 percent from last year. Auto dealers see little hope of a quick turnaround, especially after a 1 percentage point increase in the state sales tax and hike of the vehicle license fee. State agencies also canceled contracts for hundreds of new vehicles, retroactive to March, said Brian Maas, director of government affairs for the California New Car Dealers Association. Because California's $1.7 trillion annual economy is so important, the state's treasurer has asked for federal help \_ in the form of a guarantee that would allow California and other states to take out short-term loans at lower interest rates. A federal guarantee would cut the interest rate on the state's borrowing by as much as half, saving California taxpayers hundreds of millions of dollars. "It's not that California got itself into trouble and wants the federal government to bail it out," said Rep. Brad Sherman, D-Los Angeles. "California wants the federal government to do for a fee that which Wall Street would do for a fee if Wall Street wasn't broken." But some members of Congress worry about setting a precedent for bailing out local governments. "You've got many states throughout this country, you've got many cities that are in tough financial problems, so they will all come for help," explained Rep. Kevin McCarthy, R-Bakersfield. Any extra federal assistance is sure to be a hard sell in Washington and elsewhere because of California's free-spending image. That may have been true before the recession, but the state cut $15 billion in government spending in February and plans to solve most of the $24 billion deficit through even more cuts. Government workers face the possibility of three-day-a-month furloughs, teachers are being laid off, lower-income college students stand to lose their grants and hundreds of thousands of poor children could go without health care. The recession is behind this fiscal turmoil. Some 1 million jobs are expected to be lost in California in two years and unemployment is estimated to peak at 12.3 percent in early 2010, said Jeff Michael, director of the Business Forecasting Center at the University of the Pacific in Stockton. Schwarzenegger has repeatedly stressed that he hasn't asked for a bailout and doesn't want any special treatment for California \_ though he likely wouldn't reject more stimulus funding if it came his way. Economist Stephen Levy, director of the Center for the Continuing Study of the California Economy in Palo Alto, has argued for another nationwide stimulus package to help all states avoid further cuts to social programs intended to help vulnerable people. "If we are the bellwether, I would have Californians reach out to other states and really make a plea for national assistance," Levy said. "The recession is not our fault."

### Links to Politics

#### CP links to politics – private interests lobby to keep programs under federal control

Robert Dilger, Senior Specialist in American National Government for the Congressional Research Service, Director of the Institute for Public Affairs at West Virginia University, 4-20-2011, "Federalism Issues in Surface Transportation Policy: Past and Present," http://assets.opencrs.com/rpts/R40431\_20110420.pdf

Presidents, perhaps reflecting their role in representing the national interest as a whole and, perhaps, at least in part, because several Presidents had formerly served as governors, have tended to be more supportive of program consolidation and devolution of programmatic authority in surface transportation policy than Congress. This has been especially the case when the President’s ideology favored smaller government. Typically, presidential efforts to consolidate surface transportation programs have faced strong opposition from private sector interest groups worried that program consolidation will result in less funding for the consolidated programs over time, and from Members worried that consolidation could lead to less funding for specific programs that are important to them.

### AT: Tax Increase Plank

#### Isn’t sufficient

Charlie Baker, staff writer, 4-7-2009, “The Thoughts that Animate our State Government’, Critical Mass, Blog, http://criticalmassachusetts.blogspot.com/2009/04/thoughts-that-animate-our-state.html

5) Liberal tax policy is self-sustaining. This one loops back to point #1, above. At the outset of the hearing, Governor Patrick's chief economic aide, Administration and Finance Secretary Leslie Kirwan, noted that increased cigarrette taxes have had the happy effect of decreasing the number of smokers (and, therefore, the number of people buying butts) in the Commonwealth. Apparently, smoking has decreased at such a rate that the promised windfall from the tobacco tax hike has been consumed by the concurrent fall-off in consumers. This led to the following remarkable question from House Committee Chair Jay Kaufman (D-Lexington): "Do you know how much we are short on the cigarrette tax and how much we need to make up elsewhere as a result of that?" According to this worldview, tax increases must necessarily build upon one another. A tax is raised in order to make up for a "revenue shortfall" (to plug a gap in the budget). As a result of that tax hike, economic activity (purchasing, investment, whatever) decreases, resulting in another shortfall that the legislature has to "make up elsewhere." This leads to another tax hike, and the cycle repeats.

