BUILDING A 21ST-CENTURY INFRASTRUCTURE FOR AMERICA

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HEARING

BEFORE THE

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
HOUSE OF REPRESENTATIVES

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U.S. House of Representatives
Washington DC 20515

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January 27, 2017

SUMMARY OF SUBJECT MATTER

TO:	Members, Committee on Transportation and Infrastructure
FROM:	Staff, Committee on Transportation and Infrastructure
RE:	Full Committee Hearing on "Building a 21st Century Infrastructure for America"

PURPOSE

The Committee on Transportation and Infrastructure will meet on Wednesday, February 1, 2017 at 10:00 a.m. in 2167 Rayburn House Office Building to receive testimony concerning the challenges facing our Nation's current transportation infrastructure and a vision for a modern, 21st century transportation infrastructure. The Committee will hear from the leaders of FedEx Corporation, Cargill, BMW North America, Vermeer Corporation, and the AFL-CIO.

BACKGROUND

The Importance of Transportation Infrastructure

Transportation infrastructure provides a strong physical platform that facilitates economic growth, ensures global competitiveness, creates American jobs, and supports national security. In addition, it affords Americans a good quality of life by enabling them travel to and from work, to conduct business, and to visit family and friends.

The Nation's transportation infrastructure is an extensive network of highways, airports, railroads, public transit systems, waterways, ports, and pipelines. It includes over 4 million miles of public roads, nearly 20,000 airports, over 140,000 miles of railroad, over 272,000 miles of public transit route miles, over 2.6 million miles of pipeline, over 25,000 miles of navigable waterways, and 360 commercial ports.[1]

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[1] U.S. Department of Transportation, Bureau of Transportation Statistics, *2015 Pocket Guide to Transportation*; Federal Railroad Administration, *The Freight Rail Network*; Federal Transit Administration, *National Transit Database*; American Association of Port Authorities, *U.S. Public Port Facts*.

Our Nation's transportation infrastructure is the backbone of the U.S. economy. In 2015, all modes of transportation moved an estimated 18.1 billion tons of goods worth about $19.2 trillion on our Nation's transportation network. On a daily basis, 49 million tons of goods valued at more than $53 billion are shipped throughout the country on all transportation modes.[2] In addition, nearly 13 million Americans, approximately nine percent of the U.S. workforce, are directly employed by transportation related industries.[3] In 2015, Americans drove 3.1 trillion miles commuting to and from work and conducting other activities.[4]

Future Needs for Transportation Infrastructure

Over the next 30 years, our Nation's transportation infrastructure will need to keep pace with anticipated increases in population and demand for freight transportation. Forecasts predict that America's population will grow from 319 million in 2014 to approximately 400 million in 2051.[5] The movement of freight is expected to increase by 40 percent over the next 30 years.[6] U.S. trade volume is expected to double by the year 2021, and double again by the year 2030. By 2030, large "post-Panamax" ships are expected to comprise a majority of the world's container ship capacity, although, fewer than 10 of America's 360 ports are now capable of receiving ships of this size. Air travel demand is expected to increase from 750 million passengers annually to nearly one billion passengers annually by the end of the next decade.[7] New forms of air transportation, including drones and commercial space transportation will also need to be integrated into the aviation system. In terms of highway usage, vehicle miles traveled are projected to increase by nearly 20 percent by 2035.[8] Between 2015 and 2045, freight rail tonnage will increase by 24 percent, from 1.7 billion tons to 2.1 billion tons.[9]

The Federal Role in Transportation Infrastructure

Adam Smith, the father of modern economics and author of *The Wealth of Nations*, argued the three essential duties of government are to (1) provide for the national defense, (2) preserve justice, and (3) erect and maintain public works to facilitate commerce. However, one of the reasons why the Articles of Confederation failed as America's first doctrine of government was because they provided no means for Congress to regulate commerce between the states. The Founding Fathers realized the importance of the federal role in infrastructure, and wisely remedied this critical flaw in the Articles when they directed Congress, in Article 1, Section 8 of the Constitution, to establish post roads and to regulate interstate commerce. In doing so, they laid the fundamental groundwork for connecting the country through trade and travel.

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[2] U.S. Department of Transportation, Bureau of Transportation Statistics, DOT releases 30-Year Freight Projections, March 3, 2016.

[3] U.S. Department of Transportation, Bureau of Transportation Statistics, Transportation in the United States: Highlights from 2015 Transportation Statistics Annual Report.

[4] U.S. Department of Transportation, *U.S. Driving Tops 3.1 Trillion Miles in 2015, New Federal Data Show*, 2016.

[5] U.S. Census Bureau, *Projections of the Size and Composition of the U.S. Population: 2014 to 2060*, 2015.

[6] U.S. Department of Transportation, Bureau of Transportation Statistics, *DOT Releases 30-Year Freight Projections*, 2016.

[7] U.S. Department of Transportation, *FAA Aerospace Forecast, Fiscal Years 2016-2036*, 2016.

[8] Federal Highway Administration, *FHWA Forecasts of Vehicle Miles Traveled (VMT): Spring 2016*, 2016.

[9] U.S. Department of Transportation, Bureau of Transportation Statistics, *DOT Releases 30-Year Freight Projections*, 2016.

From the Transcontinental Railroad, to the Panama Canal, to the Interstate Highway System, to the Nation's airports, the federal government invested in infrastructure to ensure the connectivity of the American people and to support the needs of the American economy. Today, with the changing landscape of transportation infrastructure needs and demands, the federal government must identify and understand the best means of supporting a 21st century infrastructure that connects American consumers, manufacturers, and farmers to domestic and global markets.

WITNESS LIST

Mr. Frederick W. Smith
Chairman, President, and Chief Executive Officer
FedEx Corporation

Mr. David W. MacLennan
Chairman and Chief Executive Officer
Cargill, Incorporated

Mr. Ludwig Willisch
President and Chief Executive Officer
BMW of North America, LLC

Ms. Mary V. Andringa
Chair of the Board
Vermeer Corporation

Mr. Richard L. Trumka
President
AFL-CIO

BUILDING A 21ST-CENTURY INFRASTRUCTURE FOR AMERICA

WEDNESDAY, FEBRUARY 1, 2017

HOUSE OF REPRESENTATIVES,
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,
WASHINGTON, DC.

The committee met, pursuant to notice, at 10:03 a.m. in room 2167, Rayburn House Office Building, Hon. Bill Shuster (Chairman of the committee) presiding.

Mr. SHUSTER. The committee will come to order. Good morning. I want to welcome you all here to the first full committee hearing of the House Transportation and Infrastructure Committee for the 115th Congress.

I want to welcome our new Members; we have about 14 new Members on the committee. And, of course, welcome to our returning Members. I look forward to working with each and every one of you during this Congress, which I believe will be a very, very busy Congress. And our committee will be very, very busy.

This morning's hearing is about looking into the future and how we build a 21st-century infrastructure for America. But before we begin, I would like—I think it is important for us to remember some of the successes that the committee has had in the last Congress.

Our committee worked in a bipartisan fashion, was incredibly productive over the last 2 years. We were able to move large, complex pieces of legislation to improve America's infrastructure. The FAST Act [Fixing America's Surface Transportation Act], the WIIN Act [Water Infrastructure Improvements for the Nation Act], our PRRIA [Passenger Rail Reform and Investment Act] and Amtrak reforms bill, the PIPES Act [Protecting our Infrastructure of Pipelines and Enhancing Safety Act], the Coast Guard Authorization Act, and other committee bills are now law because we were able to build consensus and get things done for the American people. Our track record speaks to the hard work of our Members and our staff.

For our new committee members here today, take note. Our goal is the same level of success for this Congress, so get ready to roll up your sleeves and get to work, or get ready to jump in the ditch with the pick and the shovel. We got a lot of work ahead of us.

America's infrastructure is the backbone of the economy. As a people, we are bound together by our values, our dedication to our liberty, our freedoms. But physically, we are bound together by our transportation network. And this is a large country, and it wouldn't be the great country it is today if it wasn't for that physical connection, coast to coast, northern border to the southern border States. And from the beginning of our very First Congress that authorized the first Federal lighthouses, the transcontinental railroad, to the Panama Canal, to the Interstate Highway System, to the Nation's airports, the Federal Government has played a vital, constitutional role in ensuring the American people and our economy are connected through infrastructure.

And, in fact, those of you in the audience, behind you we put up two of which I think are important pieces of history. First, Adam Smith, "The Wealth of Nations," talking about what Government's to do for the people. And basically, it boils down to three things. It is: provide security, preserve justice, and erect and maintain infrastructure to promote commerce. So that is a fundamental role of Government, whether it is the Federal Government, the State government, or local governments.

And then, of course, the Founding Fathers, who all read Adam Smith, when they penned the Constitution, article I, section 8 talks about powers of Congress to protect the common defense, regulate commerce, and to establish post roads. And, of course, the post roads today are the highways and byways of our Nation.

And I am proud to say that the first highway authorized and appropriations went to to build a road happened to go through my district and the home of one of our witnesses here, Mr. Trumka, right through Fayette County and Greene County, Pennsylvania, the national road, which is Route 40 from Baltimore to the Ohio Territories.

So, again, from the beginning of the founding of our Nation, it is important to—and that highway, by the way, is over 200 years old. It was finished in about 1815 or 1816. So, again, from the beginning of our country, the Federal Government has had a role, and it needs to have a strong role.

And a strong infrastructure means a strong America, an America that competes globally, supports local, regional, economic development, and creates jobs. However, our infrastructure will face significant challenges in the future, and we are facing challenges today to rebuild it.

But in the future, the forecasts predict that our population will grow from about 320 million just last year to 400 million by 2051. The movement of freight is expected to increase by 40 percent over the next 30 years. And I have—right in my district I have Route 81 that is a two-lane—or, excuse me, a four-lane highway that—it is—it looks like a railroad at night, because there are so many trucks on it, so much freight, so much commerce moving on that highway. And that is just one roadway in America. And there are many, many others that look like that.

By the end of the next decade, air travel demand is expected to increase from 750 million passengers annually to 1 billion. And transportation technology continues to evolve. Driverless cars, commercial drones, and commercial space transportation are just a few examples of this change, but more changes are coming. Our infrastructure policies have to keep pace with these changing technologies. We must be able to meet our infrastructure needs of today, but also be poised to tackle the challenges of tomorrow.

One thing November's election taught us was that the American people are ready for their elected officials to rethink the way we do things here in Washington and challenge the status quo. This election also raised the profile of infrastructure in the minds of the American people and policymakers. In fact, I believe this was the first time a President ever mentioned the word "infrastructure" in an inaugural address.

This feeling of optimism is echoed by over 400 associations who wrote in support of investing in infrastructure and fixing the Highway Trust Fund. Their thoughts are contained in this letter, which I believe I have here—I am supposed to hold it up, but I don't know where it went—this is the letter, 400 different associations have signed it. And I would like to enter into the record.

Without objection, so ordered.

What this means for us, it means that we now have a unique opportunity. The wind is at our backs, and it is time to act on our infrastructure's needs. President Trump made a promise to the American people that he would reassert America's greatness. And from my perspective, that means ensuring that America is competitive in the crowded global marketplace of today and tomorrow. It means reimagining and building and rebuilding a 21st-century infrastructure, leveraging resources from all levels of Government and the private sector.

Modern infrastructure lets our people, goods, products, and crops get where they need to go more efficiently and at less cost. Improved roads and bridges reduce bottlenecks and problems that slow the flow of commerce.

Modern infrastructure is an aviation system with truly modern, efficient, and transformational air traffic control technology. It is ports and waterways that let our farmers and manufacturers move their crops and products to remain competitive with other nations. It is rail systems that focus on more effective, efficient service in regions of the country where rail transportation works well. It is pipelines that can transport the energy products that will power us into the future. It is infrastructure that is resilient when natural disaster strikes. It is infrastructure that can be built faster, unburdened by bureaucracy and impediments to private investment. And it is infrastructure that encourages innovation and unleashes the next revolution in mobility.

Modern infrastructure means jobs, because when transportation efficiency improves the bottom line for our job creators, then they can put more people to work. That is my vision for a 21st-century infrastructure, and it can be achieved if we work together and build it.

I welcome our panel of experts here today, look forward to hearing from you. And your organizations have a unique understanding of our infrastructure needs. And as I look out there, they are all the users of the system and people that build the system but, again, use the system. And we really appreciate your taking the time to be here, from all of you. The positions you hold at your organizations are at the highest level, and I know that your schedules are very demanding, so we really appreciate you being here. And I think it demonstrates the importance of what we are talking about here today.

Your companies and workers depend on the functionality of our transportation system networks, so your perspectives are critical to helping us shape the future of America's infrastructure.

And with that, I would now like to yield to recognize the ranking member, Mr. DeFazio, for a statement.

Mr. DEFAZIO. Thank you, Mr. Chairman. I very much share the sentiments you have expressed. I was interested to learn that the first earmarked highway project in America did run through your district.

[Laughter.]

Mr. DEFAZIO. So that is—hopefully we can——

Mr. SHUSTER. It wasn't my father.

[Laughter.]

Mr. DEFAZIO. We can—is that the one they named after your dad? OK. And I hope we can bring back congressionally designated spending, where we set priorities for some small amount of our annual investment. We know our districts and our States better than Washington, DC, bureaucrats of either party.

I also agree with your sentiment about challenging the status quo. I am going to talk about that now. The status quo has been, we are frozen in amber. We are refusing to invest in our infrastructure. Yes, the FAST Act was good. But part of it is paid for with funny money that will never show up because we didn't have the guts here to increase user fees.

It is time to confront these issues. The American people get it. A number of all-red States have raised their gas tax. Nobody has been recalled or lost their election. The people get it. They are tired of sitting in congestion. So I am going to talk about real things.

OK. Let's index the gas tax—radical proposal. We can index it to construction cost, inflation, fleet fuel economy. Gas will go up maybe 1.2 cents a gallon next year. Anybody think they are going to lose their election over that?

But if we do that over the next 30 years, we can issue 30-year bonds, tranched. We tranche the bond issuance of $500 billion, which would mean $20.3 billion additional per-year expenditure, and we would make the Highway Trust Fund whole through the next three authorizations, and we would bring the Nation's infrastructure to a state of good repair in 14 years.

And I think that's what the President called for last week in Philadelphia. He said, "Fix it first." We do need to fix it first. We need to fix the 140,000 bridges that are falling down. We need to fix the 60 percent of the pavement on the National Highway System that doesn't just need another coat of asphalt, it needs to be totally restructured. And we need to deal with the $90 billion backlog in our transit systems, just to bring them up to a state of good repair, let alone offer new options.

My plan would both allow us to bring it up to a state of good repair in a reasonable period of time, and to make new investments because it would make the Highway Trust Fund whole. That is all we would have to do, just index the gas tax, dedicate it, and issue the 30-year bonds.

Now, second, let's talk about, again, a little bit of political will. We are collecting a tax every day from every American consumer who buys any imported good. They are paying a tax. And that tax is supposed to go to maintaining the Nation's harbors. Well, it isn't. Half the money, about, on an annual basis, goes into harbor maintenance work.

That is why we have a $22 billion backlog to be able to accommodate the new ships, in addition to funds needed for failing jetties and other things. We are only spending half of the tax the American people pay every day. Every year. The rest of it is being diverted into la-la land. It is pretend deficit reduction. It is theoretically sitting in a $9 billion account in the Treasury.

If we waive the House budget rules, and we spend that $9 billion—which we took from the American people—for the purpose for which it was intended, and spend the full tax every year for the next 10 years, we could invest $27 billion in our harbors. That means they would be ready to receive the big ships, we would take care of that $22 billion shortfall, and we could repair the jetties and make other improvements. That money is already available.

We don't need a new tax, we just need to push the Budget Committee objections and some of the appropriators out of the way and say no, we are going to make it into a real trust fund, like we have for surface, and we are going to actually spend the tax for the purpose for which it is collected. Now, all that takes is a little bit of a challenge to the status quo. You don't even have to raise a tax.

And then, third, our airports are in serious trouble: $32.5 billion backlog to accommodate growing passenger demand. You have all been there. You have gone through what are essentially Greyhound bus stations instead of state-of-the-art terminals. Now, we haven't allowed them to increase the passenger facility charge. I have talked to all the airports.

The largest airports have said to me, "Look, let us raise the passenger facility charge, a user fee only on people who go through that airport, and we will forgo the AIP [Airport Improvement Program]. You can give that money to the small and moderate-sized airports, so they can do needed projects, and we will pay for our own projects with bonding, by dedicating an increase in the PFC [Passenger Facility Charge]." Many of these airports are bonded out.

Now, the airline industry says, "Oh, if you increase the PFC by $2, nobody will ever fly again. They will all get in their cars." Oh, you can charge me $50 to put my bag in the overhead, and I will keep flying and smiling. But if I had to pay $2 so I don't have a Greyhound bus experience when I go to fly on an airplane and stand in these unbelievable lines because we have inadequate capacity, I won't ever fly again? I mean that is total B.S. We all know that. They have some economist somewhere locked in a closet who claims he can prove it. What they are afraid of is if airports expand we might have more competition. If we have more competition, that might mean that prices of tickets go down. That is the real reason that they object.

So that takes a little political will. So here are three steps we could take to put nearly $600 billion to work, some of it tomorrow. Remember, there is a provision in the FAST Act that I got in there that says any additional funds allocated to transportation spend out immediately through the formulas we have already adopted. We don't have to go through a multiyear process, we don't have to go through debates, or anything else. I would hope that we would add in congressionally designated spending for some portion of these new projects. But, other than that, no other changes are necessary.

The Harbor Maintenance Trust Fund, waive the House budget rules, spend the money we have taken from the American people. And, yes, stand up to the airlines and say, "Look, come on, you know, we want people to have a good experience both in the air and on the ground. Let's rebuild America's airports to meet the additional demand with a small addition on the passenger facility charge."

Now, passenger facility charge is in the jurisdiction of this committee. Harbor Maintenance Trust Fund is a shared jurisdiction, obviously. And then, of course, the indexation of the gas tax would have to be approved by our colleagues on Ways and Means. But I think if we joined together—like we did when we got an increase in the gas tax over the objections of many in Congress by having a bipartisan coalition to increase the gas tax in 1993, the last time it was increased—we could do it again. I hope that we can join and make common cause in these areas, because we do need to rebuild our country.

Thank you, Mr. Chairman.

Mr. SHUSTER. Thank you, Mr. DeFazio. And now I would like to welcome, again, our panelists. Thank you for being here. I will introduce you now in group, and then start the testimony.

But first off, Mr. Fred Smith, who is the chairman, CEO, and founder of FedEx Corporation. FedEx is a Fortune 500 company with over $50 billion in annual revenue. FedEx moves 12 million packages daily through the global transportation system, which gives them great perspective on the challenges that we faced.

Next, Mr. David MacLennan—Lennon, like Lennon, John Lennon, there. Good job, Cohen.

[Laughter.]

Mr. SHUSTER. Sorry about that. Chairman and CEO of Cargill, Incorporated. Cargill is the largest privately held corporation in the United States, producing food, agricultural, financial, and industrial products throughout the world. Cargill exports more than 200 million tons of dry bulk cargo each year, and it is a $120 billion-a-year corporation.

Mr. Ludwig Willisch, president and CEO of BMW America. BMW has invested over $7 billion to build and upgrade its manufacturing plant in Spartanburg, South Carolina, which employs nearly 9,000 people. Since it opened in 1992, American workers have produced 3.7 million vehicles, exporting 85 percent of them through the Port of Charleston.

And next, Ms. Mary Andringa, chairman of the board of the Vermeer Corporation, based in Pella, Iowa. Vermeer manufactures and distributes agricultural, forest, and utility equipment to over 500 of its global dealerships. It exports 30 percent of its parts worldwide, and annual sales of over $1 billion.

And finally, Mr. Rich Trumka, president of the AFL–CIO. The AFL–CIO is the umbrella organization for over 50 U.S. unions representing 12.5 million working men and women. And, of course, a fellow Pennsylvanian. Welcome to each and every one of you, and

I look forward to your testimony, and looking forward to working with you as we move forward.

I now ask unanimous consent that our witnesses' full statements be included in the record.

Without objection, so ordered.

And since your written testimony has been part of the record, we would ask you to limit your oral testimony to 5 minutes.

And with that, we will start with Mr. Smith. Please proceed.

Mr. SMITH. Thank you, Mr. Chairman.

Mr. SHUSTER. I don't think your mic is on. Is it?

Mr. SMITH. Yes, it is now.

Mr. SHUSTER. Pull it a little closer to you, maybe.

Mr. SMITH. Is that better? OK.

Mr. SHUSTER. There you go, thanks.

Mr. SMITH. I served in the Marine Corps, so I have to be instructed carefully.

[Laughter.]

TESTIMONY OF FREDERICK W. SMITH, CHAIRMAN AND CHIEF EXECUTIVE OFFICER, FEDEX CORPORATION; DAVID W. MACLENNAN, CHAIRMAN AND CHIEF EXECUTIVE OFFICER, CARGILL, INCORPORATED; LUDWIG WILLISCH, PRESIDENT AND CHIEF EXECUTIVE OFFICER, BMW OF NORTH AMERICA; MARY V. ANDRINGA, CHAIR OF THE BOARD, VERMEER CORPORATION; AND RICHARD L. TRUMKA, PRESIDENT, AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS (AFL–CIO)

Mr. SMITH. So, thank you, Mr. Chairman, Mr. DeFazio. Let me say hello to a couple of old friends, Representative Cohen, who represents our hometown headquarters, and Representative Duncan, from the more prosperous eastern part of our State. So it is good to see you.

As you mentioned, my written statement is in the record. So let me make a few points. I think at FedEx Corporation we are uniquely situated to comment on these matters. I am proud to be here representing over 450,000 FedEx team members around the world. We have four transportation companies that are affected by these infrastructure questions: FedEx Express, the largest all-cargo and express air carrier in the world; FedEx Ground, the second largest ground parcel network; and FedEx Freight, the largest less-than-truckload system in the United States; and finally, FedEx Trade Networks avails itself of the maritime transportation.

We serve 220 countries, link 99 percent of the world's GDP, operate 650 aircraft, serve 375 airports, operate 150,000 motorized vehicles. As you mentioned, we move 12 million shipments on average per day in the nonpeak season. We fly 255 million miles each year. And last year FedEx vehicles drove in excess of 5 billion miles on our highways. We strongly support a modernized transportation system that includes the best air traffic control system, updated sea and airports with the latest in technology, and well maintained and expanded highway systems.

So let me talk briefly about all three of those. Improving the ATC system, ensuring transparency and the payment for that system, and assuring irrelevant provisions are not added to the legislation should be priorities of this committee. We support an independent ATC system, and believe that such an enterprise will work more effectively and efficiently than the current one. The new ATC system must be allowed to operate as a bona fide stand-alone business organization separate and apart from the Government and responsible to its users.

Regarding the interstate road system, our interstate system is now over 60 years of age. It is in desperate need of updating. Nearly 70 percent of all freight tonnage moved in the U.S. moves on trucks. I think you mentioned that, Mr. Chairman. We need both short- and long-term investment. The surface transportation industry has been virtually unanimous in supporting an increase in the Federal system to pay for this system. First, through the gasoline and diesel system, and moving to a user fee system, given the emergence of noninternal combustion engines in the form of electric and hybrid vehicles, some of which we are operating in Washington, DC, as we sit here today.

And lastly, we strongly support a new Federal standard to move the twin trailer limits in this country from 28 feet to 33 feet for the less-than-truckload and ground parcel businesses. Quite frankly, these networks are being overwhelmed with the growth in e-commerce. Thirty-three-foot twin trailers are permitted in certain States. We have operated them for many years. They are safer, save millions and millions of gallons of fuel, reduce emissions. They take vehicles off the road, which gets to the congestion issue that you were talking about, Mr. Chairman.

I might point out that the standard in Mexico is twin 40-foot trailers. So this is not a big stretch. This would have an instant improvement, environmentally and in the national productivity in our less-than-truckload and ground parcel networks.

