

VETO OF H.R. 2

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MESSAGE

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

HIS VETO OF H.R. 2, A BILL TO AUTHORIZE FUNDS FOR CONSTRUCTION OF HIGHWAYS, FOR HIGHWAY SAFETY PROGRAMS, AND FOR MASS TRANSPORTATION PROGRAMS, TO EXPAND AND IMPROVE THE RELOCATION ASSISTANCE PROGRAM, AND FOR OTHER PURPOSES



MARCH 30, 1987.—Message and accompanying bill ordered to be printed

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U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1987

*To the House of Representatives:*

I am returning herewith without my approval H.R. 2, the "Surface Transportation and Uniform Relocation Assistance Act of 1987." I want to make clear that I strongly favor an adequate and fiscally responsible Federal-aid highway and transit program, and I support the provisions in H.R. 2 that would provide essential funds for legitimate transportation construction and safety projects. I also support allowing the States to raise their speed limits on rural interstate highways to 65 miles per hour. However, the bill authorizes excessive funding levels of \$87.5 billion over 5 years, \$10.1 billion more than my original request and more than is brought in by highway user taxes. It includes unjustifiable funding for narrow, individual special interest highway and transit construction projects, and it unfairly distributes transit funds. All of these reasons force me to veto H.R. 2.

H.R. 2 is an unsound bill. It represents a failure to exercise the discipline that is required to constrain Federal spending, especially pork barrel spending. I remain firm in my commitment to the American people to hold down Federal spending, and I ask the Congress to join me in that commitment by promptly enacting a bill that is consistent with the need for fiscal discipline.

In vetoing H.R. 2, I recognize that the States are rapidly running out of highway funds and that legislation is necessary to make funds available for the 1987 construction season. I am committed to that goal. Therefore, I was deeply disappointed when the Congress failed to pass an acceptable bill before it adjourned last year. The Administration transmitted its own bills to the Congress in January so that funds could be made available promptly to the States for legitimate projects. I am ready with an improved and acceptable proposal that I urge the Congress to enact without further delay. This proposal does not include special "pork barrel" projects, and provides a fair and equitable distribution to States of both highway and transit funds.

Some of the unaffordable provisions in H.R. 2 include add-on funding for 152 highway special interest projects. The 5-year Federal cost of the 152 highway projects is estimated to be \$1.4 billion, and nearly \$900 million of this amount is not subject to any spending controls. The total cost to complete these highway projects is estimated to be \$5.5 billion, and they have not even been selected through the established Federal-aid highway program mechanism that relies on the expertise of State and local officials. In fact, there is virtually no hearing record and related analyses regarding the merits of these projects. The States, not the Congress, should determine their highway program needs.

The expansion of the scope of the Boston Interstate projects eligible for interstate highway funds would increase the Federal cost to complete the Interstate System by \$1.1 billion. This provision is

unfair because, for all other States, the Interstate System was closed to add-ons in 1981.

The direction in Title III to fund the Los Angeles Metrorail project also grossly distorts funding priorities. The provision would require that up to \$870 million, or 14 percent, of the fuel taxes paid by motorists for the national transit program be spent in one city. Moreover, Los Angeles has not decided where to build the project, and the environmental review process is incomplete. The Department of Transportation should not be statutorily required to execute a new contract or make available additional money to Los Angeles or any other specific city, beyond amounts already agreed to by the parties.

Since 1983, over \$4 billion collected from motorists in fuel taxes has been authorized for transit programs. Because these funds are not distributed by formula, this revenue has not been distributed equitably to each of the States. For example, in 1986, eleven cities received over 80 percent of the funds made available that year.

We must provide for a more equitable distribution of the fuel taxes that are collected from motorists and reduce the level of General Funds going to mass transit. An increase in the required local share for major mass transit projects is also needed to encourage the planning of more economically viable projects. In addition, I am opposed to the sharp increase in certain excise taxes contained in this bill.

Finally, H.R. 2 contains "Buy America" provisions that would be harmful to our trading interests. The increase in the domestic content requirements related to transit projects and the requirement that foreign rolling stock must be 25 percent cheaper than U.S. products are unwarranted. The changes invite retaliation against U.S. exports that are produced and marketed by U.S. businesses.

I am committed to the expeditious enactment of authorization legislation so that funds will be available for use during the impending construction season. To make that point I have made an alternative proposal. Let me briefly describe what my proposal would do. With regard to highway programs, we would authorize \$66 billion over 5 years; the same levels provided in the Senate-passed bill. Compared to H.R. 2, our bill would provide a more fair distribution, with more money going to States through regular program formula distributions. States would be able to fund the projects identified in H.R. 2 from their allocation of highway funds, if they so choose, but not with add-on funding. There would be no special treatment for large projects.

We would apply the equity principle to transit programs as well. We would authorize \$16.1 billion over 5 years, increase the local match for major projects, and would promote a fairer distribution of the gas tax receipts that are collected in all States but that now only benefit a few cities. We would not spend the taxpayers' dollars on high cost projects of dubious merit like the expansion of Los Angeles Metrorail.

In short, this is the way a reasonable and fair highway and transit bill should be constructed. Now, there is no reason why the Con-

gress cannot send me a bill that I can sign quickly before the spring construction season is any further along.

RONALD REAGAN.

THE WHITE HOUSE, *March 27, 1987.*