



News Summary

The following are news items of interest from a variety of news sources around the state. After each item is a link to the source and the entire article.

Tenn. governor won't seek raising state gas tax (Associated Press/French)

Gov. Phil Bredesen said Tuesday he won't seek a hike in Tennessee's gas tax as a way to bolster the state's ability to build and repair roads. The state's road fund is struggling because people have been driving less amid high gas prices and a worsening economy, Transportation Department officials said in a budget hearing. Bredesen, a Democrat, told reporters afterward that he's not looking to hike taxes of any kind, including the state's current 21.4-cent tax on each gallon of gas. In general, he said, it's a terrible time to be asking people to pay more taxes, considering national economic conditions. "I have always said since I was running for this office we need to do a fuel tax increase of some sort at some point in time," Bredesen said. "The 21.4 cents that was set in the 1980s is no longer adequate to build the roads we have here.

http://hosted.ap.org/dynamic/stories/T/TN_BREDESEN_BUDGET_TNOL-?SITE=TNNAT&SECTION=US&TEMPLATE=DEFAULT

Tennessee Governor Phil Bredesen: No Gas Tax Hike (WJHL-TV Johnson City)

The state's road fund is struggling because people have been driving less amid high gas prices and a worsening economy. Bredesen told reporters Tuesday that he's not looking to hike taxes of any kind, including the state's current 21.4-cent tax on each gallon of gas. The governor said in general it's a terrible time to be asking people to pay more taxes, considering national economic conditions. State Transportation Commissioner Gerald Nicely says his department is \$10 million below budget through the first quarter of the budget year, mainly because of decreased vehicle miles traveled in the state. http://www.tricitie.com/tri/news/local/article/tennessee_governor_phil_bredesen_no_gas_tax_hike/16522/

Bredesen supports bonds for bridge repairs (Nashville Business Journal)

Gov. Phil Bredesen says he'd support the issuing of \$350 million in bonds to repair or replace about 200 structurally deficient bridges in the state and create jobs for Tennesseans. Bredesen made the comments after Tennessee Department of Transportation Commissioner Gerald Nicely suggested the "Garvee" bonds during this morning's transportation budget hearing. Garvee (Grant Anticipation Revenue Vehicles) bonds are generally used to finance critical infrastructure projects in anticipation of forthcoming federal funds that would be used to retire the debt. Bredesen notes the state has always operated on a pay-as-you-go system, and says the bond issuance would be a "one time deal" due to the special circumstances the state faces as a result of declining revenues and a budget shortfall. "I'm looking for every way I can to make it work in this environment," Bredesen says.

<http://nashville.bizjournals.com/nashville/stories/2008/11/17/daily18.html?surround=lfm&brthrs=1>

TDOT to Try Own Stimulus, Take Bonds to Do it (WPLN-Radio Nashville)

The state Department of Transportation may deviate from its historical policy of pay-as-you-go and take out 350-million dollars in bonds to help stimulate the economy. At the governor's budget hearings today, transportation commissioner Gerald Nicely said he wants to issue "garvee" bonds. "Garvee" stands for Grant Anticipation Revenue Vehicle. Commissioner Nicely says he wants to take out bonds against an annual stream of 40-million dollars from the federal government. That money is meant to fund repairs for some 300 bridges in the state. Nicely says the bonds would allow the work to begin now. "We could in effect eliminate about 65 to 70 percent of those structurally deficient bridges in two-and-a-half to three year period. We'd have them either under construction or completed. And yes indeed, it would obviously provide a lot of jobs." Governor Phil Bredesen says he supports the bond proposal and acknowledges the break from policy. <http://wpln.org/newstranscripts/?p=3840>



State considers bonds for bridge repair (WKRN-TV Nashville)

If roads are the lifeblood of a state, Tennessee is in need of a transfusion. The Tennessee Department of Transportation is currently considering a \$268 million project funded by bonds to repair 300 bridges. Should they decide to move forward, the project would be historic for TDOT, who traditionally pays for road construction and repair with money allocated yearly in its annual \$2 billion budget. "I am looking for anyway I can to make things work in this environment," Governor Phil Bredesen said Tuesday during TDOT's session at his annual budget hearings. For now, TDOT commissioner Gerald Nicely said he sees the bonding as a "one-time event." He said there is a backlog of a \$1 billion worth of construction projects on hold because of the economy.

<http://www.wkrn.com/global/story.asp?s=9373312>

Bonds may fund repairs for Tennessee bridges (Tennessean/Emery)

Move could boost state economy though it would be a departure from the long-standing pay-as-you-go system Borrowing money to pay for bridge repairs could provide an economic boon to Tennessee, Gov. Phil Bredesen said on Tuesday, expressing qualified support for what would be a departure from the long-standing pay-as-you-go system of funding infrastructure projects. During administration budget hearings on Tuesday, Bredesen told Transportation Commissioner Gerald Nicely that it was worth studying whether the state should float a type of low-risk bond to pay for \$350 million in bridge repairs. Using the bonds to finance repairs to structurally deficient bridges could also act as a kind of economic stimulus, he said, by employing Tennesseans caught in the throes of a major economic slowdown. "I think Commissioner Nicely was creative about finding one area that makes some sense to do this with, and do double duty: let us repair some bridges, and let us create some jobs in a tough time," Bredesen said.

<http://www.tennessean.com/article/20081119/NEWS0201/811190445>

GARVEE BOND GUIDANCE

for more information on GARVEE bonds, go the the FHWA website at
<http://www.fhwa.dot.gov/innovativefinance/garguid1.htm>

Section 311 of the National Highway System Designation Act of 1995 (NHS Act) significantly expanded the eligibility of bond and other debt instrument financing costs for Federal-aid reimbursement. This change to the Federal-aid program was codified into permanent highway law as an amendment to section 122 of Title 23, United States Code. This guidance replaces the guidance issued in August 2000.

Section 122 makes bond-related costs eligible for Federal reimbursement on any Federal-aid project eligible under Title 23. The definition of construction is revised in section 101 of Title 23, to include a reference to bond-related costs. A wide array of bond-related costs is eligible for reimbursement, including principal and interest payments, issuance costs, insurance, and other costs incidental to a financing.

Since enactment of the NHS Act, a number of States either have issued or are considering project financing that utilizes bond or other debt instrument financing mechanisms involving the payment of future Federal-aid highway funds to retire debt. These new mechanisms are being called Grant Anticipation Revenue Vehicles or "GARVEE" bonds. Some States are designating these financings backed by future Federal funds as Grant Anticipation Notes or GANs.

These guidelines apply to a bond financing for a single large scale Federal-aid eligible project as well as to a financing which funds multiple Federal-aid eligible projects.