Let me just close with saying to you there has been a lot of conversation in Washington these days about trade. FedEx is ardently in support of expanded trade, not less trade. We certainly acknowledge the protectionism and mercantilism, particularly in China. But the secret to that is to expand our access to their market, not shut down the trading system that has made this country so prosperous.

Thank you for giving me the time to make these remarks.

Mr. SHUSTER. Thank you, Mr. Smith. Now, Mr. MacLennan.

Mr. MACLENNAN. Chairman Shuster, Ranking Member DeFazio, and distinguished members of the House Committee on Transportation and Infrastructure, I appreciate the opportunity to be here today. I am Dave MacLennan, I am chairman and CEO of Cargill. We provide food, agriculture, financial products and industrial products to the world, and our mission is to nourish the country and nourish the world in a safe, responsible, and sustainable way.

Our company is a great American success story. It was founded in 1865 by William W. Cargill, with one small grain warehouse in Conover, Iowa. That elevator almost went bankrupt just a few years later, when the railroad stopped coming to Conover. Mr. Cargill knew that transportation drives growth in agriculture. So he followed the infrastructure. And today we have 150,000 employees in 70 countries around the world.

Thank you for your past leadership on reauthorization of WRDA, and—as well as the passage of the FAST Act. I am encouraged by the interest of this committee in modernizing our Nation's infrastructure, and eager to discuss the challenges facing our agriculture support system.

For much of our history, America's infrastructure has been the envy of the entire world. It has allowed our country to become the economic powerhouse that we are today. And certainly for agriculture in the rural communities which serve agriculture, moving product for trade and export is critical. But while many other countries are building the roads, ports and railways of the future, we are falling behind. Infrastructure investments will allow American companies to compete effectively with our counterparts abroad and create long-term growth that will benefit and create jobs for all Americans.

Twenty-first-century infrastructure includes shiny objects like electric cars and microgrids and high-speed rail. But as exciting as those new technologies are, we also need to think about our traditional transportation assets. So my testimony will focus not on the shiny objects, but on the ones that can get rusty, like rails, roads, bridges, and the waterways of rural America.

Mr. Chairman, agriculture is the largest user of freight transportation in the United States, claiming 31 percent of all ton-miles, according to the USDA. And in our world of thin margins, when infrastructure fails it ripples up the supply chain, and we all feel it.

Cargill supports multiple modes of transportation. What is most important to us is making sure our customers can get their goods from point A to point B in an efficient, safe, and sustainable manner. Unfortunately, our Nation's transportation infrastructure is under unprecedented strain. Our inland waterways struggle because of aging locks and growing demand. Our seaports are not deep enough to accommodate newer and larger ships. Our railroads are experiencing capacity constraints, and our bridges and roads are crumbling, receiving a D rating from the American Society of Civil Engineers.

If our ports fail, we cannot link Pacific Northwest grain farmers to the global market. If our locks and dams fail, we can't move the road salt that we mine in Louisiana up the rivers to keep roads safe in the winter in Pittsburgh. If our bridges crumble we cannot cost-effectively truck fertilizer to family farmers in Platte City, Missouri. And if our railroads are over capacity, we can't ensure enough ethanol makes it to New Jersey to be blended into gasoline for our cars.

We know what it looks like when one mode of transportation fails and the consequences ripple up the supply chain. In 2005, when Hurricane Katrina shut down the gulf ports, we lost the ability to transport grain on our Nation's waterways. Losing this very efficient transportation capacity greatly impacted the price of corn paid to farmers, with U.S. corn prices falling 30 cents a bushel. In 2005, the U.S. corn crop was 10 billion bushels, so that is $3 billion in lost market value at the time.

In the chairman's home State of Pennsylvania, crumbling bridges near our beef plant in Wyalusing were recently bypassed for replacement. Reduced weight limits made them impassable for our carriers. And in the rural town where we employ more than 1,700 workers, trucks moving beef to our customers, are focused to reroute, which adds millions of dollars in cost to our business today.

So, in closing, our ability to fix our infrastructure, compete in the global market, and keep our economy growing will be influenced by the decisions of the people in this room. I urge you to invest in the food and agriculture and rural economies by reinvesting in the state-of-the-art transportation systems that we all know clearly got us here in the first place.

Thank you again, Mr. Chairman, for the opportunity to share Cargill's views with you today, and I look forward to answering your questions.

Mr. SHUSTER. Thank you.

Mr. MACLENNAN. You are welcome.

Mr. SHUSTER. Mr. Willisch, you may proceed.

Mr. WILLISCH. Thank you, Chairman Shuster, and Ranking Member DeFazio, and members of the committee, for inviting me to participate in today's hearing. My name is Ludwig Willisch, and I am the head of the Americas for the BMW Group. I represent the more than 70,000 people who have jobs provided and supported by BMW in the U.S. alone. This includes 655 dealerships across 48 States; 11 distribution centers in 8 States; our headquarters in New Jersey; design studio, tech office, and testing facilities in California; a bank in Utah; financial services in Ohio; BMW Technology Corporation in Chicago; our carbon fiber manufacturing facility in Washington State, and BMW Manufacturing in South Carolina.

Over the last two decades we have invested $7.5 billion in our South Carolina plant, now the largest facility in our global network. What is more, this plant earns BMW the title of the largest exporter of vehicles in the United States by value. We estimate that BMW had around $10 billion in U.S. dollars to export last year, alone.

We have a talented team and achieve much within our company. However, no one in this industry can go it alone. Every auto company relies on a network of suppliers, service providers, reliable infrastructure, and the right regulatory framework to deliver for our customers. In this spirit, I would like to give you a sense of how important these issues are through BMW's eyes.

The current BMW X3 was designed by an American, Erik Goplen, out of our Los Angeles design studio, Designworks. Once the design was finished, it was sent to Munich for engineers to take the car from page to pavement. The next step is production in the United States. Our logistics network in South Carolina includes 40 nearby suppliers, the Greer Inland Railway Port, and the Greenville-Spartanburg Airport. We rely on these roads, rails, and runways every day.

A finished X3 leaves the plant by rail, with the majority heading to the Port of Charleston for international export to 140 countries. On this point I would like to give special thanks to the committee, and in particular Chairman Shuster and Ranking Member DeFazio and Representative Sanford of South Carolina, for their support of the Water Resources Development Act. The Port of Charleston is absolutely critical to export success of BMW and a number of other companies.

The remainder of the domestic vehicles are trucked to BMW vehicle distribution centers in States across the country. From those distribution centers, the X3 is then delivered to dealers in 48 States. Reliable transportation and infrastructure is vital to operating our business every day. Looking ahead at future mobility technologies, infrastructure becomes all the more important. Industry is making significant investments in automated vehicles, or AVs, to move them from test track to street.

There are ways for the Government to support these efforts. Some of these opportunities are fairly straightforward. For example, the sensors and cameras in automated vehicles rely, among other things, on road markings and signs to orient and drive. Consistent AV performance can suffer if roads do not have adequate lines, road conditions are unpredictable, or signs and signals are all different. Consistent performance is vitally important, as it lays the foundation for customer trust.

Other areas of necessary Government support are more involved, but crucial to the long-term success of AVs. BMW welcomed the Federal AV Policy Guidelines as a positive first step in creating a regulatory framework for AVs. Industry regulators and the public need to continue meaningful conversations to move forward. There is a lot of work to be done. But with so many stakeholder groups aligned on the desired outcomes, I am confident we can find a path forward.

This is an opportunity that requires all stakeholders to bring their best ideas and open minds to the table. I look forward to continuing our conversation and working together to make tomorrow's potential a reality.

Thank you very much.

Mr. SHUSTER. Thank you.

Ms. Andringa, please proceed.

Ms. ANDRINGA. Thank you, Chairman Shuster and Ranking Member DeFazio and members of this committee, for hearing a little bit about what it means for manufacturers to have an updated infrastructure system.

Our company, Vermeer, was started 70 years ago by my dad, with one employee, one product, and really, distributing products locally. Today we have over 2,000 employees and 160 different products. And I realize those numbers are small in comparison to my fellow board members and panel members here, but, you know, it represents, really, a lot of small and medium-sized businesses.

In our country, 50 percent of GDP and over 50 percent of employment is connected with small and medium-sized businesses. And so, what my dad needed for infrastructure back in 1948 is different than what we need today. And as chair of Vermeer and former CEO, I have also had the opportunity to chair the National Association of Manufacturers, which represents 12 million men and women who manufacture every day. When I first became involved with the NAM, we talked about how our goal was that the U.S. be the best place to manufacture. And in order for it to be the best, we need to have good, top-notch infrastructure. It has been at the top of our list for many years.

So, in a company like ours, when we bring over 2,000 people in from anywhere from 30 to 70 miles' driving distance one way every day, we need safe, reliable roads for them to get to work safely, and also to be able to get home safely to their families.

We also have 50 trucks, which ride every day into Vermeer with parts and pieces and go out as whole goods. So we need the good roads for that. Of the major roads in the U.S., 65 percent are deemed deficient. And also, I think we have to understand that road conditions often are a significant factor in fatalities on our roads.

We also have hundreds of sales and service people who work with our distribution networks who are in urban areas, and they are dealing with congestion, particularly in the urban areas, and traffic delays, and sometimes a lot of frustration getting trucks in and out of the urban areas to our dealerships and to our customers.

One of the things I thank this committee for is the work that you did on the FASTLANE grant. Because of that, we are going to now have an intermodal location in Cedar Rapids, Iowa, which is much closer to us than trucking containers to Chicago or Kansas City. That will help relieve some congestion that we have had in getting containers to ports.

Bridges have been mentioned before, but I know just in Iowa, 21 percent of bridges in Iowa are deemed deficient. So again, it is a safety and a congestion and delay opportunity that we can fix.

Airports are definitely in dire need of updates. We ship 400 to 500 packages to our customers daily with air. We also buy a lot of commercial tickets, over 3,000 a year. And yet we have a lot of frustration with delays and airports. And I think some of the work that needs to be done yet on the longer term Federal Aviation Administration authorization bill is extremely important. Air traffic controllers are, in many cases, working without data and technology. And also, as we look at that NextGen implementation, the estimates are that that would be able to reduce delays by 35 percent, which would be significant.

Manufacturers use energy, all kinds of energy. So it is very important that we have good and solid transmission lines. And it is really the internet of everything. So it's the way we communicate with our customers, with our dealers, with our employees in the United States and around the world, that makes broadband infrastructure so important.

And it is also important because today we have smart machines in our factories. We also have smart machines out on job sites. And many times they are communicating with the asset owners.

Over the last years, Vermeer has been involved in continuous improvement, or the Lean journey. And one of the things with Lean is you need to have flow. So you need to have flow of goods coming in on a timely basis, and you need to have whole goods going out on a timely basis.

But another aspect of Lean is total productive maintenance. And I think that one has some applications to infrastructure. It is when we take a machining center, maybe a $1 million machining center, and periodically tear it down to the parts that are going to fail—we know they are going to fail—and we replace them. And the result is that we reduce our downtime on those machines, like, 70 percent, and we also reduce our cost of maintenance. And it seems to me that manufacturers know a lot about investing in our infrastructure to make sure we have a sustainable future. And I think that is the same kind of investment, proactive investment, we need in our infrastructure system in the United States.

So, I would just like to say that this discussion has been going on for quite a while, and I really implore you all to take some major steps. We need a sustained, focused effort to really reverse the decline, and to make sure we have the infrastructure that we need to produce safe transportation, productivity, and also great jobs here in the U.S.

So, thank you for the work your committee does.

Mr. SHUSTER. Thank you. Now Mr. Trumka, please proceed.

Mr. TRUMKA. I thank you, Mr. Chairman, Ranking Member DeFazio, members of the committee. It is a pleasure to be here with you today. This committee is known for working together and setting aside partisan differences and getting things done for the good of the country, and I want to thank you for that.

In recent years you have passed many pieces of important legislation, and this year will bring FAA reauthorization, and hopefully a major new infrastructure bill. Our Nation faces challenges that are gray, and the task ahead is very daunting.

We are all familiar with the American Society of Civil Engineers estimate that our infrastructure deficit is approaching $4 trillion. Yet closing that gap is only the first step. The reality is our infrastructure is rapidly becoming technologically obsolete. To truly be competitive in the 21st century, we must invest in the transformative infrastructure of the future: this century's version of the transcontinental railroad and the National Highway System.

Our failing infrastructure may be an obstacle and a challenge, but fixing it is really a powerful opportunity. During his campaign, President Trump spoke about $1 trillion in new infrastructure investment. We believe that is the right scale to be talking about, trillions. And the labor movement is ready to work with this committee to turn words into actions.

Look at this panel before you. Business and labor may not agree on a number of things, but we do agree on the need for serious investments in America's infrastructure. In the aftermath of the 2016 election, there is no clearer mandate from the American people. And it should surprise no one that infrastructure is a top issue, because the American people have endured an infrastructure that has been underfunded and crumbling for decades. We want investments that create good jobs, that meet the real needs of our economy. Any other path takes us backwards, because investments in infrastructure create the foundation for a long-term growth.

Building the infrastructure of the 21st century is vital to both our Nation's competitiveness and to the hopes of hardworking people to lead better and more prosperous lives. So the labor movement is ready to fight here in Washington and across our great Nation to see a transformative and inclusive infrastructure program enacted. We need to bring 21st-century technology and good jobs to the entire country, to places as diverse as West Baltimore and my rural hometown, Mr. Chairman, of Nemacolin, Pennsylvania.

And once that investment is made, the labor movement stands ready with the most highly skilled and well-trained workforce to get the job done. One trillion dollars in new infrastructure investment would make a big difference to working Americans, and put our Nation on the path to sustainable prosperity. How we invest matters. It must be real investment, and it must create good jobs.

And let me be clear. If we want good jobs, we have to have high labor standards and protections for people who build and maintain and operate our infrastructure.

That is not all. We need to make sure public money is used to support American jobs, American resources, and American products.

Finally, it is imperative that we invest at the lowest cost of capital to the public. Anything else simply sacrifices jobs to Wall Street. So, finding significant sources of funding may be politically difficult. But the cost of inaction is unacceptably high. And it is real, and it is growing. Labor has and will continue to consider all types of funding, including our traditional support of user fees to fund surface transportation. Done right, other resources or sources of revenue could help. However, solving our Nation's vast infrastructure needs will require major levels of public investment.

I will be blunt, Mr. Chairman, we need to be bold, and we need to be aggressive. We need to be the America that can, not the America that can't. We are eager to work with the leaders of both parties to make this investment a reality and help cure some of the problems that the country faces and my colleagues at this front table face. We stand ready to do that, Mr. Chairman.

Mr. SHUSTER. Thank you very much. Now we will go to questions. I will start, and I want to direct it at Mr. Willisch and Mr. MacLennan.

I appreciate that Ms. Andringa was very specific on projects that affected her business. Both of you made reference to it, but as we are looking at the 21st-century infrastructure, what in your world of Cargill and BMW—what are the specifics? Where do we need to invest for manufacturers like you to be successful and to continue to grow?

Mr. WILLISCH. Well, very obviously, the first thing is roads. That is where our cars are operated. And that includes, as I said before—because we are on the verge of a big change, as far as drive trains are concerned, as far as automated driving is concerned. So road markings are really crucial to the working of an automated car.

The second thing is, of course, when it comes to infrastructure, it is the ports that really matter to us, which we need to both send cars into 140 countries from this country, or receive parts and stuff that we need to build those cars with. So those two things are really, really crucial to us.

Mr. SHUSTER. And to your bottom line, if that port isn't efficient, if that port can't take those bigger ships coming in to Charleston, that affects your bottom line.

Mr. WILLISCH. Absolutely. And just think. We just dredged the harbor of Charleston so it can have bigger ships that can go through the new Panama Canal, because all cars that we ship to Asia go through the Panama Canal.

Mr. SHUSTER. Right.

Mr. WILLISCH. So it is really vital to us.

Mr. SHUSTER. And one thing is you've mentioned about the number of cars you export. According to what I see, you export more cars than General Motors.

Mr. WILLISCH. Yes. Yes, we do.

Mr. SHUSTER. And producing——

Mr. WILLISCH. Who would have thought?

Mr. SHUSTER. Yes, exactly.

Mr. MacLennan?

Mr. MACLENNAN. Mr. Chairman, yes, I mean, it is kind of like your kids, you don't want to pick one over the other, and we use highways, we use railcars, we use barges, and they are all interconnected. I mean, you know, you have a bit of a disruption in one, it flows back through the supply chain.

I would say, relative to our business, and especially our focus in the rural economy, in the agricultural economy, I think rivers, ports, the waterways, they are environmentally efficient. They can carry bulk. They can only go so far, obviously. You know, they are limited.

But I think, you know, rivers and ports and the access to the grain and the things that we move up and down, the products that we move up and down, we moved 97 different products on the river system in the last year.

And the other statistic that I found rather staggering is that in the last year our Nation's locks were closed for over 141,000 hours. So if you think about the disruption to the system—call it the backward ripple effect in the supply chain—I think I would probably focus on, for us, waterways, locks, the river system as being important.

Mr. SHUSTER. And that has a huge impact on your bottom line.

Mr. MACLENNAN. Significant impact on it, huge impact on our bottom line and the bottom line of our customers.

Mr. SHUSTER. All right, which is the point of if you don't pay for it in the front end, you are going to pay for it on the back end.

Mr. MACLENNAN. Exactly. Pay me now or pay me later.

Mr. SHUSTER. Right, right.

Mr. Smith, you have the broadest use of the transportation system. We are in the 21st century. You know, should we be really targeting—and if we had to—if you had to pick one or two that really have a huge impact on what you do in the States and globally, which modes would you think are the most efficient?

Mr. SMITH. Well, as I said in my remarks, Mr. Chairman, modernize the ATC system, expansion and the maintenance upgrades of our Interstate Highway System. There are 28 interstate highway projects that are basically engineered and could move forward if the funding was there to do them.

I don't think there is any question about the fact that President Eisenhower in the 1950s, launching the Interstate Highway System was one of the most important things that led to the prosperity of this country. And we are simply not expanding it and maintaining it to the extent that we need to.

And, of course, I mentioned the—you don't have to do anything in terms of funding to approve the 33-footers. Those are the three things that we think would have profound and near-instant improvements in the Nation's infrastructure.

Mr. SHUSTER. And improve your bottom line, which helps reduce the cost to customers, ultimately.

Mr. SMITH. Well, it improves our bottom line. And the thing that is just the nemesis for many parts of the country, the congestion continues to increase. And absent these investments in the infrastructure, that is not going to stop. So it is going to get worse and worse. And I—the—Mr. DeFazio's remarks, I think, were spot on. I mean we have got to pay for it, and get started on it.

Mr. SHUSTER. Thank you very much. With that, I will yield to Mr. DeFazio for questions.

Mr. DEFAZIO. Thank you, Mr. Chairman. Mr. Chairman—and it was just mentioned by Mr. Smith and others referred to it—the cost of congestion. So I have taken it upon myself to create an infrastructure cost of congestion clock, which I have posted on the Democratic side of the website. Hopefully it could be on the full committee site.

And for reference purposes, since this President has promised that he wants a major infrastructure plan, is expressing some frustration that it doesn't seem to be at the top of the agenda, I want to reinforce that. And this clock will recognize, on a daily basis, the cost of congestion to the American economy.

And, as you can see, it is running right now. And this is since the day the President was inaugurated. So I share the President's frustration, and hope that this committee can raise these issues to the top of the agenda, or the 100-day agenda. This reflects the cost, both to individuals and to business, in terms of congestion and delay. And, just for average people, it is 84 minutes stuck in traffic since the day of inauguration because of undue congestion.

With that, let me go back to my proposal. Is there anybody on the panel—and now, Mr. Trumka, you represent millions of individuals, so you can speak for them. And all the rest of you are in business, and use fair amounts of fuel directly or indirectly in moving your goods or in moving goods. Does anybody here think that a one-half of 1 percent increase in the cost of diesel would cause an undue disruption to the American economy, or a taxpayer revolt that would threaten people's political careers? Because that is what my plan would do. It would be about one-half of 1 percent, if we index the per-year increase.

So, OK, that is great. And I think, when you look at that number, it looks like a pretty darn good investment.

I would like to go back also to the harbor issue. We have—and probably, even Ms. Andringa, you probably import or export goods, too—so I think we have four people here directly involved in the import or export of goods, and some frustration about that.

If you are importing goods, you are paying the tax. And I am just wondering, what do you think of the proposal that we should actually take the taxes that were collected to maintain our harbors and do away with this artifice of putting them in a theoretical bank account at the Treasury, and actually spend them to deepen and improve our harbors. Anybody got any reflection on that?

Mr. MACLENNAN. I will take the bait.

Mr. DEFAZIO. Yes.

[Laughter.]

Mr. MACLENNAN. So you said it effectively in your opening remarks, Congressman. I mean we have got this money that has been collected. We have paid it, it is there, and we need it. So, obviously, you want to get good, effective, scalable projects. But, you know, given what is—I mean, for example, the expansion of the Panama Canal, we are seeing more traffic on our riverways. I talked a few moments ago about the need for more efficient river traffic. It is environmentally efficient. And you can get over 50,000 bushels on 1 barge, and you can get 1,000 bushels on a regular-sized truck.

So, I would support your proposal to spend the money, invest the money that has been collected from the users of the system.

Mr. DEFAZIO. I would reflect that Congress did—although most don't know it—increase the inland diesel waterway user fee, diesel tax, in a yearend budget deal 2 years ago. Kind of had to hide it. We had advocated for that, but were shut down as we went to the floor. But later it got snuck into the yearend budget deal. It made a lot of sense. And this—in this case, we don't have to increase it, we just have to spend the money as it comes in, and spend the money that has been accumulated.

Mr. Smith, you referenced 20 projects. Were those major choke points that you said were already designed?

Mr. SMITH. Yes, sir. I have a list of them right here: North-South corridor, Missouri, Arkansas, Louisiana, U.S. Route 220, Pennsylvania, New York, Raleigh, Norfolk corridor, North Carolina and Virginia, I–69 corridor, U.S. Route 59. They are all right there. The DOT, if you put a funding mechanism, you can——

Mr. DEFAZIO. What are the——

Mr. SMITH [continuing]. Get started on them right away.

Mr. DEFAZIO. What do they add up to? Did you add them up, by any chance, or——

Mr. SMITH. In terms of money?

Mr. DEFAZIO. Yes, cost.

Mr. SMITH. I don't have the——

Mr. DEFAZIO. OK.

Mr. SMITH [continuing]. Dollars invested here. But just the route extensions that would improve the national productivity, reduce congestion.

Mr. DEFAZIO. Sure, thank you. OK. And, Mr. Trumka, some people question, say, "Well, gee, we really don't have the people to support and do the work, if we make these major investments. There just aren't enough workers out there." I mean, look, the unemployment rate, theoretically, is down to 4 percent.

Could you reflect on that, whether or not there is a ready and trained and available workforce if we did a major infrastructure push?

Mr. TRUMKA. I would be happy to. According to the latest—the latest—BLS reports, there are still 670,000 construction workers that are out of business. That doesn't include discouraged workers who have stopped looking for the jobs. It also doesn't include things like design engineering, operation, maintenance, and warehousing, which are in a different category. All of those are available, as well.

This is the best-known secret in the United States: other than the military, the U.S. labor movement trains more people every year than any other institution out there. No university does it better. We have highly skilled people. We are putting people through those apprenticeship programs on a regular basis. We are reaching in to disadvantaged communities, rural communities, with classes that will help them qualify, get through our entrance exam, and qualify as a career. So there is an ample supply of skilled workers ready, anxious, and willing to go to work.

Mr. DEFAZIO. Excellent, thank you. Thank you, Mr. Chairman.

Mr. SHUSTER. Thank you. With that, Mr. Barletta.

Mr. BARLETTA. Thank you, Mr. Chairman. Growing up in the road construction business, I learned that private industry needs long-term planning and dedicated funding sources in order to invest in our Nation's infrastructure. It is simply a fact that no employer will make plans to hire more workers or purchase $1 million pieces of equipment without long-term security in Government contracts. And no State or local government, being a former mayor, can make long-term plans without certainty in Federal transportation spending. Do you all agree?