#### Tax collection failure means can’t raise revenue through taxes

Mark Marchand, “States Saw Third Consecutive Double-Digit Drop in Tax Collections During Third Quarter of 2009, 1-7-2010, New Rockefeller Institute Report Shows,”

http://rockinst.org/newsroom/news\_releases/2010/01-07-3Q\_revenue\_report.aspx

Albany, N.Y. — Tax collections nationwide declined by 10.9 percent during the third quarter of 2009, the third consecutive quarter during which tax revenues fell by double-digit percentages, according to the latest report from the Rockefeller Institute of Government. Combining current data with comparable historical figures from the U.S. Census Bureau, the Institute reported that the first three quarters of 2009 marked the largest decline in state tax collections at least since 1963. Western states saw especially sharp declines in tax collections during the third quarter, while revenues fell by more modest levels in the Southeast, New England, Mid-Atlantic, and Plains regions. For the fourth quarter of 2009, early data showed continuing declines, although the negative trend of the past year appeared to be moderating. For 38 early-reporting states, personal income taxes fell by 6.5 percent during October and November while sales tax collections declined by 5.5 percent. “While the recession may be over for the national economy, it is far from over for the finances of state governments, and many states are still uncertain as to when expect a return to positive revenue growth,” said report authors Lucy Dadayan, a senior policy analyst at the Rockefeller Institute, and Donald J. Boyd, a senior fellow at the Institute. “Such improved news may begin in the early part of calendar year 2010. However, even if tax collections in the coming year move up from 2009 levels, the depth of the decline over the past two years will almost certainly leave state revenues significantly lower than those of any of the past several years.” During the third quarter of 2009, personal income tax revenues for the states declined by 11.8 percent, when compared with the same period a year earlier. Personal income taxes represent one of the three major sources of revenue for the states. The other two, sales taxes and corporate income taxes, fell by 8.9 percent and 22.6 percent, respectively. Overall, 48 states saw tax collections fall during the third quarter of 2009, with 22 states experiencing a double-digit percentage decline. During the previous quarter, 36 states saw a double-digit decline, suggesting some moderation during the most recent quarter.

### AT: State Coordination

#### Coordination is impossible

Ross, Urban Land Institute Fellow, 6-20-2008, “Proceedings of the Megaregions and Transportation Symposium and Structured Telephone Interview Summaries”, U.S. Department Of Transportation

Federal Highway Administration, http://www.america2050.org/FHWA%20symposium%20proceedings.pdf

Conformity The whole conformity process has made effective planning virtually impossible. To think that regions and doing planning for 20, 25, 50 years down the road and have to know the number of lbs that will be produced years from now is ridiculous. Greenhouse gasses will soon be moved to the conformity process. Trying to conform to a 30 yr. process in inhibiting innovation in the present. There is a great need to focus on innovation in the present. Institutional fragmentation MPOs reach economic or environmental issues they must deal with. They inevitable hit road block when trying to do things that have effects outside of the MPO. The federal government is becoming less of a partner in the process yet gets to make the rules, the lesser partner shouldn’t make the rules. There is a clear mismatch of rules. Until late in the planning process, the local government does not have enough of a stake. There is also the issue of defining direction, needing to set high level priorities and goals. Money should first go into preservation of the existing system. Extra money comes from deferring the preservation of roads, bridges, etc. Broken relationships Relationships between MPOs and DOTs are a problem. The system needs to be more egalitarian. There is also a disconnect in terms of priorities even when it is in the TIP. The playing field needs to be level. DOTs can feel as if they do not have any partner. California is a good model of MPOs working with the DOT, but in this example MPOs have the necessary scale and resources. Again, we need to rethink size of MPO. 50,000 is far too small. There is no incentive for projects to go beyond MPO boarders. Small MPOs too often turn to DOTs for projects. Too much leverage to consultation With the emphasis on consultation, the is no one held directly accountable. People are left asking, who is really in charge of making decisions? There is a need for a strong strategic arm with real reach.