That being said, can any of you speak to how uncertainty and short-term fixes to the Highway Trust Fund have impacted your ability to move goods and services around the country? Anyone who wants to take a stab.

Mr. Smith?

Mr. SMITH. Well, as has been brought up several times, the population and the commerce of the United States has gone up at a far, far faster rate than the expansion of the interstate—the Federal highway system, which is the backbone of our Nation's logistics system. Seventy percent of every pound that is moved in the Nation's commerce is moved on the highways. That is not to say other modes aren't equally important, but we have allowed the highway system to atrophy for lack of maintenance. And, equally important, we have not added to it. And that was the point of me referencing these 20 projects that are out there that are basically designed.

So, you can't expect national productivity and economic well-being to improve unless you address these infrastructure issues. And in my mind it is just a matter of paying for it. I mean the system is there.

Mr. BARLETTA. You know, spending on infrastructure will grow the economy more than anything that I know. When there is a lot of infrastructure work, people will make good money. There is no question about that. When they make good money, you know what they do? They spend it. They spend it right in our local economies, which helps everyone, not just the construction workers, not just the construction companies, not just the manufacturer of equipment. It helps the waitresses and waiters and little restaurants and diners. It helps everywhere.

So, it is an investment. And I said it will grow the economy more. So spending on infrastructure is not the same as putting money into another program where you are just providing services. There is a return on that.

Mr. SMITH. And I might just add I think my numbers are correct. We are now at levels of Federal infrastructure spending that have not been seen since 1948 as a percentage of GDP. So it is going to get worse and worse, unless the Congress decides to fund these projects.

And, as I mentioned, the industry that uses these systems, the surface transportation business, has been wholly in support of increasing or adjusting the Federal gasoline and diesel taxes for years, and replacing them with some sort of new user fee system because of natural gas and electric vehicles that will use them in the future.

Mr. BARLETTA. And I agree, the American people are OK paying it as long as they know where it is going, and we make sure that every penny that we take from them is used to the best that we could.

Pennsylvania is home to over 120,000 miles of State and local highways, many of them which cross through my district. I know for a fact of economic development projects that would happen if there was access to our transportation system. There is no question.

Can you please explain what role highway accessibility plays in determining where you locate your facilities and how such accessibility affects your ability to efficiently get your goods to the customers?

Mr. MACLENNAN. I will start, Representative, and we employ about 900 people in your district. We have a chocolate business in Lititz, and we also have a beef business. So if you think about the traffic that uses the local highways, in terms of delivering raw materials, taking the developed product—the chocolate, the beef—and moving it on, it is a significant consideration. Is it the only one? No.

And going back to your first comment about do you need absolute certainty, no. But it is a world of volatility and uncertainty and complexity. It is a significant variable. So I would say that we will invest, you know, despite the uncertainty, but it certainly would help and encourage us in specific locations, knowing there is going to be expanded rail, waterway, or highway access. It would attract our capital to new investment. Thank you.

Mr. BARLETTA. Thank you, Mr. Chairman.

Mr. SHUSTER. Thank you, Mr. Barletta.

Ms. Norton?

Ms. NORTON. May I thank Chairman Shuster for opening this year by having—I think he has done this before—this across-theboard comprehensive hearing on our Nation's infrastructure. And I applaud what this committee has done, very bipartisan committee. Not only the WRDA bill, the FAST Act, even when the rest of the Congress has not been moving as rapidly in its own mission.

The FAST Act, of course, is the latest version, passed in 2015. And I think the committee deserves the compliments of the committee for passing the first comprehensive highway transportation bill in a decade. But I have to tell you that it broke my heart that, in order to get even a small bump—that is to say an increase, we had to reduce the bill from a 6-year bill to a 5-year bill. And, of course, the bill had to contain a number of gimmicks, as well. And that is even given the best efforts—and I must tell you, extraordinary bipartisan efforts—and there was great agreement on this bill.

The present strategy for our infrastructure is delay. That strategy is prohibitively expensive. We are not even doing maintenance. So what it means is that billions of dollars that those who had the guts before us have invested in our transportation infrastructure, which made this country what it is today, that that is crumbling, as well.

So here is something that I championed, and that was done with great bipartisan support in the FAST Act. And it is such a small amount, it makes me blush. But it can—it is a provision that provides $20 million in grants to the States to themselves come up with alternative sources of funds for the Highway Trust Fund. As you know, the Highway Trust Fund—and I ought to, I suppose, give this to Mr. Smith—as you know, the Highway Trust Fund has just been stuck now, and we are doing nothing to replenish it.

Mr. Smith, the reason I thought this was a question for you is I noted in your testimony something that surprised me. And I thought it was important to note that FedEx supports a broad mix of revenue sources in order to avoid overreliance—here I am quoting you—on a single option. I take it that single option is the one we have been using, which, of course, will run out even before this bill runs out, the gas tax.

In light of the fact that we are asking the States to give us ideas about alternative sources, can I ask you, Mr. Smith, why you think the gas tax alone will not be sufficient? And what kind of alternative sources do you think should be put on the table so that, even if we were able to get the Highway Trust Fund with the gas tax, we would have additional sources to get going? Any ideas you have would be much appreciated.

Mr. SMITH. Yes. Well, let me give you three, but let me address, again, the Highway Trust Fund. As I have said a couple of times now, we at FedEx, and virtually every entity in the commercial transportation surface transportation business that I know of, supports an increase in gasoline and diesel taxes indexed from the cap that was placed on them in 1994. So, having said that, here are three issues.

First, the transportation system is moving away from complete reliance on internal combustion engines. There are increasing uses of electric and hybrid electric vehicles. And in the heavy freight area—I was in Oklahoma recently at the ribbon-cutting for our new compressed natural gas facility for FedEx Freight. So those two technologies are not captured by today's gasoline and diesel system. There needs to be something, a vehicle mileage tax or some other mechanism to fund use of the Federal highway system by those types of vehicles.

Second, we are strongly in favor of a revised United States corporate tax code, because we are not competitive. I think Mr. Trumka will agree that blue-collar folks need equipment and investment so they can have a high income level. Bulldozers, trucks, planes, whatever the case may be. So we are not competitive, and we are particularly not competitive with our global taxation system.

There is only one other industrialized country in the world, Chile, that has a global tax system. So if we went tomorrow to a territorial system with some level of taxation to prevent gaming—

8 percent, or whatever the case may be—there would be hundreds of billions of dollars that could come back in this country tomorrow that could provide funding for infrastructure.

And the last idea is congestion pricing. I mean we all know today when you go through a bridge or a tunnel in New York, or wherever, you don't have to go up and pay somebody taking the money. We have a little RFID tag there that says you are paid going into Manhattan. That type of technology is cheap, it is available. It has been successfully tested down in southern Florida in order to reduce congestion by putting congestion pricing there, giving you incentives to use high-occupancy lanes, or to operate in noncongestion periods of time. That could be another source of revenue. So those are three.

Mr. SHUSTER. The gentlelady's time has expired.

Ms. NORTON. Thank you, Mr. Chairman.

Mr. SHUSTER. With that, Mr. Gibbs is recognized.

Mr. GIBBS. Thank you, Mr. Chairman.

Mr. MacLennan, in your testimony you talked about how important the locks are in our river system, which I agree with you 150 percent. Are you aware—well, let me back up a second.

We are able to get the Olmsted Lock and Dam project going forward. Got kind of off a different funding source that frees up money for the Lower Mon, the Kentucky and the Chick locks. And you might not be aware, but I am sending a letter today to President Trump, along with about two dozen of my colleagues, to make sure that they are aware that, in the current funding for the Army Corps, the Olmsted is taken care of, but the three locks, the three priorities—Lower Mon, Kentucky, and Chick—are not.

And we want to make sure they get the funding here in the next few months. Because if they don't, they will be possibly shut down and delayed, and the cost will be exponential, and going up. So I just wanted to make you aware of that, because I know you, especially at Cargill, understand the importance of our inland waterway system. So, you know, if you have a chance to weigh in with the Trump administration on the importance of that funding, I would appreciate that.

Mr. MACLENNAN. Yes, thanks for making me aware.

Mr. GIBBS. I just wanted to mention that.

Ms. Andringa, in your testimony you talk about, for manufacturing too, our water infrastructure—be it our drinking water, the aging pipes, and all that—and you talked about Representative Duncan's private activity bonds lifting the cap. Are you aware that I have a bill that is H.R. 465, dealing with integrated planning with the EPA that will help give our local municipalities the flexibility in their planning and their permits to get to their goals they need to get to but maybe can't do it in the 5-year permitting and have a goal which will help get the projects done, but it would also be more efficient and not—the ratepayers that can't pay that.

So I just wanted to bring that to your attention, that there are some other initiatives going on. I don't know if you are aware of it, the EPA's integrated planning, which they say they support, but they haven't done a lot to get it going, so we are going to try to codify it in this legislation.

Ms. ANDRINGA. Well, thank you. And thank you for making me aware of that. You know, we have talked about a lot of different kinds of infrastructure here this morning, and, really, they are all vitally important to our economic well-being, and certainly to us, as industry, manufacturers, and labor.

And the NAM did a comprehensive report, really, on building to win. It includes really good data about things like water, and waste water is another one that is important, as well as the ports. Light rail, we haven't talked a whole lot about that, different transit systems. But, of course, roads and bridges and ports are vitally important, and probably the biggest numbers that we need.

But I would also like to say that there are quite a few ideas in here about ways to fund this, and Congressman DeFazio, it is some of the same things you mentioned earlier.

And the other thing I just want to say is that, as manufacturers—and I think you have heard it here, and I feel we are all preaching to the choir in this room, but we as manufacturers have to invest in our business. My dad was extremely conservative financially. We basically didn't have debt, and always tried to finance our own growth. But the one thing that he always said is we have to keep updating our equipment in the plants. Our welders, our machining centers, the tools that our employees use.

Mr. GIBBS. No, I—yes. I fully understand that.

Ms. ANDRINGA. Yes.

Mr. GIBBS. I just wanted to make it clear that——

Ms. ANDRINGA. No, anyway, I think what the point——

Mr. GIBBS. We need funding, but I also want to make it clear there are ways we can be more efficient in doing things. And the integrated planning bill which I introduced is part of that——

Ms. ANDRINGA. Yes, yes.

Mr. GIBBS [continuing]. At least on the waste water side of things. That is one of——

Ms. ANDRINGA. And again, I think manufacturers and those of us here are willing to invest.

Mr. GIBBS. Yes, that is great.

Mr. Willisch—did I say it right? In your testimony you mentioned making significant investments in mobility technologies, and automated driving, and autonomous vehicles. I recently learned that these investments—during discussions we have in Ohio, we have the Transportation Research Center located in central Ohio that provides for automotive testing services, and planning to build a winter indoor testing facility. So they have got thousands of acres there now, and a lot going on.

I would like to hear any thoughts you might have on how proving grounds and testing centers play a role in developing these new technologies BMW would be interested in.

Mr. WILLISCH. Well, first of all, I would like to say that, of course, the safety of people driving our vehicles is paramount to us. So we would not—never go ahead and test cars that are not fully developed with actual consumers.

So, having said that, we are and will do a whole lot of testing before we have any automated vehicle available to the public. So that might be a thought, as well, yes. We have to test, and we have to be quick, because that is going to be a technology that is going to be——

Mr. GIBBS. I just want——

Mr. WILLISCH [continuing]. Around in the next 3 or 4 years.

Mr. GIBBS [continuing]. To highlight that this testing ground we have in Ohio is state of the art, and doing it—an inside test facility would be beneficial. I want to make sure you are aware of that facility.

Mr. WILLISCH. Thank you, yes.

Mr. GIBBS. Thank you. And my time is up. I yield back.

Mr. SHUSTER. Ms. Johnson?

Ms. JOHNSON OF TEXAS. Thank you very much, Mr. Chairman, and thank you very much for holding this hearing, you and the ranking member.

I know that every member of this panel is aware that we are in desperate need of making additional investments in order to build up and maintain our crumbling highways and railways and waterways and airport infrastructure. At the same time, we are also dealing with a great deal of technologies, and we are dealing also with nonresilience in materials that we use, which causes us to have to do some projects over and over again.

I still await the President's package coming over with a lot of enthusiasm, but I am very concerned about all of you commenting on how the industry is experiencing changes. One of the things that struck me, I went to Germany to the BMW plant last year, the year before, with the President. And it is a huge plant. It was larger than this complex. But I didn't see 10 people working there. They were all robots. And I wonder. What is that going to have to do with the workforce in this country, and how do we handle it? And have you had any of those thoughts?

Mr. WILLISCH. But we still have 70,000 people working in that plant you were referring to, so that is—it is not totally empty.

Ms. JOHNSON OF TEXAS. We walked almost the whole day looking, and I saw about 10 in the whole plant. But the number is not nearly as significant as the process. And looking toward the future.

People think of infrastructure producing a lot of jobs. And in many industries, that is not necessarily the case. And I wonder how it is going to impact your industries as we look at infrastructure.

Yes, Mr. Smith?

Mr. SMITH. Well, I have to tell you I am optimistic about this. As everybody in this room knows, with the beginning of the last century about 50 percent of the population in America was in agriculture. Now there is less than 1.5 percent of people in this country working in agriculture, and we are producing more agricultural products than we can consume, and it is one of our biggest exports. About 1 in 3 acres in the United States is produced for export.

So, there are people in the container shipyards handling those exports. There are people in the railroads handling them, and so forth. So I am very confident, as things automate in other sectors of the economy, there will be plenty of good-paying jobs, as long as our educational system keeps up with it. And in Tennessee, as Congressman Cohen will tell you, we just passed a law, as I understand it, where any student in the State can go to junior college for free. And that will be the bedrock of people learning new skills to operate in these different environments.

I have been to BMW in Germany, and where all those people that Ludwig is talking about, they are not on the factory floor, but they are up in the offices, doing design and computers, and designing the robots, and things of that nature. So, as long as we have a climate where business wants to invest in the United States, and an educational system that supports people being trained for these new technologies, I am very confident that things will be OK.

In our industry, for instance, I don't think we are going to go to fully autonomous trucks, but I do think we will go to trucks where the truck driver becomes much more productive. They will have an auto-pilot. It will be safer, fewer accidents. They may have a robot truck following it that allows them to operate. And I think that is the trajectory that we will go on, as long as we incent investment, and we have the proper educational systems to support it.

Mr. SHUSTER. The gentlelady's time is expired. Before we go——

Ms. JOHNSON OF TEXAS. Thank you. I was just getting started.

Mr. SHUSTER [continuing]. Mr. Cohen has a——

Mr. COHEN. Thank you. Since my name was mentioned, I want to thank Mr. Smith for the reference to junior college. All of that money is from the State lottery that you helped me, after 18 years of effort, push across the line to fund that. Thank you, and thank you, Tennessee, for the State lottery.

Mr. SHUSTER. Thanks for the commercial.

[Laughter.]

Mr. SHUSTER. Mr. Webster is recognized.

Mr. WEBSTER. Thank you, Mr. Chair. I have a question.

Mr. Smith, you brought up Florida. I am from Florida. And the toll facilities down in Miami-Dade up to Fort Lauderdale, which were just on the interstate system, but there are several local expressway authorities that charge tolls on their roads, all the roads they have built. Then we have the Florida Turnpike Enterprise, which goes through the center of our State. And I am sure your trucks use those.

Do you think that—especially the ones with the flexible congestion-type tolling, where it goes up and down, which is a good Republican idea—you pay for what you get—do you think the Federal Government should get involved and tell us—we have local toll roads, we have State-run toll roads. Do you think they should get in that? Is that a way to enhance the revenue?

Mr. SMITH. Yes. As I was saying to Ms. Norton, as we move to more natural gas-heavy trucks and more electric and hybrid vehicles on the highway, you are not going to have gasoline or diesel taxes to fund the Federal highway system. So the most productive system, in our mind, is some sort of RFID system that allows you to collect a user fee for those types of vehicles to use the Federal system.

Once you have got that system in place, which is very simple with today's technology—that is why I used the example of going through the tunnels in New York, nobody even pays any attention to it any more—so it can also be used for congestion pricing and to incent people to have more occupants in a vehicle. So you can get a lot of productivity out of our transportation system.

And I might point out, Congressman, that we have been operating 33-foot twin trailers in Florida for years very productively. And our drivers tell us they are safer. And that reduces traffic on your highways, both Federal and the State-funded divided highways you have down there.

Mr. WEBSTER. Yes. I remember in olden days, when I was in the State legislature, we approved that and it was good.

I was just saying do you think that it would best be done by the Federal Government to use that, as opposed to State or local? I mean State and local do things that are local. They try to improve their—but in the end, how about if there were dedicated freight traffic roads that were paid for through tolls? Is that something you would be in favor of?

Mr. SMITH. Absolutely. It would take a lot of trucks off the road and—but having said that, I think you can get an awful lot of productivity on our existing expanded and improved highway system, doing the things that I just mentioned to you. You don't have to have dedicated truck lanes, but that would certainly be something that could be looked at.

As to State versus Federal, I don't think it makes that much difference, provided there is a dominant design, there is a common technology standard that allows the VMT to be administered the same in Florida as it is in California, or Connecticut, or what have you. That is the main thing, right there.

Mr. WEBSTER. OK. Thank you so much. Yield back.

Mr. SHUSTER. Mr. Larsen?

Mr. LARSEN. Thank you, Mr. Chairman.

Mr. Smith, first off, on ATC and ATC reform, some folks have said that to privatize the system, the reason to do that is because airlines aren't receiving enough NextGen benefits. But I know in Memphis there has been some investment in NextGen, and FedEx, I believe, has directly benefitted from that investment in NextGen. Could you just cover that for us?

Mr. SMITH. Sure. We were the prototype location for a NextGen application which allowed us to narrow the separation between landing aircraft and aircraft taking off. It has been a spectacular success. It has improved the productivity of the FedEx operation there, saved tens of millions of gallons of fuel, allowed us to serve our customers more efficiently, and keep on time.

A NextGen application nationwide, but particularly in the Northeast, which is the linchpin of the whole ATC system, because of the population density and the proximity of major airports one to another, there is the opportunity to vastly improve the productivity of the Nation's air traffic control system with the types of technologies that we demonstrated and prototyped at our major hub in Memphis, Tennessee.

And I might add something here that is a little-known fact. In terms of the number of customs entries—not tonnage, because sea freight, obviously, carries more tonnage than air cargo—the largest port, in terms of customs entries in the United States of America is Memphis, Tennessee, where our super-hub is.

Mr. LARSEN. Yes.

Mr. SMITH. And the productivity of that hub, and the commerce of the United States because of those improvements in ATC pioneered by FedEx with the FAA in Memphis has vastly improved the productivity not just in Memphis, but the entire national economy.

Mr. LARSEN. Thanks. Mr. Chairman, you didn't reset my clock. I think there was a minute 30 and——

Mr. SHUSTER. Mr. Larsen, I just looked and I said, "That was 5 minutes?"

Mr. LARSEN. Yes, I know. It seems like a long time speaking.

Mr. SHUSTER. You put me to sleep.

Mr. LARSEN. Yes, yes.

Mr. SHUSTER. No, I don't think his clock was——

Mr. LARSEN. All right. So I got about 3 minutes or so? Yes.

Mr. SHUSTER. Three minutes?

Mr. LARSEN. Yes, OK, great, thanks. I noticed. Thanks.

Mr. Trumka, in your written testimony you discussed this, but you didn't really cover it in your oral testimony. Can you talk about the—sort of the marriage of workforce development and apprenticeships with infrastructure investment, and maybe a lesson for us as we approach infrastructure investment?

Mr. TRUMKA. We view—we believe that we have the best skilled workforce in the world. We train more people every year. We bring people out of the neighborhood to be able to create a very, very, very effective workforce.

Infrastructure, we think, is really a job-creator for this country. How it is financed will have an effect on how important or how widespread the job creation is. If a Buy America provision is expanded, and we think it should, it will have a greater impact on the number of jobs that are created. If more waivers are created, then taxpayers' dollars will be used to drive down wages and encourage outsourcing.

That is why, on all the types of funding that we look at—private partnerships, for instance, have a limited applicability here, because they need a revenue source. So they won't apply to repair and maintenance, they won't do much in the rural areas. And if they do come about in those limited areas, we would like to see—we would need to see 13(c) protection, Davis-Bacon protection, domestic preferences, protection for rail and public-sector workers, so that those public dollars aren't used to drive down wages and actually suppress the economy and dampen the economy, but actually grow it.

So how you do it is important. We are full-scale behind infrastructure, because, as every witness here has said, our country depends on it. Our competitiveness depends on it. And we are anxious to get started and put people back to work.

Mr. LARSEN. Thanks. Mr. Willisch, in talking about road sensors and markings and such, you know, when we talk about building roads, bridges, highways, we don't talk about painting lines on the road, usually. But what you are essentially saying, I guess, is that we need to be—for the—to support automated vehicles, we need to be rethinking a little bit the definition of infrastructure to support autonomous vehicles. Is that true?

And then, does BMW have something more complete that you can offer the committee? Not in your answer, but just maybe for us to read later.

Mr. WILLISCH. It is not really that complicated. We just need continuous marking, and that should be there, anyway. So it is not that we have to have a special thing for automated driving, it is just, you know, that the marking is continuing on the roadside and in the middle.

Mr. LARSEN. Yes.

Mr. WILLISCH. So it is not a really specific BMW——

Mr. LARSEN. Just that simple?

Mr. WILLISCH. Yes, it really is that simple.

Mr. LARSEN. OK. All right. Thank you.

Mr. SHUSTER. I thank the gentleman. With that, Mr. Massie is recognized for 5 minutes.

Mr. MASSIE. Thank you, Mr. Chairman. We just received some great news yesterday in Kentucky, but it is going to present another transportation infrastructure challenge to us. The Amazon Prime Air announced they are going to put their hub at the CVG Airport. And I would just say to Mr. Smith we have got UPS and we have got DHL, as well, in Kentucky. You are welcome to come over any time. It is a challenge we would love to face.

But the challenge that it presents is how do you use the existing infrastructure, or how do you upgrade it, and how do you pay for it so that you can accommodate growth like that? You know, with UPS, DHL, and now Amazon Prime Air hub there, all feeding into I–71 and I–75, which are interstates that haven't changed a lot—the bridge they cross, the Brent Spence Bridge, was built 50 years ago, before any of that logistics infrastructure for North America was moved to Kentucky. And so now we are dealing with this. And I would say there is not a person here today, you know, testifying that isn't affected by that corridor, the I–71/I–75 corridor.

But the real challenge, to Mr. DeFazio's point, is how do you pay for it. Because we know in northern Kentucky and southern Ohio we need a bridge. We are debating about where the next bridge goes. The bridge that is there, thankfully, was built with American engineers and American labor, and American steel. So it is—the reason that it is obsolete is it just can't carry the traffic that is there. So we need another bridge. We are having a robust debate about where that bridge should go, and how to pay for it.

Mr. DeFazio had some good ideas, I think. And it scares me every time I agree with somebody on the other side of the aisle. You know, I like that he is in favor of user taxes, instead of taxes, per se—user fees, instead of taxes. But before I go back to my red district and ask them to index the—you know, the fuel tax to inflation and cost, I need to convince them it is a real user fee, and that the money is not being leaked out for other things that—where there are users who aren't paying a fee. For instance, bike paths, beautification, mass transit.

If we could convince them that all the incremental money that is going into that fund is actually going to the infrastructure for the users that are paying for it, I think it would be a much easier sell. So I would just—you came a little ways toward me, I am coming a little ways toward you.

And also, on the passenger facility charge, I think you are on to something there. There is two ways airports are funded. There is a tax that comes to the Federal Government, and then they ask mother may I, and we give them—we dole them back out the money. But there is another way, with the passenger facility charge, where they have local control and decide how to spend that money. So I would go you one better and say why don't we just get rid of the passenger facility charge cap, and let the airports decide. And then they wouldn't need to come to the Federal Government and ask for their taxes back.

So, what do you think of that? If I yield to the ranking member——

Mr. DEFAZIO. I have just advocated a small increase. I think the——

Mr. MASSIE. Well, I don't want to increase. I want to take the cap off.

Mr. DEFAZIO. That would be a market-based approach, in a sense. But I think I can hear the screams coming from downtown, from the—I mean now you are—you know, we are not just talking a couple of bucks. I mean, who knows? I mean it might——

Mr. MASSIE. Well, I——

Mr. DEFAZIO [continuing]. The cost of putting your bag in the overhead.

Mr. MASSIE. Let's test the free market. But it is—I do—I did want to point out one of the benefits of serving on multiple committees is you see there might be solutions to problems that aren't all within one committee.

I serve on the Oversight and Government Reform Committee, and I found out there we spent $100 billion building Afghanistan. Not on military funding, rebuilding Afghanistan. And the inspector general tells us the infrastructure we are building there is crumbling the day it is built. A lot of it, not all of it. And it is $100 billion. We are on the hook for $10 billion more over there. I would love to bring that over here and spend it on projects that are going to benefit users in America.

Finally, I have got a few seconds here. I want to ask—Mr. Smith mentioned the regulation on the length of the trailers. Are there other regulations, Mr. Smith, that we could lift that would let you use the existing infrastructure more effectively?

Mr. SMITH. Well, I am sure there are some out there, but none that compare with the instant improvement and productivity of the 33-foot twin trailers.

Mr. MASSIE. Mr. Willisch, do you have some regulations you would like to see lifted?

Mr. WILLISCH. Not really, what we would say—there is one specific one, no.

Mr. MASSIE. Just all of them?

Mr. WILLISCH. All of them, but what we need is consistent, we need rules and regulations throughout the Nation. This is what we need, and we need to have that——

Mr. MASSIE. Consistent.

Mr. WILLISCH [continuing]. Consistently, that we have a consistent planning base.

Mr. MASSIE. Ms. Andringa?

Ms. ANDRINGA. Yes. On regulations I would say I think it is just important to know that for manufacturers, we have just had a lot of regulations coming our way. And just to be able to keep up with compliance—again, for mid-sized companies, small companies, it is really hard to have the experts. Sometimes in your business you have to go find those people so you can make sure that you keep up with all the regulations.

We bought a software system a couple of years ago just to track all the new regulations that were happening every day. And we would see 100 to 200 new regulations every day. Now, maybe only 5 to 10 of those really applied to us, but it still takes time to filter through them and to understand them.

And I know manufacturers did a comprehensive study on compliance and the cost of compliance, and some of those definitely would connect with our infrastructure. And it is anywhere from, depending on the size of your company, from $10,000 to $30,000 per employee per year to comply with regulations.

So, I would say we just need to make sure that the regulations we have are consistent, and I think across State lines, but that we also make it possible for our companies to be able to comply with regulations.

Mr. SHUSTER. The gentleman's time has expired.

Mr. MASSIE. Thank you, Mr. Chairman.

Mr. SHUSTER. Thank you, Mr. Massie.

Mr. Capuano?

Mr. CAPUANO. Thank you, Mr. Chairman. I would just like to go on record to say that whenever Mr. Massie agrees with us, we get nervous, too.

[Laughter.]

Mr. CAPUANO. To the panel, when everything is said and done, everybody agrees we need to do something. We all know that. That is kind of like the easy, lowest hanging fruit there is. But there is a minor little point. You all run businesses or large organizations. Somebody has got to pay for this.

And the question I have, really—and, Mr. Smith, to my knowledge—I have been listening to most of everything that is said, not everything—I think you are the only one who suggested a way, other than spending the Harbor Maintenance Fund, which I think is kind of ridiculous that we have to make that argument, the tax has been paid and sitting there. But, absent that, I am of the impression that everybody on the panel at least implied that you believe we need to put more money into the system.

Now, we are talking about highways, but I would—I want to be real clear. I believe in—harbors are critically important, rail is critically important, and transit is critically important. Because, even if you are not moving goods through transit, your people are moving through transit, especially in the urban areas. All that being said, we need more money.

Mr. Smith, you have made some suggestions, and I want to be real clear. Thus far, the smoke signals coming out of the new administration is somehow we are going to do this with just public-private partnerships. No new money.

Now, I cochaired a group looking at public-private partnerships with Mr. Duncan last year, and we came to the unanimous, bipartisan conclusion that they have a role, and they are good, but they are no better than maybe—maybe—10 percent of our needs.

So my question for you is, first of all, do you agree that public-private partnerships can't do it all, can't even do most of it? And, if so, I would like to hear your suggestions—Mr. Smith, you already answered this part—your suggestions of where you think we should get the money. Because I will tell you that—I think it was about 3 years ago we had the president of the Chamber of Commerce, the U.S. Chamber of Commerce, sit in that chair and tell us the Chamber of Commerce supported an increase in the gas tax. So, for me, that was my first time ever agreeing with the U.S. Chamber of Commerce. And—but at the same time, I would love to find a way, if—I am open to any way to fund this.

And, Mr. Smith, do you think the public-private partnerships can do all of this?

Mr. SMITH. No. I think it is something that could do some things, but what needs to happen is to increase the gasoline and diesel taxes, which haven't been increased—the Federal ones, that haven't been increased since——

Mr. CAPUANO. Have you told this to the new administration?

Mr. SMITH. Yes, of course.

Mr. CAPUANO. Have you told this to my friends on the other side?

Mr. SMITH. Well, I hope they are listening right now, so——

Mr. CAPUANO. You just did.

[Laughter.]

Mr. CAPUANO. Wake up, guys, wake up.

Mr. SMITH. But the answer to the question, yes, I told it to the——

Mr. CAPUANO. Thank you.

Mr. SMITH [continuing]. Administration as late as yesterday.

Mr. CAPUANO. Beautiful.

Mr. SMITH. And then, secondarily, I think we should move to some sort of RFID-based vehicle mileage——

Mr. CAPUANO. You have no arguments with me on any of these. I am completely open.

Mr. MacLennan, do you think the public-private partnerships can do the whole thing? And if not——

Mr. MACLENNAN. No, I don't. So I think——

Mr. CAPUANO. Where do you think we should get the money?

Mr. MACLENNAN. So I am not the tax policy expert. I mean that is the crux of the issue, isn't it? It is a big spend. We have talked about the benefits that it brings to the economy, to jobs. So it has got to be some combination of private-public partnerships, effective tax policy.

And also we would say that it has got to be balanced. But the users of the systems, whether it is rivers, roads, railroads, got to be—you have got to have some skin in the game. So it has got to be multiple constituents.

Mr. CAPUANO. Have you expressed that to the administration? Have they asked?

Mr. MACLENNAN. I have not been invited to——

Mr. CAPUANO. Well, neither have I, so, you know——

[Laughter.]

Mr. MACLENNAN. I think you will get invited before I will.

Mr. CAPUANO. I wouldn't count on that.

[Laughter.]

Mr. CAPUANO. Mr. Willisch, what about you? Do you think the P3s can do it all, or do you think that we need to increase revenues?

Mr. WILLISCH. Experience tells you no, you cannot do that. But otherwise, I can tell you a lot about developing cars or producing cars, or distributing cars. But I am not a tax expert, either, so I would limit my contribution here to those three fields, rather than talking about——

Mr. CAPUANO. That is fair enough.

Ms. Andringa, what do you think?

Ms. ANDRINGA. Yes, thank you. I concur with my colleagues that it has to be an all-of-the-above. That is what we talk about, as manufacturers. We are going to need the gas tax, user fees. We are going to need public-private partnerships, maybe bonding, infrastructure bank.

And the thing that I think we just want to remember is the stimulus package that happened in 2009. I think a lot of us thought more money would go to infrastructure in that package.

Mr. CAPUANO. So did we.

Ms. ANDRINGA. And it was, like, less than 10 percent. Now, there were other reasons, and we were in a different economic situation. But I think what is really important is that whatever package, bold package I hear coming from this group, is it does have to be—it really has to be used for what it was intended to be used for.

Mr. CAPUANO. Totally agree.

Mr. Trumka, I actually know your answer, but you should put it on the record, anyway.

Mr. TRUMKA. No, we don't. We think partnerships have—public-private partnerships have a limited applicability, because they need a revenue source. And, in fact, if you are going to attract public capital, or private capital, that is dependent on having a Government source of—stream of revenue involved. And unless you can show that on a regular basis—5, 6, 7, 8, 9, 10 years out, then private capital is not going to get involved, even for the small percentage of the jobs that they could do.

We would support an increase in the gas tax. We think it should have been indexed for inflation years ago. We would also agree with my friend at the end of the table that it ought to be broadened to capture those, as changing technology goes by to capture more of those people, so that as electric cars and other forms of transportation that use highways and use the infrastructure in place, but skip out on it, they should be paying their fair share, as well.

Mr. CAPUANO. Thank you.

Mr. Chairman, I would just like to go on record as saying I love this panel. Thank you for having them.

[Laughter.]

Mr. SHUSTER. I am glad we made you happy, Mr. Capuano.

With that, Governor Sanford is recognized.

Mr. SANFORD. Two quick thoughts. One, I think it is important to give credit where credit is due. And with regard to BMW, I think it needs to be remembered the time that they came to South Carolina. It was 20 years ago. The textile industry was shifting out of our State. Manufacturing had been hit incredibly hard, and people were hurting.

And you know, BMW made a bet on our State, and they really brought—they were the leaders in bringing in a new era of sort of advanced manufacturing. And so, in its wake, Volvo, and Boeing, and a whole lot of others have come. But it was BMW that started that ball rolling. And I think it is important that I acknowledge that.

I think what is also interesting, though, is, from the standpoint of global capital allocation, you have made a bet, in part, based on market share and entry into the United States market. But I think, going back to, in essence, the conversation we have been having with regard to infrastructure and how you stay competitive, the question is would you make that decision today.

And if there was one single thing as you compare investing in India versus China versus the United States, what would be the one thing that you would change?

Mr. WILLISCH. Very clearly, we would make the same decision today. And just let me say that, just by our latest investment of $1 billion additionally—we have now spent about $7.5 billion—we created almost another 1,000 jobs.

So, I think, more or less, we would do the same thing today again, and we would be at the same location, with the proximity to the harbor of Charleston. I don't think we would change—maybe we would think about our start, which was a little rough in the first 2 years. But otherwise, we would do the same again.

Mr. SANFORD. I thank you.

Then, let me extend this question over to you, Mr. Smith. You have been a visionary for a long time. You have been ahead of the curve, whether that is submitting a business plan in business school that was not exactly seen as the way to go, but you seem to be able to look around the corner. And I would ask you the same question with regard to competitiveness.

You mentioned some good ideas, whether that is, you know, congestion pricing or territorial taxes. If you were, let's say, Donald Trump, and you look at this notion of being a chief executive in this country, and you look at, again, capital allocation, how do we attract and retain more in the way of capital that leads to investment and jobs, are there a couple other things that we haven't talked on today?

Or, as you look around the corner at what comes next, are there things that jump out at you that you would say, "You know, as a committee, you all ought to think about X or Y"?

And let me throw in one last thought on that question. I think that one of the things that some of us struggle with with regard to taxes, not just a knee jerk reaction to a tax increase, but rather this notion of Thomas Friedman's flat world, and how indeed competitive the global marketplace is.

And so, if you look at CBO numbers, what they show is that deficits are projected to increase rather dramatically. And that is in sort of a best-case scenario. What is interesting is, in essence, a deficit is simply a tax. It is a deferred tax. It is handed to the next generation, but it is a tax. The taxes are already going up.

And so, what a number of us struggle with is not a knee jerk reaction to a gas tax or other things, but how do we retain competitiveness if, overall, our tax environment begins to look less competitive than some of the other choices that FedEx or BMW or other places have around the globe. Any pearls of wisdom or thoughts on that front?

Mr. SMITH. Well, assuming that regulations become more efficient, which the President started to do with his Executive order the other day—and you just heard an example down here of a wonderful business that—overwhelmed with regulations.

But the single most important thing the United States could do to be more competitive is to lower the corporate tax rate for C-corporations. The top 1,000 corporations in America make 50 percent of all capital investments. Those are the tools that I was talking about that make our blue collar workforce more productive and able to earn more. And the same time that that happens, we should go to a territorial tax system with some sort of appropriate tax rate to keep from gaming the system.

I saw the other day Chairman Ryan talking about this suggested border adjustability tax being equivalent to a VAT. It is not. Mexico has both a corporate income tax—much lower than us—and a border-adjustable VAT, which everybody sees and is eliminated at the border.

C-corporations pay about $300 billion in taxes. If you lowered the corporate tax rate and went to a territorial system, I have no doubt, from talking to CEOs in industries around this country, CAPEX, GDP goes up, tax receipts would increase. The top 5,000 C-corporations make 95 percent of the capital investments in this country. You can't apply the same rates to C-corps that—to pass-throughs. And that is the problem. That is what is driving this border adjustability concept.

If you are a pass-through, a sub-chapter S, an LLC, and you want the corporate tax rate, then you can reincorporate as a C. And when you take that money out, you pay whatever the personal income tax rate is. But retained earnings in C-corporations are the feedstock of tomorrow. And the only way to pay those bills without increasing the deficit is increased GDP.

Mr. SHUSTER. Thank you, Governor.

Mrs. Napolitano?

Mrs. NAPOLITANO. Thank you, Mr. Chairman. And gentlemen, everybody on the panel, I would like to refer to that saying up there: "According to the system of natural liberty, the sovereign has only three duties to attend to." One, the third one, "The duty of erecting and maintaining certain public works and certain public institutions, which it can never be for the interest of any individual or small number of individuals, and to erect and maintain," et cetera.

Say it—that said, I hear what you have said in regard to the maintenance of bridges, roads, all of that. Do you know that the Army Corps of Engineers has a $40 billion construction backlog, a $20 billion operations and maintenance backlog, and appropriated only $4.5 million this year? Makes sense to you? Would you do that to your company? Anybody?

[No response.]

Mrs. NAPOLITANO. So, I would, in all fairness to the administration, ask you to pose to them the question of whether we can continue on this road of not funding those that maintain the areas which you have a great interest in. Am I correct? Any comments?

[No response.]

Mrs. NAPOLITANO. Mr. Trumka, I am very happy to say that I am—take my hat off to the best workers that you have. They are recognized worldwide for their professionalism. And I hope that we understand that you build to last, that you do your work so that everybody knows that when a union person has done it, there is no change order, there is no backlog on things to go back and change.

In regard to the increase, Mr. Smith, there is a current understanding that the electric batteries are now holding more. You are going to CNG. Are you considering going to electricity?

Mr. SMITH. We have a number of all-electric and hybrid-electric vehicles in our local pickup and delivery operations. Those are generally lighter trucks. In the heavy-truck sector, we are converting a significant amount of our infrastructure over to compressed natural gas. Neither of those are picked up in the current Federal gasoline and diesel excise tax.

And so there would have to be a different system to pick up over the road operations of personal automobiles and heavier trucks that are natural gas-powered. That is why I suggested the RFID solution.

Mrs. NAPOLITANO. All right. The gas mileage is an issue. We have been debating of how we can collect more taxes from those that have electric vehicles, CNG. Somehow we have been on this conversation for years. We have yet to come to an agreement. Will you have any suggestions?

Mr. SMITH. Well, again, if you want to build infrastructure, it would be a relatively simple task, with today's technologies, to build an RFID reader system throughout our Federal highway system. A small tag, just like you have when you—if you are a regular user going through the tunnels in New York that read when you pass by and send you a bill on your credit card, I mean, that should be an integral part of infrastructure spending to develop an alternative electronic system that allows users to help pay for the system.

Mrs. NAPOLITANO. But it is easier for you to say. You try Government trying to come to an agreement.

Mr. SMITH. No, I understand. I have been testifying in this exact room for 43 years. So I have watched you all very closely——

[Laughter.]

Mrs. NAPOLITANO. Precisely.

Mr. SMITH [continuing]. For many, many years. And over the last 25 or 30 years I think the whole conversation of this committee has been the inability of people that are in the Congress to support payment streams for things that we have to have. I mean that is the issue. It is not any failure to recognize we have got a problem here. It is an unwillingness to provide the funding to fix it.

Mrs. NAPOLITANO. Precisely.

Thank you, Mr. Chairman. Yield back.

Mr. SHUSTER. Thank you. Mr. Woodall is recognized.

Mr. WOODALL. Thank you, Mr. Chairman. It has to be said that, according to Mr. Smith's testimony, the first packages went out in

April of 19, what, 73. So if 44 years ago business opened and you have been dragged in front of this committee for the last 43 of those years, we have some bigger problems that we need to work on together here, Mr. Chairman. That is just a show of respect to the generations of Shusters that have led this organization here.

[Laughter.]

Mr. SMITH. Seems like I have been testifying before Shusters for a long time.

Mr. SHUSTER. I believe that.

[Laughter.]

Mr. WOODALL. Mr. Chairman, I appreciate your doing this panel to get us started this year. This is full of American success stories, each and every one. I certainly count the BMW success story as an American success story. I was going to school in South Carolina in 1992 when that announcement was made. And the sense of hope and optimism that BMW brought to that South Carolina community cannot be overstated. And the need for that hope and optimism today cannot be overstated.

I represent the great State of Georgia. And, of course, our port in Brunswick is a large exporter of your product. Once upon a time, more product per production—more product was exported from that plant in South Carolina than any other automotive plant in this country. Is that still the case, do you know?

Mr. WILLISCH. At least I have knowledge that it was the case in 2015.

Mr. WOODALL. I drive that point home because folks talk about infrastructure and getting goods to market and people building plants in America because that is where the consumers are. I want to talk about the fact that we have the best workers in the Nation, on the planet, that are teamed up with the best infrastructure in the world that lead to those kinds of exports. And I would love to have an export-driven economy, instead of a consumption-driven economy. And I appreciate what BMW does to help make that happen.

Mr. Smith, I wanted to ask you about open skies. I saw it on the tail end of your testimony. Undoubtedly, competition is the key to making sure that we are all doing the very best we can. Competition is good for McDonald's and Burger King. It is good for politicians, and it is good for aviation. But I do worry about unfair competition. And I hear from our domestic carriers, not that they want a special carve-out to prevent competition, but they want a level playing field so that they can have fair competition.

In your testimony it seemed to suggest that you dismissed their concerns as wanting a special carve-out instead of a level playing field. Could you speak to that, just for a moment?

Mr. SMITH. Well, no, sir. I don't dismiss the concerns of the three major passenger carriers at all. I would simply point out, as I have over and over again, there is a specific process and a provision in existing law that requires them to file a complaint. The reason they won't file that complaint is because they will not be able to demonstrate harm. Why won't they be able to demonstrate harm? Because they don't fly to the Middle East.

And what they are trying to do through their opposition of open skies is to force travelers from Southeast Asia, India, and Africa to go over their code partners, or on their systems through Western Europe, as opposed to going through the hubs in the Middle East.

So, if they want to have this fight, there is a provision to do that. They won't file under the existing provision to let everything see the light of day. So we don't support their position, because of their refusal to do that.

Mr. WOODALL. They—well, undeniably, being able to demonstrate that unlevel playing field is critical.

I remember back in 2012 FedEx had that same concern about subsidies in the postal marketplaces around the globe, demonstrated that concern. I want to see those concerns demonstrated and eliminated. And I hope Secretary Chao is going to be able to give an open ear to that. FedEx is an amazing success story. You, as an individual, are an amazing American success story. And I am certain that keeping a level playing field is going to be that foundation on which we build more American success stories.

Mr. Trumka, I wanted to comment on part of your testimony. Folks don't get to see your testimony written, they just listen to it. It is your overarching principles there at the very end.

Number one—you could have listed anything as number one. And you said, "Number one overarching principle is the program must include investments that are as transformative in the 21st century as railroads, highways, telephones, radio, and television electrification were in previous centuries." I just couldn't agree with you more. I get so tired of nibbling around the edges, and I don't see a hunger back home for maintaining roads. Folks believe that is the lowest part of the bar. Of course we are going to do that. Of course we are going to keep our commitment to that.

What are we going to do to transform ourselves going forward? And I say that coming from a not particularly unionized part of the world down there in Georgia. Of all the things we can partner on, all the great American success stories that are there, I just want you to know how much it means to me, first hearing out of the gate we are talking about what we can do, golly, to be as transformative in the 21st century as those accomplishments were you mentioned in the 20th.

Thank you, Mr. Chairman, for having an opportunity for us to——

Mr. SHUSTER. Thank you.

Mr. WOODALL [continuing]. Celebrate what we agree on.

Mr. SHUSTER. You brought up my father's name, so whenever you brought it up I got to—impart some Shuster knowledge. So there has been a Shuster on this committee as long as FedEx has been in existence. So we are glad we have been able to work with you. And I hope your time in front of me was more pleasant than in front of my father.

[Laughter.]

Mr. SHUSTER. Because I know how tough that can be.

Ms. Titus is recognized.

Ms. TITUS. Thank you, Mr. Chairman.

I greatly respect your 43 years, Mr. Smith. I have been here now—I am in my fourth term, and I have a similar experience. Nothing really has changed over those years, except my seat has moved back a little bit. We are having the same conversation, got the same rhetoric. Need to fix the infrastructure. We got the score of D minus on the engineers' infrastructure report card. All the options are on the table. We need to look at this. It is just a matter of paying for it. But there is no substantive plan.

I commend the ranking member for trying to put out something on paper to say this is how we can fix it. But there is no plan, it is just a little dibs and dabs here and there. Everybody agrees we need to do something. Well, that is not going to get the job done.

We have also heard a lot about maintenance of infrastructure, but I can tell you in the West, and in my State of Nevada, where you have had rapid growth and development, there is a tremendous challenge there, too. It is not so much repair and maintenance, but it is providing access. If you look at Nevada, we are $285 million shortfall every year for the next 10 years, just to build State highways, alone. So we have got to do something.

Actually, my question goes to Mr. Trumka. I would like to ask him what he thinks about the suggestion that all our ills will be solved if we just give more corporate tax breaks to the big companies.

And then, my second question, going back to the conversation about the public-private partnerships, how you would address those in terms of labor agreements, employment agreements. You know, everybody talks about those as though there are hundreds of them out there. There is really only a handful. And I can tell you that, in Nevada, where they are doing Project Neon, which is a big interstate project right downtown, they looked at doing one of these P3 agreements and decided it made no sense financially or from a maintenance and management perspective, and backed away from it.

So would you address those two questions for me?

Mr. TRUMKA. I certainly will. A lot of talk has been had about repatriation, first of all. And that, of course, is a lump-sum revenue source, one time. Previous repatriation plans have disadvantaged U.S. companies by giving tax breaks to their offshore counterparts. We would oppose any kind of tax system that encouraged or rewarded outsourcing off country.

Further, any action on repatriation should not reward those who game the system by granting them overly low tax rates. So we would end the deferrals. We would be willing to look at a lot of different things, including border adjustment taxes, things of that sort, that would actually encourage production here, encourage manufacturing here. But we don't think that just cutting taxes is a solution because, in many instances, we can show you where low taxes have done nothing, and some of the biggest companies that have paid no taxes have still continued to offshore things.

With regard to the private partnership stuff, how would we take care of that? First of all, they are of limited access, and limited use. They require a revenue source. And so repair and maintenance jobs, things of that sort. And even in the rural areas, where the revenue source would be low, are never going to get built. If you do them—and there are instances where we could see working with them—you still need to have the protections of 13(c), Davis-Bacon, domestic preferences, protections for rail and public-sector workers.

And we would increase the Buy America provisions of that, as well, so that, in fact, those tax dollars, or even the private-sector dollars, are used to increase jobs here at home, and increase our economy, rather than drive down the wages of Americans here.

We are willing to look at and work with people on a lot of different funding sources. But blindly saying all you have to do is reduce the income tax on corporations and everything will be fine simply doesn't square with reality.

Ms. TITUS. Thank you very much. I yield back.

Mr. SHUSTER. Mr. LaMalfa?

Mr. LAMALFA. Thank you, Mr. Chairman. Thank you for convening this. And indeed, a very good cross-section of interest on this fine panel today, representing a lot of what America is looking at for its transportation and materials transporting needs.