#### Planning is impossible

Ross, Urban Land Institute Fellow, 6-20-2008, “Proceedings of the Megaregions and Transportation Symposium and Structured Telephone Interview Summaries”, U.S. Department Of Transportation

Organizational fragmentation would be the greatest obstacle to success in megaregion planning. Each locality does not share common problem definitions, common sustainable solutions, and common performance measurements. Currently, there is not a venue for such sharing to occur, nor is anyone charged with making that happens. In other words, no mechanism exists to address megaregional problems. Multi-state coordination and collaboration depends on states’ representatives being able to perceive benefits for their states in such efforts. In other words, states should not be asked to collaborate without expectation of return. There should be very strong leadership to facilitate cooperation among different interests. The top-down approach would be useful for implementing megaregional planning by establishing a venue where fragmented organizations coordinate and provide rules of incentives for successful collaboration. On the other hand, one representative of MPOs asserted that the only effort to push for a National Transportation System at the megaregion scale would be coming from MPOs because the Federal Government must consider states’ objections and states are too parochial. One possible form of multi-jurisdictional collaboration could be a consortium of MPOs, DOT officials, and others.

### AT: Federalism

#### Lopez doesn’t set a precedent for federalism

Harry Litman and Mark Greenberg, Deputy Assistants of the Attorney General DOJ, 1997, D., 47 Case W. Res. 921, lexis

The flaw in characterizing Lopez as a federalism decision in the narrow sense is that the decision rested exclusively on Com- merce Clause grounds, and the Commerce Clause is plainly not a limitation on federal power or a source of state power at all. For one thing, that a congressional enactment is not within the com- merce power does not establish that it is not within some congres- sional power. So the determination whether something is not within the commerce power is different from the determination whether something is outside the reach of federal power; the fact that the commerce power is limited should not be confused with the idea that the Commerce Clause limits Congress's power. More fundamentally, the Commerce Clause test on which the decision in Lopez turned--whether the regulated activity has a substantial effect on interstate commerce--does not appeal to feder- alism values. The issue is not, for example, whether the activity is integral to state and local government function or whether local experimentation in the area would be effective. This is plain from the Court's decisions sanctioning the expansion of the scope of the commerce power, as the national economy has expanded, into areas that were previously within exclusively local control. These deci- sions have approved the swelling commerce power, without regard to the benefits of state and local control, on the basis that previ- ously local activities have become more integrated in the national economy. Indeed, nothing in the Court's Commerce Clause prece- dents or the clause itself prevents Congress's power from extending to any activities that interstate commerce comes to encompass. [\*959] Of course, the Commerce Clause's grant of power to Congress may have to be reconciled with any constitutional provision, most significantly the Tenth Amendment, that is interpreted to limit fed- eral power by providing an exclusive grant of power to the states. But that possibility, which is true of any federal legislative power, is far from the proposition that the Commerce Clause itself establishes or incorporates an exclusive grant of power to the states. A decision that the Commerce Clause states a limitation on federal power--that is, places an area beyond the reach of the federal government, even under, for example, the Spending Clause--would be a startling and unprecedented reading of a clause that is plainly an affirmative grant of power. n8

#### Causes runaway precedent – causes biological attacks

Vikram David Amar, professor of law at the University of California Hastings College of the Law in San Francisco, “Regarding Child Pornography Extends the Supreme Court's Federalism Cases,” 5-16-2003, http://writ.news.findlaw.com/amar/20030516.html]

On this point, however, I disagree. If possession of a gun near a school is not commercial (as the Court said in Lopez), why is possession of a picture of a child in a sexual pose commercial? There are markets for both guns, and, tragically, for such pictures; if the gun market does not, in the Court's eyes, make the gun possession "commercial," why should the result be different for such pictures? Granted, there is no distinct market for guns that will be used near schools, and there is a distinct market for child pornography. But a "distinct market" requirement would have strange consequences. It would mean that Congress would have the power to regulate possession of guns everywhere (because clearly there is a market for guns generally), but not the power to regulate the possession of guns in any specific place. And giving Congress the power to regulate all gun possession would hardly seem to be in keeping with the spirit of the New Federalism. What about the connection to the camera market? After all, the McCoy statute does require interstate commerce in the materials used to make the photos. This distinction, too, is unpersuasive under the Court's precedents. If Congress could get around Lopez and Morrison by simply requiring the government to prove in each case that some aspect of the case involves something interstate, Lopez and Morrison would be pretty meaningless. Gun parts often travel interstate, too. Indeed, in today's interstate and international manufacturing world, almost all products derive from more than one state. The War on Terrorism and the Federalism Cases In the end, still-unresolved questions like these, about what the Supreme Court means when it talks of "commercial activity," are central to understanding the scope and limits of the New Federalism. This may be especially true as the war on terror is reflected in domestic federal legislation. For example, suppose Congress passed a law making it a crime to possess anthrax near a city of more than 10.000 people. Would the Court say that mere possession is not commercial activity, the way it did in Lopez?

### AT: Federalism

#### Lopez precedent practically has no bite and is too limited in scope—it’s not enforced.

Jonathan Adler, National Review Online contributing editor, 2005, “Federalism, Up in smoke?” http://www.nationalreview.com/adler/adler200506070921.asp

After Lopez and Morrison, it seemed that further expansion of federal regulatory authority into local matters might be at an end. Even if the Court were not ready to overturn decades of decisions upholding extensive federal power, there was hope it would not allow Congress to go any farther under the pretense of regulating “commerce among the several states.” If nothing else, these decisions made clear that federal power had judicially enforceable limits. Raich now casts this conclusion in doubt. Noting the Court’s interpretation of the Commerce Clause “has evolved over time,” Justice Stevens’ majority opinion in Raich held Congress’s effort to control drug abuse and illegal trafficking could be used to regulate conduct that has little relation to either. As in Wickard, the Court asserted that Congress may regulate “purely intrastate activity that is not itself ‘commercial’” if necessary for the regulation of interstate commodity markets. As in Wickard, the federal government can regulate the activity of one individual if, when aggregated together with all similarly situated people, that person’s activity will have a “substantial effect” on interstate commerce. “That the regulation ensnares some purely intrastate activity” — such as the personal possession of marijuana for medical use — “is of no moment,” Stevens explained. Congress enacted a “lengthy and detailed statute creating a comprehensive framework for regulating the production, distribution, and possession” of controlled substances, and reasonably determined that any possession or consumption of a controlled substance could undermine the entire scheme. Even personal consumption has the potential to displace demand for marijuana in the open, albeit illegal, interstate market. So, Angel Raich is no less subject to federal power than farmer Filburn. Yet if any privately produced item that can substitute for a commercially produced good is subject to federal control, then Congressional power knows few limits. Federal regulation of commercial day care services could justify regulating child care in the home; regulation of restaurants could justify regulating domestic food preparation; and so on. In prior cases, the Court had only ever applied such reasoning to activities one could consider “economic.” Justice Stevens’ majority opinion accepted this rule, but adopted what Justice O’Connor termed a “breathtaking” definition of the term. The CSA regulates “quintessentially economic” activities, Stevens wrote, specifically “the production, distribution, and consumption of commodities.” This is the definition of “economics” Stevens found in the 1966 Webster’s Third New International Dictionary. Most other dictionaries, however, do not offer nearly so expansive a definition, Justice Thomas observed in dissent. But a more constrained — and common-sensical — definition of “economic” would have constrained the scope of federal power. That Justices Stevens, Souter, Ginsburg, and Breyer — the Court’s four liberals — would be so deferential to congressional power is not surprising. All four have made clear they have little interest in constraining legislative power on federalism grounds. More disturbing is Justice Kennedy’s decision to go along for the ride without explanation. Perhaps, some surmise, this is due to his visceral hostility to drugs. Yet whatever the reason, he was not the only right-leaning justice to give a green light to the continued extension of federal power. Concurring in the result Justice Scalia offered a “more nuanced” if only marginally less expansive, opinion. In Scalia’s view, the federal regulation of medical marijuana was justified under the “necessary and proper clause,” as such regulation is not itself the regulation of commerce. Rather, Scalia explained, Congress has the power to regulate “intrastate activities that do not themselves substantially effect interstate commerce,” if “necessary to make a regulation of interstate commerce effective.” Because marijuana is a “fungible commodity,” Congress power to control interstate drug trafficking provides sufficient basis to criminalize smoking home-grown weed pursuant to a doctor’s prescription. Indeed, Scalia concurred with the majority’s troubling conclusion that any noneconomic intrastate activity is fair game, so long as such activities are regulated “in connection with a more comprehensive scheme of regulation.” Under Raich, it is easier for Congress completely to displace state power with a comprehensive and intrusive regulatory regime than with narrow legislation focused on a discrete and limited issue of particular federal concern. As Justice O’Connor noted in her dissent, the Court “suggests that the federal regulation of local activity is immune to commerce clause challenge because Congress chose to act with an ambitious, all-encompassing statute, rather than piecemeal.” So long as Congress could rationally conclude that the control of a noncommercial, intrastate activity is “essential” to a broader regulatory scheme, a majority of the Court appears ready to go along. This not only gives Congress the incentive to adopt more ambitious legislation, it also severely constrains any meaningful judicial check on federal power under the commerce clause. After Lopez and Morrison, lower federal courts were exceedingly reluctant to invalidate federal statutes or regulations on commerce-clause grounds. The decisions had little bite below, as court after court upheld even the most expansive federal laws and their most intrusive applications. Courts stretched to ensure laws covering petty arsons and other local crimes would pass muster. So even if Raich does not auger more relaxed scrutiny of federal enactments, it will discourage lower courts from questioning federal actions on commerce clause or other textual grounds. The Founders sought to create a government of limited and enumerated powers. After Raich, there is reason to fear that we can’t rely on courts to enforce these constitutional limits.