So when I—you know, first time on this committee here, and I am excited about it. I hear a lot of conversation going on here about the different aspects of how we are going to accomplish things. And I just want to always remember that when I hear maybe a little is being done to get the funding, well, a lot is being done every day by every American family in paying the way for all of this, whether it is the gas taxes they fuel up, or the tax on tires, as well as the excise taxes that come along the way, and then on the products that they purchase when they—when a truck is carrying that—if you got it, a truck brought it, but a truck paid to get it there, as well as rail and ports.

So there is a lot of ways people are already paying for this. And I think what really needs to have more attention paid to it is that—are we doing things as efficiently as we can with the dollars we have? Are the dollars being channeled into transportation infrastructure that people are paying at the pump?

Interesting discussion on ports a little bit earlier. I don't know the—all the background on that particular port fee that isn't being paid completely towards using it for ports; I need to learn. But that is a great discussion. But people, when they are paying it, they certainly want to see those dollars get into the infrastructure and not go somewhere else.

So, we have—I am from California, I am from the ag business myself, and surrounded by many people that are in agriculture, whether it is grain or fruit, nut crops, hay crops, you name it—timber industry. So they are very interested in a lot of the port aspects, as well. And being on the west coast, it is getting pretty tough with the port system we have there, with the load we have. And we—you know, we saw ag products suffer quite a bit just a couple years ago, when things weren't moving very well through the ports. So we are glad to see that moving well. A strong bipartisan effort in this town helped to overcome some of those challenges. So we need to keep that going. But we have issues with our ports, you know, dredging that needs to be done to keep, like, the ports in northern California moving well.

We got to overcome the obstacles. And sometimes I see a lot going on with getting permitting done to do anything on, you know, port maintenance, adding the highway infrastructure. I am in the rice business, OK? And so when I saw some—this is not that many years ago they were going to infringe on a rice field, you know, pay the farmer for the land that was being taken in order to build up an overcrossing and a clover leaf. They were also concerned about the mitigation for the rice land, because they look at that as habitat. Now, that is someone's private property. And—but they are going to—they were worried about mitigating the land that was in a rice field. And that just kind of blew my mind, as a rice grower, that, no, I am—you know, so there is a lot of hangups on just getting these projects done.

And so, when I am looking at the—how the folks in my district, they are especially going to be interested in what further can be done to—and I would point this to Mr. MacLennan, if you don't mind, on that. What do you see, as far as our rail system being able to get some of these products to port and trucking—but the main thing being the port aspects of moving sometimes very perishable products timely—through those, I mean, so we can remain competitive on the west coast, as well as the whole Nation?

Mr. MACLENNAN. Yes. As you pointed out, Representative, the congestion—the port congestion in this country is the worst on the west coast. And so, when you have the congestion in the port facilities, it backs up the whole system. And, to your point, it creates all kinds of damages, losses relative to the value of produce. It impacts export markets.

So, I think, you know, whether it is dredging, or increasing facilities for barges along the riverways, as I mentioned, a safety—but your particular district—not necessarily your district, but California in particular—is in the most need, relative to port facility improvement, which will improve our trade and our overall commerce, and the livelihood of the farmers.

Mr. LAMALFA. And what do you see are roadblocks that we could handle in Government that don't necessarily mean, you know, an additional fee or a rate hike or something? What are some of the road blocks we could be doing that would be using the dollars we have in our system?

Mr. MACLENNAN. Well, we have got the Harbor Maintenance Trust Fund is the quick answer. I mean we have got billions there in the taxes that have been collected, you know, waiting to be spent. So I think I would focus on that first, is getting the funding into the system, and through a—whether it is public-private partnerships, or, you know, the projects that are already underway that has been pointed out in committee from the Army Corps of Engineers, we are ready to go.

Mr. LAMALFA. Yes.

Mr. MACLENNAN. With the funding.

Mr. LAMALFA. I get concerned about permitting, as well, because there is——

Mr. MACLENNAN. Yes, yes.

Mr. LAMALFA. You know, let's get the work done, let's get the people to work doing the work that want to, and——

Mr. MACLENNAN. You have got to have the efficiency.

Mr. LAMALFA. Yes. I yield back. Thank you, Mr. Chairman.

Mr. MACLENNAN. Thank you.

Mr. SHUSTER. Thank you. Ms. Wilson is recognized for 5 minutes.

Ms. WILSON. Thank you. Thank you, Chairman Shuster and Ranking Member DeFazio, for holding this important meeting. I am a new member of this committee, and I look forward to working with both of you and the entire committee to provide a 21st-century infrastructure for our 21st-century businesses and communities.

Thanks to all the witnesses who have testified here today. I am the founder of the Florida Ports Caucus and the chair of the Florida Ports Caucus, and we do a lot of work with ports.

But when my—when I first arrived to Congress I would go to the floor every day and my mantra for Congress would be jobs, jobs, jobs. And I was concerned because we were unable to pass a jobs bill. And I had two great jobs bills that would create jobs, because I believe that if we employ everyone in our country, then we would have a better country. We wouldn't have people on—so many people looking to Government for help. We—everyone would be working.

In my opinion, I think that—I want to ask a question, first of all, to Mr. Smith. And I want to first thank him for creating so many good jobs in my district for my constituents. I represent Miami-Dade County, which is home to several FedEx shipping centers and a significant regional hub for Latin America and the Caribbean, which we were happy to tour. I want to also acknowledge your—you for the diversity of your workforce. I was able to tour your operation in Paris, thanks to my dear friend, your senior vice president, Gina Adams. It was an extraordinary experience.

In your written testimony, you warned that FedEx would not be able to continue to grow the economy and create jobs without improved infrastructure. And I was happy to hear you mention education. I am a former school principal, so I know how important it is for children to be educated to take the next level of jobs that we create. Could you please elaborate on the impact of delayed infrastructure investment on your company and sector?

And also, you said that you believe user fees would help. And are you interested, or would you approve higher user fees to get this done? Because everything is stuck.

Mr. SMITH. Well, the answer to the last question is yes, we would support higher fees. And as I have mentioned several times, we have supported an increase in the Federal gasoline and diesel tax to do that.

But let me give you one factoid which will just bring this in perspective. All of us know what it is like to buy a tire for our car. Over the past 20 years, our over-the-road vehicle tire utilization has been cut in half. So we are using almost 100 percent more tires to produce the same mileage of transportation. Why is that? Because the road infrastructure has so many potholes in it, it is tearing up tires faster than what was the case before.

The congestion, Mr. DeFazio's clock up there, is a real cost to business and a real cost to consumers. The cost of congestion is getting worse. It is preventing time-certain deliveries, which are important for things for hospitals and things of that nature. So there is a cost to the public, there is a cost to FedEx, there is a cost to UPS, there is a cost to Cargill by delaying these expansions and required upgrades and maintenance of the highway system.

So thanks for your job as a teacher. My brother was a teacher. After parenting, it is the most important job in the country, in my opinion.

Ms. WILSON. Right. Thank you.

Mr. Trumka, in your written testimony you mention reducing poverty and inequality as a guiding principle for infrastructure investment. In your opinion, what infrastructure investments and policy reforms would best support poverty reduction?

Mr. TRUMKA. I think there is two facets to that answer. One is we talked about automation and new technology, and that has always been important for a dynamic economy. And it is important in transportation. But that said, we can't use technology as an excuse to ignore the cost to workers, communities, and safety. If anything, technology should be used to combat inequality, not to ignore or accelerate the problem.

And so, one point I would make is, as this committee looks forward, you ought to strike—I look forward to working with you so that we can strike the right balance between worker safety and progress.

The system sometimes locks people out. And so we have to get them skills at the lower level. We have started, in our apprenticeship program, going back and doing remedial courses, offering remedial courses so that applicants have the necessary math skills—writing skills, reading skills, English skills—to be able to pass our entrance exam and get into the community, make sure everybody has that opportunity.

Also, if you can't do—if you do public-private partnerships and you don't follow the protections of 13(c) and Davis-Bacon and domestic preferences and all of those things, tax dollars will be used to drive down wages, which will increase poverty in a lot more areas. And so we would guard against those, as well.

And the projects ought to be spread through the country, so that there is a geographical look at it. So the rural Americans are getting a shot at some of the jobs and some of the better infrastructure, and thus—then looking more attractive to business to come into some of those rural areas. And we would urge the committee to look at that geographical spread, so that large segments of Americans aren't just locked out, that we don't just do this in populous areas, but we look at the rural areas, as well.

Mr. SHUSTER. The gentlelady's time has expired. Mr. Lewis from Minnesota is recognized.

Mr. LEWIS. Thank you, Mr. Chairman. Thank you all for coming today. It is very important that we hear from the experts in the field and doing the tough work. I represent a district in Minnesota that is primarily suburban, primarily automotive-dependent. We have got a couple of major interstate arterials through our district, 35 and 35E, and congestion is always a problem. Over 78 percent of the citizens in that district commute by car alone. If you add in pools, it is 87 percent. So that is very high on our agenda.

But Mr. Trumka said something interesting not long ago, and it is how we invest matters. And when I look at this, and I think when the committee looks at this, I hope, that we are going to look at the investments that have the greatest return.

We all know that productivity is the key to rewarding both labor and capital. It is not a zero sum game. If we are more productive, everybody benefits. So, let me ask you—and let's start with my Minnesota friend, Mr. MacLennan. What do you think, when we look at roads, bridges, rail, certainly air traffic control, airports, broadband, transit? What is the biggest bang for the buck, in general, in—certainly that affects your industry?

Mr. MACLENNAN. Well, thanks, Representative Lewis. I am a little biased, relative to making sure we take care of the ag economy. And I think the ag economy in Minnesota and the rest of the United States really can benefit from continued investment in our port system and our riverways.

And I mentioned a little while ago that the efficiency of our riverway system relative to volumes that you can put on a barge. You can put over 50,000 bushels on a barge, maybe 1,000 bushels on a truck, so it is environmentally friendly, but it does have limitations. So I think, relative to not forgetting the importance of the rural economy and the jobs, and the importance of the rural economy to the agriculture system, I think for us they are all connected. It is kind of a, you know, three-legged stool: rail, road, rivers, as well as ports. But for us I think it is riverways and barge transportation and ports.

Mr. LEWIS. Mr. Smith, you had mentioned the idea of moving to a system that is essentially a user fee system, or getting there, getting closer to that. And you talked about congestion pricing. That intrigues me a little bit, and it intrigues a lot of people who haven't just read Reason Magazine lately.

But we have got a couple of interstates there that—sometimes during the day it is relatively free-flowing. But not at 7:30 and not at 4:30. Can you elaborate on that just a little bit?

Mr. SMITH. Well, congestion pricing would presumably move some of that traffic into the shoulder periods, where the highways aren't utilized as much. There are many people that don't have discretion in when they travel.

But congestion is always on the margin. In other words, it is that last 3, 5 percent that causes gridlock. So moving a relatively small number of cars and trucks into the less congested time of the day makes the infrastructure more productive. That is what they showed down in Florida when they used congestion pricing.

Having said that, the real key is to provide more infrastructure and alternative routings. You can't just solve the problem with some sort of technology and congestion pricing and incentives to use higher occupancy vehicles, and so forth. You have got to build the additional infrastructure that I was reading from a little earlier, that our interstate highway projects that—we could start building tomorrow if there were funds available to do it.

Mr. LEWIS. I think we do have to do exactly that. In fact, I used to say that the trucker is a lot more productive with the truck. Now we can include the road, too. They have got to get the infrastructure.

Now, there are opponents to some of this. Real quickly, anybody on the panel? And I hear it in the Minneapolis-St. Paul metro area quite a bit, that, "Well, this is great, but you can't build your way out of congestion." We hear that from the opponents of adding on to any infrastructure capacity. Anybody can comment on that if they like, but I hear that a lot.

Mr. SMITH. Well, that—to some degree it is like saying in Memphis, Tennessee, nobody would like to use a bridge across the Mississippi River other than the one we have, because it is so heavily utilized.

Mr. LEWIS. Yes, right.

Mr. SMITH. So you build another bridge, and all of a sudden you are amazed at how many people decide they want to go over there to avoid the congestion, or build a new shopping center, or whatever the case may be.

So I don't think there is any question about the fact that the United States Department of Transportation, with the States, has a lot of wonderful projects to increase our capacity and reduce congestion.

Mr. LEWIS. Thank you. I yield back my time.

Mr. SHUSTER. I thank the gentleman. Mr. Johnson from Georgia is recognized.

Mr. JOHNSON OF GEORGIA. Thank you. Mr. Smith, I suppose it has been kind of frustrating over the last several years to witness Members of Congress strictly adhering to their promise under the taxpayer protection pledge to oppose any increase in Federal Government tax revenues. Has that been as frustrating for you as it has been for many of us?

Mr. SMITH. Of course.

Mr. JOHNSON OF GEORGIA. And you, of course, know what that taxpayer protection pledge is.

Mr. SMITH. That is Grover Norquist's pledge that you have to sign, right?

Mr. JOHNSON OF GEORGIA. That is correct.

Mr. SMITH. Well, I would point out to you one thing here. Our senior Senator from Tennessee was heavily involved in the Inland Waterway Act. And it is my understanding that the various interests that are opposed to taxation became supportive, once the revenue source was redesignated as a user fee.

Mr. JOHNSON OF GEORGIA. So, do you mean that——

Mr. SMITH. That is the Inland Waterway Trust Fund funding.

Mr. JOHNSON OF GEORGIA. So do you mean that there was an exception made to the Grover Norquist taxpayer protection pledge that resulted in new revenues——

Mr. SMITH. That is my understanding.

Mr. JOHNSON OF GEORGIA [continuing]. To the Federal Government? Well, I think that is a wonderful event that has occurred. I wonder if we can duplicate it. Do any of you other panel members have anything to say about this strict adherence that we have seen towards this taxpayer pledge?

While looking, of course, at the—at what was written out of our Constitution that our chairman put on the wall, it says the Congress shall have power to lay and collect taxes, duties, impose—and excises. It doesn't say Grover Norquist shall have the power. What do you all think about that?

And I see you raising your hand, Mr. Trumka.

Mr. TRUMKA. Yes. I think it has had an absolutely horrible effect on the competitiveness of this country. We get further and further behind every year, because we don't have—we are starved for revenue to be able to do the basic infrastructure that this country needs, let alone the infrastructure we need to transform us into the 21st century.

If you have a house, and the house—the roof starts to leak on the house, and you don't take care of it, it gets more and more and more and more expensive. The more we delay with infrastructure, the more and more and more and more expensive it gets, and the less and less and less competitive we get. I think we are all pretty much in harmony on the fact that infrastructure needs to be done, done now, and done at a very, very large scale.

Mr. JOHNSON OF GEORGIA. And it is going to take increased revenues to do it right.

Mr. TRUMKA. Absolutely. And can I just add one other thing? I wanted to comment to Congressman Lewis when he said what is the biggest bang for your buck. The best way to get the biggest bang for your buck is to get the lowest cost of capital for your buck. The lowest cost of capital spreads those bucks a lot further. And I will work with this committee to do that, to make sure that the funding source gets us the lowest cost to capital.

Mr. JOHNSON OF GEORGIA. Well, I think that is important.

I also want to talk about another factor in profitability for businesses, and it is this issue of worker productivity. And I want to ask you all whether or not you believe that having a satisfied, well-paid workforce contributes to productivity and profitability when it comes to your companies. And, if so, then why would we support any measures that would hurt workers' ability to collectively bargain for issues that would create more productivity for workers?

Mr. MACLENNAN. So I agree, that an engaged and happy workforce is critical to success. But I don't think that you have to have collective bargaining exclusively to achieve that. We have got about 70,000 workers in the United States, and some are union employees and some are not. And I think you can have engagement and productivity in both circumstances. So I don't——

Mr. JOHNSON OF GEORGIA. Well, shouldn't workers be able to choose whether or not they want to be able to collectively bargain or not is——

Mr. MACLENNAN. I think that is generally the case, is it not?

Mr. JOHNSON OF GEORGIA. Well, you wouldn't want to hurt that ability, would you?

Mr. MACLENNAN. I think you want to give people the opportunity to be well informed, and to be able to make the choice that they feel is best for them, yes.

Mr. SHUSTER. The gentleman's time has expired.

Mr. JOHNSON OF GEORGIA. Well, I think that is common ground that we can all agree to. And I thank you all for your—for being here today. And I thank the chair and the ranking member for having this hearing as our first hearing of this new session of Congress. It is so important.

I also have a statement that I would like to introduce for the record.

Mr. SHUSTER. Without objection, so ordered.

Mr. JOHNSON OF GEORGIA. Thank you.

Mr. SHUSTER. Thank you, Mr. Johnson.

Mr. JOHNSON OF GEORGIA. I yield back.

Mr. SHUSTER. Mr. Smucker?

Mr. SMUCKER. Thank you, Mr. Chairman. As a former business owner, a contractor, understood the importance of highway system that enabled us to move goods and employees to job sites. And in my particular area, Lancaster, Pennsylvania, when we had new highway systems, bypasses around bottlenecks built, it opened entirely new markets for our company, because we could get to a new market in an hour or so, which was sort of our limit.

So, with that background, I am really happy to not only be part of the committee, but to be part of this hearing as the first thing we are doing in this session. We are really evaluating the impact of Government investment in our infrastructure system.

And I want to share just a little bit of experience. I served in the Pennsylvania State legislature for—the State senate for 8 years. And we were successful in passing an infrastructure bill, basically a highway funding bill, after years of not having done so. Pennsylvania highways and bridges have a bad reputation, a high number of bridges that were rated, you know, insufficient. And we were able to get a bill passed.

And this was in an environment—to the point that was just raised, this was in an environment where, at the same time, we—and with my support—my caucus, other Members, other Republican Members, we were turning our State budget inside out, looking for ways to save dollars and ensure that we were providing for more efficient use of taxpayer dollars. We literally went line by line throughout the budget and eliminated hundreds of line items, and reduced overall spending.

But at the same time, we were able to pass a transportation bill that increased our funding for transportation. How did we do that?

Number one, we said that we were there to focus on the core functions of Government. And there were a lot of areas where we shouldn't have been—it was better done in the private sector. But, you know, our infrastructure can only be done—can be done best, at least, or primarily can only be done through Government, and maybe public-private partnerships. We did some of that, as well. But it is a core function of Government critical to our environment.

It was a lot of work there. But what it took—I think what took it over the finish line, and this is—maybe there will be a question at the end of this for whoever may want to answer. But really, what took it over the finish line was a well-coordinated, well-funded effort to educate the public on the importance of investment in our infrastructure.

And we talk about the creation of jobs during the building of roads or whatever it may be. You know, there are also huge economic benefits—you have all talked about that—in terms of jobs created, economic growth, and so on. So I guess, you know, I saw it, whether it was the Transportation Association, the chambers throughout the State, the Pennsylvania State Chamber of Commerce, a coordinated effort to educate the public about the costs of congestion, of waiting in traffic, and so on and so forth, and about increased safety.

So my question to you is what efforts are we making here, at the national level, to drive public support, to build public support for investment in infrastructure that we are talking about?

Mr. MacLennan. I will answer quickly, which is I think it is a good point, because I think when it comes to transportation and infrastructure, what is most commonly thought about is I am spending a lot of time in my car, getting to and from work. And it is far more complicated in nuance than that. We have got railroads, we have got ports, we have got riverways, and we have got highways, and they are all interconnected.

So I think the message that we in the private sector can help deliver, in conjunction with the public sector, is there is a cost, infrastructure is not just about highways, it is an interlinked system. And it is costing the country a lot of money and a lot of job opportunity.

Mr. TRUMKA. We are already doing a lot of education with our central labor councils, our State, Feds, and all of our strategic partners, religious groups, environmental groups, and things of that sort.

One of the things is to educate them. And most people don't know the figures, that the average commuter spends 42 hours a year——

Mr. SMUCKER. That is the kind of—and I am sorry, I am at the end of my time, I am going to cut you off. But that is the kind of information that, you know—what we are talking about in the hearing room today that the public needs to hear.

Mr. TRUMKA. Yes.

Mr. SMUCKER. And that is how we are going to begin to build the kind of support we will need——

Mr. TRUMKA. And we are doing that.

Mr. SMUCKER [continuing]. To do that. So thank you.

Mr. SHUSTER. Thank you, Mr. Smucker.

Mr. Lipinski?

Mr. LIPINSKI. Thank you, Mr. Chairman. Thank you for holding this hearing. And thank the ranking member for raising the important issue of how are we going to pay for this. I know it is not directly in our jurisdiction in this committee, but it is something that we really need to focus on.

I want to move very quickly through a few things. The first I just wanted to mention. The Recovery Act funded some things that were—sort of expanded what—the definition of what some people may think of as infrastructure. But, for example, fire stations were funded. And those are important facilities, certainly critical for public safety. So I think we need to have a serious discussion about what the definition of infrastructure is going to be, not—we won't have that here, right now, but I just want to put that out there, that we may want to think more broadly, and include things such as fire stations.

I want to move on to something Mr. Trumka had talked about earlier. In his inaugural speech, President Trump made a commitment to buy-American principles. Too often, waivers and loopholes allow agencies and grant recipients to avoid compliance with domestic content requirements.

So, I am introducing a bill next week, the Buy American Improvement Act. And one of the things my bill does to improve transparency and accountability is to close some of these loopholes. The bill is going to require that any waivers be published in the Federal Register so that businesses would be able to better identify products that are in demand, and seek opportunities to work with the Federal Government.

I want to ask Mr. Trumka if this will be helpful, and if there is anything else that you would want to expand on, anything else we can do to better make sure that we are buying American and hiring Americans.

Mr. TRUMKA. Closing the loopholes would be tremendously helpful because, as it stands right now, the lack of that has had a devastating effect on a lot of industry: steel industry, auto industry, a number of others. We recommend four things along those lines.

One is that the percentage requirements should be increased until we get to 100 percent American content requirements. The Buy America must attach all infrastructure, including, as you noted, fire houses, schools, and drinking water. The loophole should be closed and the process standardized. I think you mentioned that your bill would do that. You would have to publish it in the Register, any waivers, so that people would know what the standards are, how you meet them, and why you don't meet them.

And DOT must implement, I think, a uniform and transparent standard for waivers, so that the law is followed as intended. I think those would have a very, very beneficial effect, create a lot of jobs in America, and make us, quite frankly, far more competitive.

Mr. LIPINSKI. Thank you. I wanted to move on. Something Mr. Larsen had mentioned—I want to ask Mr. Smith and Mr. Willisch if there is anything that you think needs to be—the Federal Government needs to do in regard to really facilitating driverless vehicles. I know they are going to be very important and already coming on to the road. Not just cars, but also for trucks. Is there anything either of you want to add, say that we should be doing in order to better facilitate this at a Federal level?

Mr. WILLISCH. Well, very simply, potholes and discontinued markings stand in the way of automated driving. But those basic requirements should be fulfilled anyway for any car, any truck that is using American roads, or roads in the civilized world. So I would say this is the basic requirement that we have to fix.

Mr. LIPINSKI. Thank you. Mr. Smith, do you want to add anything?

Mr. SMITH. Well, I think that the way forward is to have the United States Department of Transportation have a standardized, nationwide certification process, just like we do for aviation. So if you want to make an airplane in the United States, the DOT, FAA doesn't tell you how to do it, but you have got to meet certain standards with your engineers, and then they certify.

So, just as was mentioned, there need to be standards for the roads, the markings, the redundancies in all of the technology. The worst thing that could happen is for automated vehicles to be subject to a balkanized, regulatory system at the State level. So that is my suggestion to what you should do to promote autonomous vehicles.

Mr. LIPINSKI. Thank you very much. My time is up, I yield back.

Mr. SHUSTER. Thank you, Mr. Lipinski. Mr. Perry is recognized.

Mr. PERRY. Thank you, Mr. Chairman, and thank you all for taking your time to be here today.

Private-sector financing of infrastructure seems to be a—at least a discussion, if not a cornerstone of the new administration. And

I, too, am interested in that, specifically for transportation and how the private-sector can be used to improve the transportation system. I was privileged to sit on the P3 panel in this very committee that—we discussed a lot of those things. It is for some things, maybe not for some other things.