### AT: Modeling

#### U.S. federalism isn’t modeled

Newsweek 1-31-2006, http://www.msnbc.msn.com/id/6857387/site/newsweek/

AMERICAN DEMOCRACY: Once upon a time, the U.S. Constitution was a revolutionary document, full of epochal innovations—free elections, judicial review, checks and balances, federalism and, perhaps most important, a Bill of Rights. In the 19th and 20th centuries, countries around the world copied the document, not least in Latin America. So did Germany and Japan after World War II. Today? When nations write a new constitution, as dozens have in the past two decades, they seldom look to the American model. When the soviets withdrew from Central Europe, U.S. constitutional experts rushed in. They got a polite hearing, and were sent home. Jiri Pehe, adviser to former president Vaclav Havel, recalls the Czechs' firm decision to adopt a European-style parliamentary system with strict limits on campaigning. "For Europeans, money talks too much in American democracy. It's very prone to certain kinds of corruption, or at least influence from powerful lobbies," he says. "Europeans would not want to follow that route." They also sought to limit the dominance of television, unlike in American campaigns where, Pehe says, "TV debates and photogenic looks govern election victories." So it is elsewhere. After American planes and bombs freed the country, Kosovo opted for a European constitution. Drafting a post-apartheid constitution, South Africa rejected American-style federalism in favor of a German model, which leaders deemed appropriate for the social-welfare state they hoped to construct. Now fledgling African democracies look to South Africa as their inspiration, says John Stremlau, a former U.S. State Department official who currently heads the international relations department at the University of Witwatersrand in Johannesburg: "We can't rely on the Americans." The new democracies are looking for a constitution written in modern times and reflecting their progressive concerns about racial and social equality, he explains. "To borrow Lincoln's phrase, South Africa is now Africa's 'last great hope'."