But I am just wondering, anybody on the panel there, if you believe the committee should encourage and leverage the ingenuity of the private sector, if there is anything specifically that you would recommend in that regard that we should consider, look at, encourage, et cetera?

Yes, ma'am?

Ms. ANDRINGA. Well, I think already a lot of the public-private partnerships have been in certain areas. Like I think in rail, in energy, and in telecommunications. So with some of those, there are already probably some best practices there. And again, I think we have all said we are going to need more than that, though.

But looking at what has worked well in maybe those three areas would be something that could be replicated in some other areas of infrastructure. Because we have lots of areas of infrastructure.

Mr. PERRY. Anything particular in highway and surface?

Ms. ANDRINGA. You know, it seems like highways are such a huge area. We flow people and products all the time on highways. So I think looking at the Highway Trust Fund and how we can make that solvent for the future is probably number one.

Mr. PERRY. I will give you an example. I am sorry, Mr. Trumka, go ahead.

Mr. TRUMKA. Well, I would just make two points. One, permitting reform would be helpful to get projects up and going quickly. And the second thing is, when you look at public-private partnerships, you still should look for the lowest source of capital, so that they aren't used to siphon off capital at a higher rate, rather than going back into infrastructure.

Mr. PERRY. So there is—and I would agree with you. I think there is a situation I know in the district I am privileged to represent along the Federal highway where there is a fair amount of business, but there is not a, you know, off ramp, there is not an interchange there. And the people that own the surrounding businesses have said, "We would be interested in building it and charging people to come off of it to recoup our investment or whatever at some point, and working some arrangement out with that," but there is no vehicle for them to do that. Pardon the pun.

You see any problem or downside to something like that at the Federal level?

Mr. TRUMKA. Well, again, you are looking at the revenue source. And we would—if you are going to do that, you still—in the building of that thing you would still want to have section 13(c) and Davis-Bacon, and all of those things apply, so that it isn't used to drive down the wages of people in that community.

Mr. PERRY. But aside from those things, you don't have any issue with it?

Mr. TRUMKA. Oh, if it can work, then we would work to see that it worked.

Mr. PERRY. All right. And Mr. Trumka in particular, with your exchange with the gentlelady from Miami-Dade, you mentioned inequality. I have a question for you regarding Davis-Bacon.

Now, according to some studies, increases transportation project cost by over 9 percent. And I know that there is going to be little agreement on what the percentage is. From my experience running my own business, it increased the cost. But that is my experience, and we can—let's just—that is just some conjecture out there.

But I would just ask you. The average current transportation project cost, for an average cost, is $1.5 million. And the existing threshold stands at 2,000 since it was moved down in 1935. That is a long time ago. I am just wondering if you would be amenable to having a discussion about raising that threshold concomitant with inflation since 1935. There are many people in the United States that see this as the last vestige of Jim Crow, as it literally keeps out some people that want to get into the trades, but they can't because the threshold is so high that small businesses can't compete, because they can't get in.

Mr. TRUMKA. Well, I would say no. I think, if anything, the threshold ought to be eliminated, because the Government should never, never, never, never be in a position of doing work below the community standard. That is all it does.

It says—Davis-Bacon says the community standard is X. And if that person is paying less than X, they are paying less than the normal people in that community are paying. Not the Federal Government, but the people in that community. If you come in and you start using tax dollars to go below the community standards, you drive down wages for everybody. That was thought a bad thing, because it spirals us downwards. I still think it is a bad thing.

And so, I would say eliminate the threshold all together.

Mr. PERRY. But you would agree that was not the original genesis of Davis-Bacon. I mean that was not——

Mr. TRUMKA. It was the original genesis of Davis-Bacon, was to make sure that the Federal Government didn't use tax dollars to drive down wages.

Mr. PERRY. No, it was to keep out certain classes of workers, namely blacks and immigrant workers, from Federal projects.

Mr. TRUMKA. Well, I totally——

Mr. PERRY. I can cite that for you. But OK——

Mr. TRUMKA. I would totally disagree with you about that.

Mr. PERRY. Thank you. Chairman, I yield back.

Mr. SHUSTER. I thank the gentleman. Ms. Lawrence is recognized.

Mrs. LAWRENCE. Chairman Shuster and Ranking Member DeFazio, thank you for holding this hearing.

I was a mayor for 14 years. And during that time I had people come to me directly when water pipes, potholes needed to be fixed. And I got it done. But mayors across this country are very concerned now, because they are making financial decisions about the taxpayers' dollars in their community, and they knowingly know that their disinvestment in the infrastructure is going to have an effect, sooner or later.

Mayors across the country—and there was an article in Politico, "Highways Aren't Enough." We are at a critical time. And I am comforted to hear our plan for investing in the infrastructure. I am also encouraged by—one of the few things I am encouraged by is that this administration has made a commitment to invest in our infrastructure.

Today we have a panel—business, labor, CEOs—talking to us, and we are all on the same page, Democrats and Republican. Maybe this is our time to really put the—put our actions and money behind what we all know should be happening.

Mr. Trumka, I was very intrigued by your job training and apprenticeship programs. Now, ladies and gentlemen, I started the skilled trade caucus here in Congress. The average age of a skilled trade worker is 53 years old, and we have pretty much decimated the training and investment in a trained, skilled workforce. We do not have the number of young people entering into the skilled trades. We know that if we do this investment in the roads, we will get jobs. But they will be skilled trade jobs.

So, Mr. Trumka, you have a—really, a birds-eye view of the challenge of the skilled trading apprenticeships. Can you talk to us about how we can invest, when we are doing our plan, that we are also training the workforce that can get the jobs?

Mr. TRUMKA. Well, I can try. We have started partnering with community colleges to do remedial courses, but to do one other thing. We have also looked at small manufacturers that need maybe 10, 20, 30 people, and we have said we will provide those skills for you, we will train them, but you have to guarantee a job at the end of the mill.

Mrs. LAWRENCE. Exactly.

Mr. TRUMKA. And we have been working with them. And anything you could do to encourage that kind of commitment together, us getting people together and helping our apprenticeship programs—obviously, the more work you have, the more people you put through it, the more people you could put through the apprenticeship program, the remedial program, and put them to work.

And the beautiful thing about the apprenticeship program is you are getting an education. When they come out they are two-thirds of the way to a bachelor of science degree.

Mrs. LAWRENCE. Exactly.

Mr. TRUMKA. They have an associate degree and they are getting paid the entire time that they are in the apprenticeship program. And it is helping our employer, because you have a mix between journeymen and apprentices that actually help us develop the skills necessary to go forward.

Mrs. LAWRENCE. Yes.

Ms. ANDRINGA. Yes, I would just like to also emphasize how important it is, I think probably for this committee, as others, to also work with the Department of Labor to show that these things need to work together, and I think across the Nation.

And I know manufacturers have been talking about that, as well as infrastructure, for many years. A skilled workforce is so important. Just one example in the State of Iowa now, our Governor has made it a goal that at least 70 percent of high school graduates go on to something, either a 2-year program, which we are highly recommending, 4-year, or a good certificate program.

Mrs. LAWRENCE. Yes.

Ms. ANDRINGA. And again, that includes the apprenticeships and the internships and the co-ops.

And I know our community has a career academy for our high schools, our local high schools, so that the students get time to do what we call real-world work.

Mrs. LAWRENCE. Yes.

Ms. ANDRINGA. And I loved it when I had a senior in high school come and work with a computer programmer for a couple weeks. This was like a winter program. At the end he said, "I now have found a real-world application for algebra." And he was going on to a 2-year institution.

Mrs. LAWRENCE. I want to—because my time is running out——

Ms. ANDRINGA. Yes.

Mrs. LAWRENCE. Mr. Smith, you have the truck drivers, and you have a real need for a skilled workforce there. Is there any—as far as roads and getting our skilled truck drivers together, do you see a connection here?

Mr. SMITH. Well, I think that the most important thing to get people on the roads that are qualified is to invest in the technologies that make the vehicles more safe, which we are doing to the tune of hundreds of millions of dollars a year. And it makes the job more pleasant. As I mentioned, we should have auto-pilots in the vehicles to make it less boring, and so forth.

Let me give you a real-life example. We have thousands of aircraft mechanics. And the whole job has changed because of digital technology.

Mrs. LAWRENCE. Yes.

Mr. SMITH. So we partnered with a community college in West Memphis, Arkansas. We are training these folks. They come in as apprentices. And those with full benefits, and so forth, are a fantastic job. Much higher paying than many college graduates. So I think business and the States at the community college level, working with businesses, can produce a lot of high-income, blue-collar jobs in the United States. They are not even blue-collar jobs any more, they are——

Mrs. LAWRENCE. They are skilled trade jobs.

Mr. SMITH [continuing]. Computer-oriented.

Mr. SHUSTER. The gentlelady's time is expired.

Mrs. LAWRENCE. Thank you.

Mr. SHUSTER. And I just urge Members to stay on 5 minutes or less. They are going to call a vote in about 1:15. I don't want to shortchange anybody, don't want anybody to not get a chance to ask a question.

With that, Mr. Graves is recognized.

Mr. GRAVES OF LOUISIANA. Thank you, Mr. Chairman. I want to thank all of you for being here, I appreciate your endurance. This has been very helpful, though.

Ms. Andringa, if I remember correctly, you were on the President's export council, is that correct? The President—excuse me, President Obama, years ago, during the State of the Union speech, indicated his intention of doubling exports. And I don't remember the year, I think it might have been 2015. And, as I recall, nothing close came about. Could you talk a little bit about, looking back, where you see some of the course corrections that you wanted done, had you started over again?

Ms. ANDRINGA. Yes. That definitely was a goal. And we were making progress for a few years. But, to be honest with you, for us as an exporter, when the dollar went so high, our high dollar made it much more difficult to export, because we were competing with less cost from a lot of our competitors overseas.

Mr. GRAVES OF LOUISIANA. Did you see a role in investment in infrastructure at all——

Ms. ANDRINGA. I was on the workforce group, and we talked a lot about the skilled workforce that we need. And we also talked a lot about how to make sure we include small and medium-sized enterprises.

Infrastructure was definitely one of the topics, and usually the Secretary of Transportation was at those meetings. So it was definitely connected. We talked a lot about ports, we talked a lot about water, but probably not as much maybe as we could have.

Mr. GRAVES OF LOUISIANA. Thank you. Many of your companies, you deal with logistics. And obviously, a critical part. Part of your calculation, Mr. Smith and Mr. MacLennan, it specifically gets back to looking at efficiency. You have to get products to certain places in certain periods of time. You look at different routes, you look at different modes of transportation, and you have to determine the most efficient way of delivering something.

Similarly, we have talked in this committee today about the need for additional investment to recapitalize our infrastructure. But there has not been a lot of conversation about whether we are using the right prioritization system. You have to prioritize how you are going to get a product from A to B. Do you have any comments about the current system that we use to prioritize the investment of infrastructure dollars in the United States?

Here is where I am going. We all know four-lane roads that don't have a single car on them. We all know four-lane roads that are bumper-to-bumper traffic. Do you have any thoughts about lessons learned, perhaps from your business, from your perspective, about how we could do a better job investing our existing dollars?

I ran an infrastructure program for a number of years, and everyone's first go-to is we need more money. And I don't believe that is always the case. And I am not saying—I think we need additional capitalization here, but I also think that we probably can squeeze additional efficiencies out by doing a better job using the right metrics to prioritize investment.

Mr. SMITH. Well, I think that is true, and I think that is going to be a big source of focus of Secretary Chao. She is very good at this area, and she will prioritize the things that have the greatest national impact on the national productivity and efficiency. And I read off a litany——

Mr. GRAVES OF LOUISIANA. You did.

Mr. SMITH [continuing]. Of projects that would——

Mr. GRAVES OF LOUISIANA. Including my home State of Louisiana, which I appreciate.

Mr. SMITH. Well, one of them is right in Louisiana, that is right. So that is what we ought to prioritize, right there, and adding to and improving and updating our Interstate Highway System in the main.

Mr. GRAVES OF LOUISIANA. Mr. MacLennan, you would like to add——

Mr. MACLENNAN. I would just add to that, that I think—you know, in a traditional capital allocation model you are looking at returns on capital. And, Rich, you mentioned lowest cost of capital. But I think, relative to infrastructure, I think sometimes you can put quantitatives aside and go to qualitatives. Get some quick wins. Get some very visible projects.

And the congressman previously had asked about how can we educate the public. But, you know, I think it is not just necessarily about return on capital, but I think it is about speed, getting money into the system. Things that can get these bottlenecks done and get money into the system fast and visibly, I think is a good model to apply, a qualitative model.

Mr. GRAVES OF LOUISIANA. Thank you. Last question, and I want to ask you to be very brief so I can return some time back, but just very quickly, do you believe that there is an opportunity to increase utilization of waterways in an effort to help reduce congestion on highways?

Mr. MACLENNAN. Absolutely. I have mentioned before about the efficiency of the waterways. And you can get more bulk, you know, from the agricultural economy onto our waterways. Your home State, I mean, we mine salt in Louisiana and ship it up the river and bring up fertilizer up the river, and it takes pressure off the highway system.

So part of being the interconnected system, the opportunity here is invest across the board, rails, roads, ports, and rivers, and that frees up congestion on the highway system.

Mr. GRAVES OF LOUISIANA. Thank you.

Mr. MACLENNAN. Thank you.

Mr. SHUSTER. Great question from the new chairman from the Water Resources and Environment Subcommittee. Mr. Payne is recognized.

Mr. PAYNE. Thank you, Mr. Chairman. And thank you to the ranking member for holding this hearing. Such a great cross-section of industry in this country, and issues around transportation.

Mr. Trumka, you know, I come from—I am a lifelong resident of Newark, New Jersey. And the city's unemployment rate is currently around 9 or 10 percent. You know, yet, you know, my district sits at the doorstep of what could potentially be the Nation's largest infrastructure project in the coming decade, the gateway project.

You know, billions of dollars of public investment are needed to make the gateway a reality. Can you speak a bit more about how large-scale infrastructure investments and training people—you know, just as the—training you were talking about—can help put our Nation back to work?

Mr. TRUMKA. Yes, I—we are talking trillions. I think the deficit for old infrastructure is approaching $4 trillion right now. And the Society of Civil Engineers say it will take another couple of trillion dollars to get us into the 21st century. If you want to ease congestion on highways, maybe we ought to look at high-speed rail and train systems, like Europe does. They get people around a lot. All of those things can help with us and create jobs in the process.

Mr. PAYNE. Thank you, sir. And Mr. Smith, let me also say that my home town is a big hub for you, and we—you know, if you want to continue to expand there, we welcome that. But you know, there are quite a few people in my district that benefit from your company and being able to work for FedEx. And just wanted to say thank you. I was able to tour the facility when I first got to Congress, and found a very impressive operation.

You and Mr. Willisch both spoke on the need to modernize our ports, our airports and our seaports. You know, we have seen Federal investment in the Port of Newark and Elizabeth, but much, much more is needed to stay competitive. Newark Airport is aging, as well. I know both of your companies rely on these critical ports to ship goods. Can you speak more specifically to investing the investments that our aging airports and seaports need to keep you competitive?

Mr. WILLISCH. Well, we obviously—as we expand, just from 2007 to today, we have roughly almost doubled our volume that we sell in the United States, which also means, for example, our facilities in Port Jersey need to expand. We are really trapped there, as far as the size of our facilities is concerned. We have no way to grow. So it really is one thing that we can get the right size of ships into the ports. And the other thing is, of course, the size of the port. Both absolutely crucial to us, and we have a lot of issues, especially in Port Jersey.

Mr. PAYNE. Right. Yes, they—the dredging has been finished there, and they are working on raising the Bayonne Bridge—will help facilitate, you know, the type of commerce that you are talking about increasing.

Sir, would you like to——

Mr. SMITH. Well, when I mentioned airports, Newark is a huge hub for FedEx. In most cases you have to separate airport infrastructure from passenger terminals and additional runways. In the case of the airport infrastructure, we pay landing fees. So we are a huge contributor to the maintenance and operation of Newark Airport. We pay 80 percent in Memphis, a huge percentage at our big hub in Indianapolis.

On the passenger side of the house, just as Mr. DeFazio said, that has to be done through some sort of user fee like PFCs or what have you. And the main thing is more runways and a modernized ATC system to make the air transport network more efficient and have more capacity.

Mr. PAYNE. OK.

Mr. SMITH. The latter are Federal responsibilities.

Mr. SHUSTER. The gentleman's time has expired.

Mr. PAYNE. Thank you. Thank you.

Mr. SHUSTER. Thank you, Mr. Payne.

Mr. Babin?

Dr. BABIN. Yes, sir. Thank you, Mr. Chairman. I want to thank each and every one of you for being here, giving us this great information that we need.

I am from Texas, and represent the 36th District. I have four ports, including the Port of Houston. And more petrochemical facilities than any other district in the country. And so, infrastructure and transportation is a huge thing for us.

But, with—we are talking about user fees versus normal taxation. With a $20 trillion national debt and a $600 billion deficit coming up, looks like, funding is the 900-pound gorilla in the room. So I would like to start with Mr. Trumka, if you don't mind.

One idea that is frequently coming up is to dedicate the revenues and royalties from resources that development—resource development which lie under our public lands. And—which is estimated in some cases to be several trillions and trillions of dollars, which would go towards construction of public works projects, which would include roads and bridges, and all the things that we have been talking about today.

This would be American energy produced by American workers to finance and build projects with American labor that benefit American families. Is there any reason that you can give why such a concept might not be a top priority for an organization like the AFL–CIO, Mr. Trumka?

Mr. TRUMKA. We would be willing to look at it. Of course, the devil is always in the detail. If it were a giveaway to anybody, rather than real projects like you just described, we would probably blow the whistle on it. But I think we would be supportive of putting Americans to work, having energy independence, and being able to create and repair our infrastructure in the process.

Dr. BABIN. Right, OK. And anybody else who would like to comment on that, as well?

Mr. SMITH. We would be fully supportive of it, obviously. As Mr. Trumka said, the details are important. But we are blessed with these energy resources here in the United States. We ought to produce them and use some of the revenues to develop new alternatives and fund infrastructure. It would be a great idea.

Dr. BABIN. Yes, ma'am. Ms. Andringa?

Ms. ANDRINGA. Yes, I mentioned earlier—manufacturers are very dependent on energy and are always looking at all of the above, including wind and solar, but definitely traditional as well. And natural gas has been a very important thing for manufacturers.

So I think it really could do two things: help manufacturers with the most effective cost for energy that we need to run our plants, but also from a source that could be used to help with some of the other issues in this country, and certainly provide jobs.

Dr. BABIN. Thank you. Anyone else want to add to that?

OK, Mr. Chairman, I yield back the balance of my time, and thank you very much.

Mr. SHUSTER. Thank you, Dr. Babin, thank you.

Mr. Davis, final question.

Mr. DAVIS. Thank you, Mr. Babin, for yielding back the balance of your time.

Dr. BABIN. You bet.

Mr. DAVIS. We appreciate it.

Dr. BABIN. You bet.

Mr. DAVIS. Hey, thank you to the entire panel. Let me get quickly to my question. Coming from Illinois, I represent a lot of areas along the Mississippi and Illinois Rivers, very concerned about water infrastructure. I am glad that that was addressed by many of my colleagues before me.

But let me start with Mr. MacLennan. We have had Cargill testify before my other committee, the House Ag Committee, so it is great to have you here on the T&I Committee to talk about that nexus of infrastructure that really helps the manufacturing sector in States like Iowa, also helps the agriculture sector in States like Illinois that are, you know, slightly better agriculturally than States like Iowa, of course.

Mr. MacLennan, can you articulate for the committee the importance of our Nation's inland waterway system, more so than what you did with some other questions? Specifically along the Illinois and Mississippi Rivers, where you have many of your facilities.

Mr. MACLENNAN. So, as you know, Congressman, in your district you have locks 20 through 15 along the—the Illinois and the Upper Mississippi, riverways, transit, port are crucial for the rural economy, for the ag economy, for farmers to be able to get their crops to where they need to be.

And we talked early on in the testimony about the world—the country going to 400 million people, the world going to 900 million people—9 billion people, rather. And our States, the Midwestern States, are feeding the world. And if we can't get the grain—and we saw it when you had the polar vortex, and things freeze up, and you don't have appropriate infrastructure. It is—all creates a backlog. And so it is—the ports are the key—one of the key choke points for the ag and rural economy, to be able to get our exports to the rest of the world, to get the food where it is needed.

Mr. DAVIS. Well, I completely agree. And I think we also agree for about 80 years we are—we have heard somewhat for about 80 years, but we have heard about long delays in our 80-year-old locks.

Mr. MACLENNAN. Yes.

Mr. DAVIS. And sometimes lasting hours at a time, because the infrastructure is falling apart.

Mr. MACLENNAN. Yes.

Mr. DAVIS. Those have a tremendously negative impact on your business, correct?

Mr. MACLENNAN. Significantly negative impact on our business, and that of our farmer customers, as well.

Mr. DAVIS. Absolutely. In 2007, do you know Congress authorized NESP, the—planning to rebuild our crumbling infrastructure along the Mississippi and Illinois Rivers?

Mr. MACLENNAN. Yes.

Mr. DAVIS. But in 2010 the Obama administration ended the preconstruction engineering and design work for NESP, and actually requested zero dollars in the last Presidential budget for this project. I think you and I agree that this is something that is very crucial, and we hope the next administration will look at this and also look at some of the most necessary improvements.

Can you, though, explain to the committee and explain to the administration through this committee your—from your position, why do we need to expand the locks from 600 to 1,200 feet?

Mr. MACLENNAN. Because when you have chambers that are, you know, that small, you can't get the tow boats through as a unit.

You got to break up the barges, you got to break up the bulk. It is time-consuming, it is expensive. And that means, when you have a higher cost and a slow—a less-efficient transportation system at the locks, which—as you know, it is not a sexy topic.

I mean people think about highways and airports. But in our districts and our business, things like locks, ports, riverways are vital to the ag and rural economy. But when you add that cost and time, it flows back to the price that ultimately gets to the farmers. And so they are realizing that that economy is then impacted because they can't get their products through in an efficient way.

Mr. DAVIS. Well, and last question. On a scale of 1 to 10, how do you rank the improvements on the Mississippi and Illinois and our waterway systems, and the need to do that for your customers?

Mr. MACLENNAN. Ten.

Mr. DAVIS. I was hoping you would say, like, 11 or 12, but 10 will do. That is OK.

[Laughter.]

Mr. MACLENNAN. So I will "spinal tap."

Mr. DAVIS. OK.

Mr. MACLENNAN. I will go to 11.

Mr. DAVIS. Thank you, thank you. I really appreciate you being here, and thank you for your questions.

And, you know, while I have got about 40 seconds left, I just want to say, you know, sometimes there are folks in my own party who don't believe we should invest in infrastructure. And we need to hear from you—and we did today—about how any investment in infrastructure helps to actually grow our economy, grow jobs, grow opportunity, and be a net benefit in a cost benefit analysis.

And, Mr. Smith, quick question. Do you agree that we—when America invests in infrastructure, it is companies like yours that can continue to grow some of the best-paying jobs?

Mr. SMITH. No question about it.

Mr. DAVIS. Thank you. I yield back the balance of my time.

Mr. SHUSTER. Thank you. And, with that, Mr. DeFazio for a closing statement?

Mr. DEFAZIO. Thank you, Mr. Chairman. I want to thank everybody. I think this was an excellent hearing. We kept you here a very long time. I think we found an incredible amount of common ground, and I intend to continue to push for us to actually finally put our money where our agreement has been, and get some of these things done.

I just do want to note that the cost of congestion since we began the hearing for American individuals and business was $54,750,000. So it is time to stop that clock and get America moving again. Thank you, Mr. Chairman.

Mr. SHUSTER. Thank you, Mr. DeFazio. And I saw a sigh of relief on the witnesses when I said Mr. DeFazio for a closing statement, so I will be brief, also.

First, let me say thank you very much for being here. I know each and every one of you has a tremendous demand on your time. So we can't thank you enough for being here. I got to say this is one of the best panels that I have ever been involved with getting testimony from. Again, you are coming from different places, you got different products, you do different things, but there is common ground, as Mr. DeFazio—and that point being there is common ground.

Somebody asked the question about informing the public. That was Pennsylvania, it was Mr. Smucker. And Pennsylvania model was that they did inform the Pennsylvania citizens. It was really the private sector that went out and really made the pitch to the taxpayers of Pennsylvania to get them on board to do this.

So again, as we move forward, we are going to do our part, but we hope you folks will be out there banding together in your associations to educate the American people to the very basic—we talk about—you know, Mr. DeFazio just pointed out $54 million. That is a lot of money. One hundred and twenty billion dollars or so is what we—every year in congestion.

The average American has no—it is a lot of money, but they have no idea what that means to them. So talking to them about what it does to the cost of a package or foodstuffs or an automobile or your equipment, what that costs them in real dollars, you know, basically down to a cup of coffee—is it a nickel more or a dime more because of the congestion you face? I think that is really an important message that we all have to get out there to the public.

But again, this was—can't thank you enough—very informative. But it is all about building that 21st-century infrastructure for America. And I know you are all committed to it. This committee is committed to it, and we are going to work hard to see that we get this done.

So thank you very much for being here. And I would ask unanimous consent that the record of today's hearing remain open until such time as our witnesses have provided answers to any questions that may be submitted to them in writing, and unanimous consent that the record remain open for 15 days for additional comments, information submitted by Members or witnesses to include in the record of today's hearing.

Without objection, so ordered.

I would like to again thank you very much for being here. And the committee is adjourned.

[Whereupon, at 1:12 p.m., the committee was adjourned.]

Rep. Henry C. "Hank" Johnson, Jr.
Statement for the Record
T&I Committee Hearing on "Building a 21st century Infrastructure"
February 1, 2017

Good morning Chairman Shuster and Ranking Member DeFazio.

I want to first thank Ranking Member DeFazio for allowing me to serve on this Committee as a senior member. I was last on this Committee in the 112^{th} Congress and I appreciate and respect the work of this Committee. The jurisdiction of the Transportation & Infrastructure Committee allows for this body to be the leader in making America modern and competitive in an increasingly challenging global market. I would also like to thank the Chairman and Ranking Member for holding this hearing today to discuss the current transportation and infrastructure needs of our country. Nationwide, our roads and bridges are crumbling, making travel difficult for commuters. Additionally, the congestion in major urban areas magnifies the costs for businesses that rely on our transportation infrastructure to move goods and services. We must move swiftly to address these issues by putting Americans to work building a safe and reliable 21^{st} century infrastructure.

As we debate funding initiatives in the 115^{th} Congress, there should be a particular focus upon spurring economic development and supporting innovation in the transportation industry. President Trump campaigned upon the promise of building a modern infrastructure that would meet the demands of the American economy, but we must ensure that every day Americans have the opportunity to benefit and prosper from any modernization. This should include ensuring small business owners have a seat at the table to bid for federal procurement contracts as well as utilizing disadvantaged business enterprises, many of which operate and employ workers in economically distressed areas.

In addition to working to improve national transportation problems, I am eager to address the critical infrastructure needs of Georgia. Georgia is the transportation hub of the southeast, with over twelve hundred miles of interstate highways, deep-water seaports in Savannah and Brunswick and the busiest airport in the world, Hartsfield-Jackson International Airport. According to a recent report by the American Transportation Research Institute, Atlanta's "Spaghetti Junction," an intersection of Interstates 285 and 85 North in the Metro-Atlanta area, is the most congested freight bottleneck in the country. This convoluted expanse of highways has led to economic strain for businesses in the area due to congestion-related costs, as well as increased travel and maintenance costs for highway travelers. Federal investments should include funds supporting state efforts to add additional standard and HOV lanes to major highways in the metro-Atlanta region as well as other major causeways throughout the state.

FAA reauthorization will be an important issue that this Committee will address this Congress. PDK airport is an airport within my district while Hartsfield-Jackson Airport is just outside of m District. Hartsfield-Jackson Airport employs thousands of constituents in Georgia's fourth congressional district and facilitates international travel for millions of citizens annually. We must work together to pass a comprehensive FAA reauthorization that supports improvements to the air-traffic control system and investments in security for the safety of American flight passengers. Hartsfield-Jackson has been ranked as the busiest airport in the world. It is important that we not only ensure the security of critical transit points such as Hartsfield, but also work to promote efforts that allow for airports to run more efficiently.

There should also be a greater focus on transportation equity -- ensuring that low-income Americans have access to safe and reliable transportation -- which will increase access to better jobs and economic empowerment. Current transportation spending programs have failed to benefit equally poor communities; and make travel to work, school, and entertainment nearly impossible for low-income Americans. According to the Economic Development Research Group, every $1 billion invested in public transportation capital/operations creates or supports: 36,000 jobs, $3.6 billion in business sales, and nearly $500 million in federal, state, and local tax revenues. Providing equal access to transportation means providing all Americans with an equal opportunity to achieve economic independence and resiliency.

As Ranking Member of the Economic Development, Public Buildings, and Emergency Management Subcommittee, I see many opportunities to work with Chairman Barletta on improving the economic condition of all Americans. We must authorize and appropriate regional commissions, such as the Southeast Regional Crescent Commission to create federal-state partnerships, as well as public-private partnerships, that spur economic development in our country's most distressed areas.

I am committed to working with my colleagues and the Administration in a bipartisan manner to address these issues and to deliver real results for the American people. America deserves a modern transportation and infrastructure that gives us a competitive advantage in an increasingly global economy. It should not be delayed and way-laid by political shenanigans and chicanery.

Mr. Chairman, I look forward to the testimony of our witnesses and I look forward to working with the Committee to explore ways where we can bring our country's transportation and infrastructure into the 21st century for the benefit of all Americans.

Thank you and I yield back.

Elizabeth H. Esty

Statement for the Record
Committee on Transportation & Infrastructure Hearing
"Building a 21st Century Infrastructure for America"
February 1, 2017

Thank you, Chairman Shuster and Ranking Member DeFazio for holding this hearing as the beginning of our conversation on improving our nation's transportation infrastructure in the 115th Congress. I also want to thank you for your leadership during my first two terms on this Committee. I look forward to working with you both in my new role as Vice Ranking Member.

I joined this committee because of the history of bipartisan cooperation on investments in our infrastructure, our economy, and our workforce. I am proud of the work we accomplished over the last few years, strengthening surface transportation, rail, and water infrastructure programs. But we have much work ahead of us.

A recent report from the American Transportation Research Institute (ATRI) found that 7 of the top 100 truck bottlenecks in the United States are located in Connecticut including the infamous "Mixmaster" in Waterbury, Connecticut, right in the center of my district. As anyone who has spent time on the Mixmaster can tell you, congestion takes money out of our economy by reducing productivity, trading time stuck in traffic for time that could be spent at the office or at home with family.

The challenges ahead of us are great. But if we work together, I know that we can accomplish great things on this Committee. The American people are counting on us to get results.

United States House Committee on Transportation and Infrastructure
"Building a 21st Century Infrastructure for America"
Testimony of Frederick W. Smith
Chairman and Chief Executive Officer
FedEx Corporation
February 1, 2017

Chairman Shuster, Ranking Member DeFazio, and members of the committee, thank you for inviting me to testify before the committee today. We are at a critical crossroad, given the economic challenges that face our nation. If we want to maintain the U.S.' status as a global economic and policy leader, we must work together on policy and infrastructure solutions that will modernize and drive our economy forward.

Since 2007 our economy has been slowing, our national debt has increased from 63% to 105% of GDP, net business investment is subdued, protectionist tendencies are increasing here and abroad, and our infrastructure is deteriorating in many areas. To change these trends and advance our success in the world economy will require significant cooperation from both Houses of Congress and both political parties. A key component of economic success depends on our modernizing American transportation infrastructure. Infrastructure investment cannot be limited to road and bridge improvements. A holistic modern transportation system needs to be established combining physical infrastructure enhancements with sound transportation policies, including incentives for improved safety and fuel efficiency. And, without stable sources of funding, we will be unable to successfully support our key role in global commerce.

There are solid areas of growth in today's economy. Just look at e-commerce. I will discuss e-commerce in more detail later in my testimony, but sales in this area are expected to reach $2.4 trillion worldwide by 2018, a 26% increase from 2016. To help achieve this forecast, our nation needs three things: a robust infrastructure that can support the timely and efficient movement of goods and services, open trade that encourages the movement of goods, and regulatory reform based on sound public policy that will spur innovation.

FEDEX

At FedEx, we are an engine for job and economic growth. We find that when we help businesses access new markets, they expand and create jobs in their communities, a critical issue for those who are feeling left behind in this country. Further, a more connected world sparks innovation when shared ideas, goods, and technologies interact to transform how we live and work. Federal and state governments, along with industry and community leaders, must work together to achieve these objectives. They cannot be achieved by one entity alone.

- Our FedEx Express air-ground system, now a global network, offers time-definite air express, ground and freight shipping within the U.S. as well as linking the American economy to 99 percent of the world's GDP.
- Our FedEx Ground and FedEx Freight networks use both road and rail to speed products from business-to-business as well as business-to-consumer services, which are essential in these days of Internet shopping.
- Our FedEx Trade Network business provides heavy air cargo and ocean services around the world.

In April 1973, FedEx launched a new air cargo service with a handful of employees. Today, we have a fleet of over 650 aircraft including our new Boeing 777 freighter, one of the most efficient freighter aircraft in the world. We serve over 375 airports in the U.S. and abroad. On the ground side, we operate 150,000 motorized vehicles. This includes the latest in all-electric and hybrid trucks, some of which transit the streets of Washington each day. Together, our 450,000 team members operate one of the largest logistics and transportation companies in the world, serving more than 220 countries and territories. FedEx jobs are transportation and trade jobs.

Think about the FedEx headquarters city Memphis, Tennessee. Transportation and trade have made Memphis the largest customs clearance port of entry in the United States. The FedEx SuperHub has helped make Memphis "America's Aerotropolis." An Aerotropolis is "aviation plus": a city or an economic hub that extends from a large airport into a surrounding area of distribution centers, light manufacturing firms, innovation centers, linked to the airport via intersecting expressways and rail lines. FedEx Express arrives by air, supplemented by our surface transport companies, FedEx Ground and FedEx Freight. There are three interstate highways traversing the city, plus Memphis also has advantages in having five Class 1 railroads and the fourth largest inland water port.

On our first night of service on April 17, 1973, FedEx delivered 186 packages to 25 U.S. cities. Today we average more than 12 million shipments each business day around the globe. Vehicles providing service on behalf of FedEx Ground and FedEx Freight each logged more than 2 billion miles last year. From our Memphis Hub, we have 150 aircraft flying every night, with an average aircraft landing interval of 90 seconds. Other major FedEx Express hubs in Indianapolis, Newark, Oakland, Anchorage, Ft. Worth and Miami connect the U.S. with every corner of the globe.

The rapid growth of e-commerce is putting significant and enormous new demands on our transportation infrastructure. E-commerce has driven major shifts in demand over the past several years. E-commerce shopping isn't a trend — it's a fundamental part of retailing today in the U.S. and growing exponentially worldwide. The changing landscape of the marketplace has presented FedEx with a wonderful growth opportunity well into the future, and FedEx is committed to providing our customers with industry-leading e-commerce solutions that leverage all of our enterprise-wide capabilities. By 2020, the global B2C e-commerce market is expected to generate $3.2 trillion in revenue, with the B2B e-commerce market expected to be twice that size. In terms of transportation revenue, the global B2C e-commerce transportation market produced $85 billion in 2015. Most importantly, e-commerce is expected to grow at a 15 percent CAGR by CY19.

The FedEx global networks are capital intense, large physical systems, built over 40+ years, and are essential to the growth of e-commerce today. Without our physical networks – along with several major competitors – there would be no e-commerce. Virtual online retailers must be rooted in the physical as e-commerce goods need to be physically delivered to a destination. Building this type of global, integrated network does not happen quickly. FedEx has worked to build a presence in communities big and small for more than four decades. Access to the Internet is sparking growth in once under-served communities, and those communities count on FedEx to connect them with the world.

FedEx and other transport providers need modernized infrastructure that includes:

- The best air traffic control system, so that more flights can operate safely in the congested air space and at crowded airports around the United States.
- Updated sea and air ports, with modern technology to speed shipments through potential choke points.
- Well-maintained roadways, so that the most direct routes can be operated safely, efficiently and swiftly.

Transportation and logistics are the lifeblood of U.S. commerce from factory to warehouse to retail outlets or e-commerce fulfillment centers to consumers. Within the U.S. and around the world, FedEx moves shipments that are compact, often perishable and are high value added goods that need to be quickly delivered. Today our Express and Ground companies move both the products that consumers want and items such as lifesaving medical devices that people desperately need. FedEx offers a broad array of time certain delivery options depending on the needs of our shippers and recipients.

However, FedEx and other transportation and logistics companies cannot continue to help grow the U.S. economy and increase jobs without improved infrastructure and wise policy decisions from Washington. Let me discuss a number of important issues that are essential if we are to build a quality infrastructure in the 21st Century.

FAA REAUTHORIZATION AND AIR TRAFFIC CONTROL REFORM

The current FAA authorization extension expires on September 30, 2017. We look forward to FAA Reauthorization hearings, particularly as they relate to the structure of the Air Traffic Organization (ATO) and the ongoing transition to NextGen. Presently, there are three main issues of importance to FedEx:

- Improving the air traffic control (ATC) system
- Ensuring transparency in the payment for the ATC system
- Assuring irrelevant provisions are not added to the legislation

The current ATC system needs to be improved to achieve increased capacity in the skies and on the ground, more efficient flight paths, enhanced safety, reduced noise and emissions, reduced delays, and a less labor intensive working environment for pilots and controllers. Improving ATC system efficiencies is dependent on the implementation of the multiple programs, procedures, and systems encompassed by NextGen. Much of NextGen will require long-term capital expenditures which is difficult, if not impossible, while the FAA is subject to annual Congressional appropriations.

We commend Chairman Shuster and this Committee for tackling the difficult issues associated with ATC Reform. We support recent efforts to create a new independent ATC system. In general, we believe that an independent enterprise will work more effectively and efficiently than the current government operated system. That assumes, of course, this new ATC system is allowed to operate as a bona-fide stand-alone business organization separate and apart from the government. It must be able to efficiently respond to the needs of its users, appropriately charge for its services based on a credible cost accounting and allocation system, and have access to capital markets.

From past experience, this type of organization is difficult to create. If instead, we see a "hybrid" type of privatized ATC system with little control over costs, no credible cost accounting system, with "Ramsey" or weight based pricing (based on ability/willingness to pay), and without all segments paying their true share of allocated costs, we cannot support the effort.

Any new reauthorization bill must ensure transparency and fairness in the payment of fees for the ATC system. Currently the FAA is funded through excise taxes deposited in the Airport and Airway Trust Fund (AATF) as well as a contribution from the General Fund, which recently was up to 30% of the total. The amount of excise taxes paid by all-cargo carriers is roughly equal to the use of the system.

Any changes to this current payment system must address the following concerns. Charges for the system must be based on actual costs using a transparent cost accounting system and all users of the system must either pay their fair share of the costs or those costs must be subsidized by the government. No carrier's charges should be materially increased over the current rates. The major funding gap that will be created if the amount from the General Fund is removed from the system's funding must be replaced in some fashion other than through payments from the users of the system. If a user fee is proposed, the weight of an aircraft should not be a factor in calculating the user fee. The weight of an aircraft is not a factor in the cost of handling that aircraft in the ATC system.

In past years, many operational measures have been added to FAA reauthorizations. FedEx opposes all amendments that do not relate to improving the efficiency and safety of the ATC system.

NEXTGEN

In addition to changes in our ATC system, we need technological advancements that NextGen can deliver. Critical to the safe and efficient operation of the U.S. aviation system is a modern air traffic control system. Unfortunately, the basic design elements of the FAA system have not changed significantly since its inception in the 1950s which is incredible given technological change over the last 60 years! To meet future demand, improve safety, and avert gridlock, the nation must deploy new technology, modernize procedures, add capacity, and increase productivity. The NextGen initiative is vital for our country's economic future.

FedEx Express is excited about the possibilities that FAA's NextGen air traffic control – the GPS-based system – offers because it will enhance safety, reduce delays, save fuel, and reduce emissions. For our operations, NextGen means less time sitting on the ground and holding in the air. NextGen procedures can shave minutes off flight times, which translate into money saved.

For our fleet and our crews, NextGen innovation and improvements can deliver an even higher level of safety. NextGen can provide air traffic managers and pilots with the tools to proactively identify and deal with weather and operational hazards. NextGen will make aviation even more environmentally friendly. Direct routing eliminates circuitous flight plans which waste fuel and energy. More precise flight paths and controlled descent will further reduce the numbers of people affected by aircraft noise, a factor especially important to FedEx Express, so we can be better neighbors while flying at night.

INTERSTATE ROAD SYSTEM

The building of the U.S. interstate highways fundamentally changed our country and the way we work together as Americans. It took 17 years to create and fund the idea of the interstate, beginning with a 1939 Report to Congress and culminating with President Eisenhower signing the Federal-Aid Highway Act of 1956. As we all know, President Eisenhower understood the importance of a strong highway system in no small part because of his experiences with the German Autobahn in World War II.

Our interstate system is now over 60 years of age and it is in desperate need of updating. We need both short and long term investment. Short term, we must stop the deterioration in many interstate roads and bridges that have long suffered from neglect. Long term we need a plan to modernize, improve, and expand the entire system.

Currently, more than 40 percent of major U.S. highways in urban areas are congested. On average, a typical American commuter loses 34 hours sitting in traffic each year. According to the American Society of Civil Engineers (ASCE), over 30 percent of U.S. interstates are in poor or mediocre condition. These substandard roads result in drivers' paying $67 billion, or $324 per motorist, annually in vehicle repairs and operating costs. The ASCE rates U.S. roads 19th in the world, behind Namibia.

Left unaddressed, future demand will continue to challenge our bridges and roads for years to come. The U.S. Department of Transportation projects that by 2045 freight volume will increase by 45%, and the DOT currently has 20 proposed new interstate highway segments planned. This growth will add even more pressure on freight bottlenecks throughout the country and further hamper the performance of our highway system and the transportation industry alike by adding delays to truck freight. We must build this modern interstate highway system as the current situation can no longer be tolerated.

Along with the American Trucking Association, FedEx supports federal investment in highways primarily funded by user fees. The trucking industry – which currently pays more than 40 percent of federal highway user fee revenue – supports an increase in highway user fee payments if they perceive value in the form of road and bridge improvements from the expenditures. The sources of revenue should:

- Be easy and inexpensive to collect;
- have a low evasion rate;
- be tied to highway use; and
- avoid creating impediments to interstate commerce.

We must identify revenue sources that provide sufficient long-term funding for the Highway Trust Fund. We must recognize that due to changes in vehicle technologies, fuel taxes cannot alone fund the system. Alternative vehicles such as electric and natural gas need to also pay a user fee. This can now be easily done through technology. Consequently, FedEx supports a broad mix of revenue sources in order to avoid over-reliance on a single option. The recent, bipartisan effort to adequately fund the Inland Waterways Trust Fund can serve as an example.

33 FOOT TRAILERS

FedEx has a portfolio of shipping services to move e-commerce within the U.S. and around the world. Our two surface transportation subsidiaries, FedEx Ground and FedEx Freight, offer small parcel and less-than-truckload pallet shipping to businesses across the entire country.

To continue to move America forward, we must combine infrastructure enhancements with sound and efficient trucking policies, coupled with incentives for better safety and fuel technology. The growth of e-commerce in the modern economy necessitates quick and reliable shipping for the 122.5 million households and 7.5 million domestic businesses that now rely on the transportation system to obtain goods every day.

FedEx is part of a diverse group of American shippers, deliverers, and retailers, *Americans for Modern Transportation (AMT)* coalition who advocate for enhanced transportation policies. This coalition actively works to improve transportation infrastructure and policy to reflect, and meet, the growing needs of modern businesses and consumers.

One way we can help freight move around the U.S. is by making smarter, more effective use of existing infrastructure. In 2011, 67% of all U.S. domestic freight tonnage moved by truck– that is 9.2 billion tons of freight. As transportation demand has increased over the years, equipment standards for other transportation modes have been necessarily adjusted to accommodate more capacity (such as double-stacked rail containers). It is time to make adjustments to trailer standards for light freight and ground package shipments.

Less-than-truckload (LTL) carriers and ground package systems, including FedEx Freight and FedEx Ground, rely primarily on twin trailers to haul freight. In 1982, Congress fixed a standard of 28 feet for twin trailers that states must allow on their highways. Capacity expansion opportunities for these types of trailers have not been adjusted for over two decades due to the Federal freeze on truck size and weight under the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA).

FedEx strongly supports the proposal to increase the national standard for twin trailers from 28 feet to 33 feet. This would not include an increase in gross vehicle weight, so it would not increase wear-and-tear on the highway system. The adoption of a 33' twin trailer standard would allow a carrier, on any given lane, to grow the volume of shipments carried up to 18% before adding incremental trips. The use of 33-foot twin trailers was recommended by the Transportation Research Board in its Special Report 267 and also by the Energy Security Leadership Council.

Studies have shown that an increased trailer length of 33 feet will be as safe, or safer, than the existing 28-foot length trailers in terms of handling on the road. In fact, Twin 33s perform equal to or better than current trailer combinations in four critical safety measurements: static rollover threshold, rearward amplification, load transfer ratio, and high speed transient off tracking. In several years of operations in Florida and elsewhere, FedEx drivers have told us repeatedly that they find them to be more stable. Safety will be enhanced simply by reducing the trips and mileage driven with industry estimates of 1.3 billion fewer miles driven, 6.6 million trips eliminated and 900+ accidents avoided at today's level of demand. In short, more goods are transported per trip.

Such a reduction in truck trips would be environmentally friendly, saving on fuel and emissions from trucking. The EPA SmartWay Transport Partnership Program identified use of more productive vehicles as an effective emissions reduction strategy. By increasing the length of twin trailers by just five feet will enable companies to increase efficiency, and support sustainability by reducing CO_2 emissions by 4.4 billion pounds of carbon and saving more than 200 million gallons of fuel per year to move current volumes.

OPEN SKIES

The U.S. airline business consists of two geographic markets – domestic and international – with a wide variety of service offerings available to U.S. consumers in each. Federal Express was a pioneer in the U.S. air cargo business and a leader in the development of the international marketplace as well. In both, the deregulation of antiquated requirements on market entry allowed FedEx Express and the overall market to grow and better serve millions of customers. In the international context, it began with the instigation of the first "Open Skies" agreement in 1992 with a new bilateral agreement between the U.S. and the Netherlands. Open Skies Agreements eliminate government regulation of commercial decisions about the routes, frequency, pricing and capacity of airlines service. Instead, Open Skies promotes competition in the market, which benefits customers and consumers. All U.S. Administrations since 1992 have supported this policy, and each has negotiated additional Open Skies agreements that create U.S. jobs, support U.S business expansion, and help market U.S. exports.

Today, FedEx has created a global air network that relies on 120 Open Skies agreements and our 650-plus aircraft fleet provides market access for U.S. manufacturers and merchants to offer their goods to international businesses and consumers, large and small. Over 300,000 U.S. businesses, 98 percent of which are small and medium sized businesses, depend on the supply chains supported by U.S. air cargo operators to sell and compete in the global marketplace.

FedEx supports Open Skies, wholeheartedly. We see Open Skies as a natural evolution of aviation deregulation that allowed our company to invent and develop the modern air-ground express delivery industry. U.S. deregulation of cargo aviation in 1977 resulted in enormous job and revenue growth for both U.S. cargo operators and their customers. U.S. air freight services to fast-growing regions like the Middle East, Indian Subcontinent, and Africa contributed over $3 billion to the U.S. trade balance in the last five years.