### sLinks to Politics

#### CP links to politics – state failures influence Congressional standings

Robert Dilger, Senior Specialist in American National Government for the Congressional Research Service, Director of the Institute for Public Affairs at West Virginia University, 4-20-2011, "Federalism Issues in Surface Transportation Policy: Past and Present," http://assets.opencrs.com/rpts/R40431\_20110420.pdf

Perhaps the most difficult factor to account for in the development of federalism relationships in surface transportation policy over time has been the changing nature of American society and expectations concerning personal mobility. Once a rural society with relatively limited expectations concerning personal mobility, America is now a primarily urban/suburban society where automobile ownership and the personal mobility that automobile ownership brings is not only a powerful social status symbol but also a necessity. Obtaining a drivers’ license is now a major life-altering event, signifying for millions of American teenagers each year the transition from childhood to adulthood. Because the American bond with the automobile is strong, moving away from a primary focus on building and constructing highways towards a “more balanced” intermodal transportation approach has been made more difficult for policymakers at all levels of government. Moreover, given the public’s relatively high expectations concerning personal mobility, Congress has been reluctant to consolidate or devolve surface transportation programs to states, at least in part, because some Members worry that if states are provided additional authority and fail to meet public expectations, that they might be held accountable for that failure on election day. In their view, a more prudent, risk-adverse approach is to provide states additional programmatic flexibility, but retain a federal presence through both program oversight and the imposition of federal guidelines to ensure that states do not stray too far from national objectives. It remains to be seen how all of these factors will play out during SAFETEA’s reauthorization. One certainty is that Congress will play the key role in determining the future of federalism relationships in surface transportation policy. Another is that those relationships will continue to evolve over time, adopting to changes in American society and in Congress.

#### CP links to politics – retention of funding key to solve transportation

Robert Dilger, Senior Specialist in American National Government for the Congressional Research Service, Director of the Institute for Public Affairs at West Virginia University, 4-20-2011, "Federalism Issues in Surface Transportation Policy: Past and Present," http://assets.opencrs.com/rpts/R40431\_20110420.pdf

Congress has debated the federal role in surface transportation policy since the nation’s formation in 1789. A review of the historical record suggests that the debate over the federal role in surface transportation policy has been influenced by factors both internal and external to the institution. Internally, the background, personalities, and ideological preferences of congressional leaders such as Senator Harry Byrd, Senator Daniel Patrick Moynihan, and Representative E. G. “Bud” Shuster have had a profound impact on the development of federal-state-local government relationships in surface transportation policy over time. The norms, customs, and traditions of the House and Senate have also had an influence. For example, the decentralized nature of decisionmaking in both the House and the Senate has compartmentalized decisions into more manageable pieces, but, arguably, has made it more difficult for Congress to develop broad-based policies that cut across committee jurisdictions or to enact proposals to consolidate programs or devolve programmatic authority to states as these actions might upset existing power relationships and require the consent of several committees and committee chairs. For example, in the House of Representatives, programmatic and funding distribution issues are under the jurisdiction of the Committee on Transportation and Infrastructure, but tax and Highway Trust Fund issues are under the jurisdiction of the Committee on Ways and Means. In the Senate, most programmatic and funding distribution issues are under the jurisdiction of the Committee on Environment and Public Works for highways and other aspects of Title 23, but are under the Committee on Banking, Housing, and Urban Affairs for transit. Tax and Highway Trust Fund issues are under the jurisdiction of the Committee on Finance. In the Senate, most safety issues are under the jurisdiction of either the Committee on Environment and Public Works or the Committee on Commerce, Science, and Transportation. The size of the 59-member House Committee on Transportation and Infrastructure may also have an impact on federal-state-local relationships in surface transportation policy as each Member has a natural tendency to attempt to maximize surface transportation resources for their home district. Arguably, the committee’s unusually large size could make it more difficult to eliminate congressional earmarks or to achieve committee approval for program consolidations or devolution of programmatic authority because such changes are often viewed as jeopardizing existing funding streams and the ability of Members to claim and receive credit for helping their constituents.128

### Perm Solves

#### Perm solves/CP doesn’t solve/link turn – federal leadership key to state development

Joshua Mitchell, staff economics reporter with the Wall Street Journal, 1-5-2011, "Battle Lines Form Over Government's Role," http://online.wsj.com/article/SB10001424052748703808704576062342133580266.html?mod=WSJ\_WSJ\_US\_News\_6

House Republican leaders said Tuesday highway and mass-transit programs should no longer be shielded from budget cuts, and immediately drew fire from states, the construction industry and the U.S. Chamber of Commerce. The reaction offered a preview of the challenges incoming Republican House Speaker John Boehner and his leadership team will face as they start work Wednesday to make good on promises to cut as much as $100 billion from annual federal spending. The House will formally change hands Wednesday amid pomp and ceremony, as outgoing Speaker Nancy Pelosi (D., Calif.) hands the gavel to Mr. Boehner, a reverse of the transfer four years ago. House members and new Senate members will be sworn in. On Thursday, Republicans will read the entire Constitution in the House chamber, a nod to tea-party activists who say government has overstepped its constitutional authority. Incoming House Majority Leader Eric Cantor (R., Va.) outlined Tuesday the House Republicans' plans for the opening weeks of Congress, saying they would include spending cuts and scrutiny of Obama administration regulations. He said the House would enact a 5% cut in its own budget, which Republicans say will save $35 million. "Everything is going to be on the table," Mr. Cantor said, indicating Republicans may also consider cuts in defense spending, which they so far have not targeted. Further details may wait, Mr. Cantor suggested, until after President Barack Obama outlines his plans for overhauling federal finances in his State of the Union address, likely in late January. Groups that back more highway spending aren't waiting to see specific cuts to register their opposition. Congress is expected to take up a new multi-year highway and transportation funding bill this year, and a diverse array of groups ranging from the Chamber to big labor unions are calling for more funds to rebuild the nation's infrastructure. The Chamber, which contributed heavily to GOP congressional candidates in the midterm elections, said in a letter last week that subjecting highway spending to the uncertainty of annual budget cuts would lead to more job losses in the battered industry. The letter was also signed by groups tied to the construction industry. Jack Basso of the American Association of State Highway and Transportation Officials said states would be more reluctant to sign long-term construction contracts without the guarantee of future federal aid. "If you're a state DOT, you've got to know that the funding stream you're making these commitments against is going to be there," he said. At stake is about $41 billion a year the federal government provides to states for repairs to roads and subway systems. For most states, the money constitutes almost half of their budgets for highway capital projects. House Republican leaders plan to bring to a vote as early as Wednesday that would end a congressional policy that since the late 1990s has effectively guaranteed federal highway spending would rise each year. The policy has protected spending authorized by highway bills from being cut by congressional appropriators during budget time. Other types of domestic spending are often funded at less than the authorized level. To comply with the old policy, Congress has used $35 billion in general tax revenue money since 2008 to plug the gap left because federal gas-tax revenue have fallen below forecasts, mainly because Americans drove fewer miles during the recession, and cars became more fuel efficient. "This proposal simply ensures we won't be required to spend more on transportation projects than we take in," said Brendan Buck, spokesman for the Republican transition team. Ron Utt of the Heritage Foundation, a conservative think tank, said the policy change would treat transportation spending like other domestic programs. "There's no reason why federal transportation programs ... should be held sacrosanct in comparison to other discretionary spending," Mr. Utt said. Some Republicans said they were concerned about the impact the change might have on their states. Rep. Steven LaTourette (R., Ohio) said the change would allow Congress to reduce the official budget deficit figure while not cutting spending of individual and corporate tax money. He proposed an amendment that would continue to shield highway spending from year to year cuts. The amendment failed in a vote of the Republican caucus.