As international competition has become more vigorous and new models challenge the traditional legacy carrier dominance, some say that Open Skies agreements should now be limited to protect large U.S. airlines from new competition. FedEx is part of a coalition of U.S. passenger and cargo airlines, *U.S. Airlines for Open Skies (USAOS)*, which support Open Skies. This coalition represents airlines transporting more than 42 million passengers annually, and cargo airlines moving nearly 8 million tons of cargo. Airlines that benefit from Open Skies employ over 900,000 people. Open Skies agreements benefit not just U.S. airlines but also consumers, businesses, and our military.

FLIGHT AND DUTY TIME

One area which does NOT need change is expanding the application of Part 117 Flight and Duty Time Rules to the All-Cargo airline industry. FedEx has led the airline industry in fatigue risk management for over 25 years, and we continue to lead, using the same flight and duty regulations that have safely applied to cargo carriers since their enactment. In fact, portions of our industry-leading suite of safety related software tools are in the process of being patented; we received our first patent just last month.

Part 117 Flight and Duty Time Rules have produced unintended, negative consequences in passenger operations. FedEx is safer under its current, comprehensive fatigue prevention system than it would be under Part 117. FedEx has modeled the use of Part 117 in our system and can categorically say that our system produces much better fatigue results than would Part 117. Part 117 rules do not fit our system.

NATIONAL UNIFORMITY IN AREAS OF INNOVATION

New technological advancements are changing the way we look and think about our transportation needs. These technological advancements must be factored into what kind of infrastructure we will need in the 21st Century. It is critical that the U.S. have policies that encourage national uniformity in areas of innovation such as autonomous or driverless vehicles as we advance into the next century.

AIRPORTS

Another important element of aviation infrastructure is airports. Adding runways in the U.S. has become a massively time-consuming effort, averaging 20 years from planning to pavement. However, within the next 10 years, the top twenty airports in the U.S. will become overly congested. While control of traffic in the air will help, new runways and facilities will still be needed and existing ones will need maintenance. The newest runway built in Memphis for example, is the 11,000 ft. World Runway, which allows fully loaded, wide-bodied jets that carry up to 25 percent greater maximum payloads to fly non-stop to points halfway around the globe. Using this runway, our B-777F's reach Asian points such as our operations in Japan and Korea without stopping, and then return direct from places like Hong Kong and Shanghai to our hubs in Memphis, Indianapolis and Oakland speeding up America's commerce in an unprecedented way. In the end, sufficient airport infrastructure is a *sine qua non* of U.S. air operations.

SUSTAINABLE ENERGY

Finally, although you may not think of it as infrastructure, we need a more flexible and sustainable energy supply – biofuel for aircraft, electricity for delivery vans and natural gas for our long-haul trucks. I include it as "infrastructure" because it is a critical element that supports our industry, and this need extends to all modes, not just aviation. For FedEx, sustainability is a relatively simple concept: to connect the world responsibly and resourcefully. That's why we focus upon issues like vehicle fuel efficiency, cleaner vehicle technologies, reducing aircraft emissions, and finding alternative sources of cleaner domestic energy, including renewables. For aviation, we want a jet fuel that can be used (without changing infrastructure) that is safe and delivers environmental, economic and operational benefits, such as supply reliability. FedEx Express has a sustainability goal, set forth in 2009, to get 30 percent of its fuel from alternative sources by 2030.

While FedEx and other private sector entities will continue to seek sources of alternative fuels, we believe the U.S. government has a role to play in encouraging the development of alternative aviation fuels. FedEx participates in the joint private-sector-government taskforce, Commercial Aviation Alternative Fuel Initiative (CAAFI). We strongly support the work of this organization, allowing both private sector actors and appropriate government agencies to come together to meet the goal of developing alternative fuel for U.S. airliners.

Responses from Frederick W. Smith, Chairman and CEO, FedEx Corporation

TESTIMONY BEFORE THE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE ON FEBRUARY 1, 2017, CONCERNING "BUILDING A 21ST CENTURY INFRASTRUCTURE FOR AMERICA"

Questions for the Record submitted by Hon. Andre' Carson:

1. **Muslin Travel Ban: Impact on Business.** I'm very concerned about the negative impact of the new president's travel ban from Muslim countries. I don't believe that this executive Order will make us safer, and it's already causing problems for individuals, families and businesses. While I was at the airport in Indianapolis on Sunday, a flight attendant handed me a hand-written note because she's worried about the impact this Executive Order will have on her, her family and some of her colleagues. I also received a copy of the letter form the Association of Flight Attendants to the Department of Homeland Security expressing their concerns about the impact of the Order. What problems or issues have been caused by the Executive Order with respect to your operations and your personnel?
Immediately after the original Executive Order was signed, we advised our employees from the identified countries to refrain from traveling internationally if possible. This impacts our business since we do have foreign nationals from the listed countries. We had at least one employee who was detained in the immediate aftermath of the Order for several hours at a U.S. Airport until that employee was finally admitted.

2. I've toured your facilities at the Indianapolis airport. How has the order impacted your operations, particularly for flights out of those seven countries (Iraq, Iran, Syria, Yemen, Libya, Sudan and Somalia)?
It is the corporate policy of FedEx Express ("FedEx") to comply with all applicable laws and regulations, including those relating to U.S. economic sanctions and aviation security matters. FedEx maintains comprehensive programs designed to support the company's compliance emphasis. Accordingly, FedEx Express neither operates in nor provides services to, from, or within Iran, Somalia, Sudan, Syria, and Yemen. Regarding Libya, FedEx serves it but does not have air operations there. Instead, Libya is served via contractor arrangements with interline linehaul. Lastly, although the March 6, 2017 revised Executive Order removes Iraq from the list of countries within the Order's scope, FedEx notes that its Iraq service is conducted similarly to its Libya service - via contractor arrangements and interline linehaul.

3. **Autonomous Vehicles.** I was very pleased by DOT's previous steps to enable vehicle-to-vehicle (V2V) communication technology for light vehicles. Do you agree that this technology will help improve safety by allowing vehicles to talk to each other and avoid crashes by exchanging basic safety data, like speed and location? Are there any early reports that you can share, either about success or remaining challenges, with respect to the autonomous vehicle technology you are testing? Likewise, what applications for artificial intelligence are you testing or considering?
See response below.

4. **Unmanned Aerial Systems delivery.** Unmanned aerial systems (UAS) technology has advanced considerably over the last several years. Is FedEx considering incorporating UAS into its operations, either for end-point package delivery or elsewhere in the logistics chain? Is FedEx currently testing the technology? Have you conducted research on the public perception for UAS delivery and if consumers are ready for it?
   As to Questions 3 and 4, as I mentioned last fall, we view automation as an opportunity to improve the productivity of the experts within our system to make their job more comfortable, easier, and safer. We think these technologies will evolve incrementally over time, with a great emphasis on safe integration. To that end, we have a number of activities under way in robotics in the package-handling sector, as well as five separate work streams of projects for UAS and automated vehicles.

Cargill®

Testimony of

David W. MacLennan
Chairman and Chief Executive Officer

Cargill, Incorporated
15407 McGinty Road West
Wayzata, MN 55391

"Building a 21st Century Infrastructure for America"

Committee on Transportation and Infrastructure
United States House of Representatives

February 1, 2017

Chairman Shuster, Ranking Member DeFazio, and distinguished members of the House Committee on Transportation and Infrastructure, thank you for the opportunity to testify before you today.

My name is Dave MacLennan. I am the Chairman and CEO of Cargill. Cargill provides food, agriculture, financial and industrial products and services to the world. Our purpose is to nourish the world in a safe, responsible and sustainable way.

Our company is a great American success story. It was started in 1865 by William W. Cargill, with just one small grain warehouse in Conover, Iowa. That elevator almost went bankrupt a few years later, when the railroad stopped coming to Conover. However, Mr. Cargill knew that transportation drives growth in agriculture. So he followed the infrastructure, and today, we have 150,000 employees in 70 countries who are committed to our purpose.

Thank you for your past leadership on reauthorization of the Water Resources Development Act and passage of the Fixing America's Surface Transportation Act. I am encouraged by the interest of this committee and the current administration in modernizing our nation's infrastructure. I am eager to discuss the challenges and opportunities facing our agricultural transportation system and hear the testimony of leaders from other industries.

For much of our history, America's infrastructure has been the envy of the world. It has allowed our country to become the economic powerhouse it is today. Certainly for agriculture, moving product for trade and export is crucial. But while many other countries are building the roads, ports and railways of the future, we are falling behind. If the U.S. is to remain competitive and American companies are to thrive, we must maintain and upgrade our infrastructure.

We must commit to making the investments that will keep America competitive in decades to come. The dollars we spend now will pay off tenfold. Infrastructure investments will allow American companies to compete effectively with their counterparts abroad and create long-term growth that will benefit all Americans.

Twenty-first century infrastructure is a broad term that covers a lot of topics. The shiny ones include electric cars, microgrids and high-speed rail. In our business, today's shiny objects are bio-based technologies. I encourage the committee to support policies that enable adoption of innovations homegrown in rural America.

For example, agriculture-based asphalt rejuvenators restore the aged properties of asphalt. This allows significantly more recycled asphalt to be used in road construction without sacrificing performance. Embracing performance-based specifications would increase the use of responsible, sustainable practices, resulting in cost savings and reduced environmental impact.

To support the safety, reliability and cost-effectiveness of our electric grid, natural ester dielectric fluid is an agriculture-based product that delivers increased fire safety, reduces the amount of raw material necessary in transformers and extends asset life. These are just two examples of bio-based technologies that offer broad, tangible benefits to both our nation's infrastructure and its agriculture industries.

As exciting as new technologies are, we should also think about our traditional assets. So the remainder of my testimony will focus not on the shiny objects, but on the ones that tend to get rusty: the rails, roads, bridges and waterways of rural America.

Cargill

Mr. Chairman, someone recently gave me an article about Cargill from BusinessWeek written January 4, 1964. An excerpt reads, "What the grain division does is buy grain at a point of surplus and carry it to a point of deficit. Or buy it at a time of surplus and carry it over to a time of deficit. Our profit comes from being able to do this at a lower cost than our competitors."

That was 53 years ago. While the world has changed dramatically, some things remain the same: Transportation and infrastructure drive agriculture.

Agriculture is the largest user of freight transportation in the Unites States, claiming 31 percent of all ton-miles according to the USDA. When commodity prices are based on world market prices, American competitiveness requires efficient, working infrastructure. In our world of thin margins, when infrastructure fails, we all feel it.

At Cargill, we support multiple modes of transportation. What is most important to us is making sure our customers prosper by getting their goods from point A to point B in an efficient and sustainable manner.

This holiday season, our company delivered more than 20 million fresh and frozen Honeysuckle White and Shady Brook Farms turkeys to our customers, and to the dinner tables of American families, using infrastructure of all types. You probably didn't think about how the turkey got to your table, or about the jobs in growing turkey, grain processing, feed manufacturing, transportation, distribution and retail that are involved along the way. You didn't need to worry about those things because companies like Cargill are hard at work keeping our food system efficient and connected.

Every year, Cargill ships more than 200 million tons of dry bulk cargo around the world. That is equivalent to the weight of 980,000 Statues of Liberty. We move more than 1 million trucks, 400,000 railcars, 10,000 barges and 50,000 shipping containers annually. It is the interconnected nature of waterways, railways and highways – the three-legged stool of domestic transportation – that is important to keeping the United States competitive. When one mode of transportation is troubled, it affects the entire system.

Unfortunately, our nation's transportation infrastructure is under unprecedented strain.

- Our inland waterways struggle under the strain of aging locks and growing demand.
- Our sea ports aren't deep enough to accommodate newer, larger ships.
- Our railroads are experiencing capacity constraints.

Cargill

- Our bridges and roads are crumbling, receiving D ratings from the American Society of Civil Engineers.

If our ports fail, we can't link Pacific Northwest grain farmers to the global market. If our locks and dams fail, we can't to move road salt we mine in Avery Island, Louisiana, up the rivers to keep winter roads safe in Pittsburgh, Pennsylvania. If our bridges crumble, we can't cost effectively truck fertilizer to family farmers in Platte City, Missouri. If our railroads are over capacity, we can't ensure enough ethanol makes it to New Jersey to be blended into gasoline to fuel our automobiles.

We know what it looks like when one mode of transportation fails and the consequences ripple up the supply chain. In 2005, when Hurricane Katrina temporarily shut down the Gulf ports, we lost the ability to transport grain on the nation's waterways. Losing this efficient transportation capacity greatly impacted the price of corn paid to our family farmers along the Mississippi River, with U.S. corn prices falling 30 cents per bushel overnight. In 2005, the U.S. corn crop was about 10 billion bushels, so this amounted to $3 billion in lost market value during this time.

In the Chairman's home state of Pennsylvania, crumbling bridges near our beef plant in Wyalusing were recently bypassed for replacement. Reduced weight limits made them impassable for our carriers. In this rural town where we employ more than 1,700 workers, trucks moving beef to our customers are forced to re-route to state highways, adding and additional $500,000 in costs to the business annually with the total cost to date reaching nearly $1.5 million.

It is easy to see the impact an investment in infrastructure will have locally, but we must also look at the impact our investments will have around the globe. America is the breadbasket to the world. Disruptions in the global food supply chain due to ineffective infrastructure can have immediate and lasting impacts on food security. It can also undermine our ability to compete against agricultural exporters from other nations.

The World Economic Forum recently ranked the United States 11th overall in infrastructure quality in 2016. Our agricultural transportation system is turning from a strength into a potential weakness. If nothing is done, the cost of moving agricultural products to markets will steadily rise in the United States. At the same time, some of our strongest competitors, like China and countries in South America, are building 21st century infrastructure to make their transportation systems more efficient.

Cargill

The time for action is now. We cannot allow ourselves to be surpassed by our global competitors, but building things takes time. Even if we decide to move forward very soon, it will take a number of years to impact local jobs and American industry.

The cost of inaction is more lock closures, congested highways, railway bottlenecks, constrained ports and structurally deficient bridges. Ultimately, this means losing our competitive edge. That would choke our economic recovery and hamper future growth.

We recognize the financial considerations that must accompany legislative decisions, but we believe that a healthy investment in the future now will prove to be a wise decision down the road. In our view, it is better business to build the 21st century infrastructure we need to stay competitive than to keep bandaging failing 20th century infrastructure indefinitely.

I want to thank you again for this opportunity to share Cargill's views with you today. Our ability to fix our infrastructure, compete in the global market and keep our economy growing will be influenced by the decisions and actions of the people in this room. I urge you to invest in the food and agriculture sector by reinvesting in the state-of-the-art transportation system that we all know clearly got us here in the first place. Cargill stands ready to work with the carriers and our government to help find long-term solutions that will benefit us all.

Thank you again for the opportunity to share Cargill's views with you today. I look forward to answering your questions.

BMW GROUP

Rolls-Royce
Motor Cars NA LLC

Testimony of Ludwig Willisch,
President and CEO, BMW of North America

Before the Committee on Transportation and Infrastructure,
U.S. House of Representatives

Hearing: "Building a 21st Century Infrastructure for America"

February 1, 2017

Thank you, Chairman Shuster and Ranking Member DeFazio, and Members of the Committee for inviting me to participate in today's hearing. Transportation and infrastructure are accepted as necessary by most people, however, they are just as often overlooked. I am especially grateful to be here today to lend support to these issues.

My name is Ludwig Willisch and I am the Head the Americas for the BMW Group. I represent the more than 70,000 people who have jobs provided and supported by BMW in the U.S. This includes:

- A dealership network across 48 states comprised of 341 BMW, 126 MINI, 152 Motorrad, and 36 Rolls Royce Motor Car dealerships;
- Our U.S. headquarters in New Jersey;
- Five Vehicle Distribution Centers in California, Georgia, Maryland, New Jersey, and Texas;
- Six Parts Regional Distribution Centers in Florida, California, Illinois, Texas, and Nazareth, Pennsylvania, which is the largest distribution center outside of Germany;

- Four regional sales offices in New Jersey, Illinois, Georgia, and California;
- A design studio, a tech office, and testing facilities in California;
- BMW Bank in Utah;
- BMW Financial Services in Ohio;
- ReachNow, our premium car sharing service, based in Seattle;
- BMW Technology Corporation in Chicago;
- Our carbon fiber manufacturing facility in Washington State; and
- BMW Manufacturing in South Carolina.

After investing nearly seven and a half billion dollars — starting over 20 years ago — our South Carolina plant is now the largest in our global production network. In addition, it receives nearly half of its energy from renewable resources: sustainable energy and manufacturing can work together.

What is more, this plant earns BMW the title of the largest exporter of vehicles in the United States by value. We estimate that BMW had around $10 billion in U.S. exports last year alone.

For us, our commitment in the U.S. extends beyond numbers. Over the last 42 years, the BMW Group has worked hard to become part of the fabric of the communities in which we are present. We have a talented team and achieve much within our company, however, no one in this industry can go it alone. Every auto company relies on a network of suppliers, service providers, and reliable infrastructure to deliver for our customers.

In this spirit, I would like to give you a sense of how important transportation and infrastructure is through BMW's eyes. I will guide you through our footprint in the U.S. as I share with you how a vehicle comes to life.

The BMW X3 is one of our best selling vehicles. It is one of four models in production at our plant in South Carolina — the X3, X4, X5, and X6. The X3 is enjoyed by customers in 140 countries around the world after it is exported from South Carolina — but let us start at the beginning.

The current BMW X3 was designed by an American, Erik Goplen, out of our Los Angeles design studio, Designworks. Sketches lead to 3D milling and computer modeling. This data is sent to our designers in Europe and Asia as they collaborate on the final design. Once vehicle design is complete, it is sent to headquarters in Munich for engineers to begin taking the car from page to pavement. They work closely with colleagues in our Silicon Valley and Chicago Tech offices, bringing the latest technologies to the vehicle.

The next step for an X3 is production in the United States. In South Carolina alone, BMW has around 40 suppliers, a majority of whom are within 50 miles of the plant. Our logistics network also extends beyond nearby supplier locations. It includes the Greer Inland Port for daily parts deliveries and the Greenville-Spartanburg Airport for twice-weekly direct transatlantic service on a 747. Whether from suppliers, the Inland Port, or the airport: parts heading to the plant are moved by truck on a just-in-time basis. We rely on these rails, runways, and roads every day.

A finished X3 leaves the plant by rail with some heading to the West Coast. Others will be shipped to ports in New Jersey, Maryland, Georgia, Texas, and Florida. The majority head to the Port of Charleston for international export to 140 countries. This, in large part, is why deepening the Port of Charleston has been so important to us. On this point, I would like to give a special thanks to the Committee and in particular Chairman Shuster, Ranking Member DeFazio, and Representative Sanford of South Carolina for their support of the Water

Resources Development Act. The Port of Charleston and its surrounding infrastructure is absolutely critical to the export success of BMW and a number of other companies.

The remainder of the domestic vehicles are shipped via truck to BMW's Vehicle Distribution Centers in states across the country. From the Distribution Centers, the X3 is delivered to dealers in 48 states. Once an X3 arrives at a dealership, customers will take it out for a test drive. Hopefully they will purchase or lease the vehicle through BMW Bank in Utah or BMW Financial Services in Ohio.

As you can see, safe, reliable highway and rail networks are vital to operating our business today.

Looking ahead at a number of future mobility technologies, including automated driving, infrastructure becomes all the more important. Automated Vehicles, or AVs, have the potential to bring a number of benefits. Just a few of these benefits are:

- Increased safety by avoiding accidents,
- Access to mobility for those not able to drive themselves, and
- Greater efficiency by reducing traffic congestion and optimizing routing.

The technologies are still in development, but the promise of AVs is clear. The industry is making significant investments in these technologies to move them from test track to street.

There are also opportunities for the government to support these efforts. Some of these opportunities for government support are fairly straightforward. For example, the sensors and cameras in automated vehicles rely, among other things, on road markings and signs to orient and drive. In U.S.-based test drives we have conducted, some roads do not have adequately visible lines or road conditions are unpredictable. This makes it significantly more difficult for AVs to consistently perform. This is vitally important as consistent performance lays the foundation for customer trust. Well-maintained streets and uniform lane markings would be helpful in accelerating the deployment of AVs. As would consistent signs and traffic signals.

Other areas of necessary government support are more involved, but crucial to the long-term success of AVs. BMW welcomed the first step in creating a regulatory framework for AVs. The Federal AV Policy guidelines released by NHTSA in 2016 are, on the whole, a positive development. Using the guidelines as a basis, we — industry, regulators, and the public — need to continue meaningful conversations to move forward. There is a lot of work to be done, but with so many stakeholder groups aligned on the desired outcomes of AVs, I am confident we can find a path forward.

In the meantime, industry needs to continue educating stakeholder groups on what is possible — and just as importantly — what is not yet possible with AV technologies. By this I mean we should focus on the safe operation of AV technologies in today's environment. We should be very cautious of deploying prototypes for customer road use. With this especially, we need to call the various technologies what they actually are — from driver-assistance features to fully automated systems. Finally, we need to agree on how best to accommodate and then integrate AVs with the rest of our road users and infrastructure. This will require a balance between making the technologies available quickly, and ensuring they are validated to be safe in an evolving environment.

After a brief snapshot of our world, I hope you will agree that mobility has a very bright future. Optimizing today's system while preparing for tomorrow's opportunities will not be easy, but it will be hugely beneficial if we get it right.

It is important to emphasize: this is not just an industry or government or general public effort: it is an opportunity that requires all stakeholders to bring their best ideas and open minds to the table. I look forward to continuing this conversation and working together to make tomorrow's potential a reality. Thank you.

The BMW Group in the United States: Additional Information

The United States is the 2nd biggest market for the BMW Group worldwide, with over 365,000 vehicles and roughly 13,800 motorbikes sold in 2016.

The BMW Group has its largest production site worldwide in Spartanburg, South Carolina. BMW began manufacturing vehicles in the U.S. in 1994 and since then, South Carolina has produced more than 3.7 million vehicles for the world. Plant Spartanburg broke another production record in 2016 with over 411,000 vehicles produced. The plant has an installed capacity that will enable production of more than 450,000 vehicles annually. In 2016, BMW exported 287,700 vehicles from Spartanburg (around 800–1,000 a day).

Capital investment to date in Plant Spartanburg is more than $7.4 billion, including a $1 billion expansion currently underway. The plant currently employs 8,800 people, with 800 new jobs added just in the last two years. Nationwide, approximately 70,000 people depend on jobs created and supported by the BMW Group through its sales, manufacturing, distribution, and corporate locations throughout the U.S.

Ludwig Willisch
President and CEO, BMW of North America
Responses to Questions for the Record submitted by Hon. André Carson,
a Representative in Congress from the State of Indiana

Questions for the Record submitted by Hon. André Carson:

(1) **Autonomous Vehicles.** I was very pleased by DOT's previous steps to enable vehicle-to-vehicle (V2V) communication technology for light vehicles. Do you agree that this technology will help improve safety by allowing vehicles to talk to each other and avoid crashes by exchanging basic safety data, like speed and location? Are there any early reports that you can share, either about successes or remaining challenges, with respect to the autonomous vehicle technology you are testing? Likewise, what applications for artificial intelligence are you testing or considering?

ANSWER: Thank you for your questions regarding Automated Vehicles (AVs) and connected car technologies, such as Vehicle-to-vehicle (V2V) communication.

V2V communication technologies have the ability to create another data input that could contribute to improving safety and the driving experience. We think it is important that the Department of Transportation remains committed to the idea of regulating the performance of vehicle technologies and not mandate particular solutions. Innovation, of course, needs room to develop.

Level 4 and Level 5 AVs are still in development and require more validation before being deployed on roadways. Areas where the government can play an important role in AV validation and deployment include: modernization and standardization of physical infrastructure, development of 5G communications technologies, and a future-looking regulatory framework.

From an automaker's perspective, some of the most important issues surrounding AV validation and deployment include: sensor technology, artificial intelligence, localization, high-definition mapping, on-board data processing, and high speed 5G connectivity. All of these elements are being developed and improved, and each has its own challenges and successes. We believe the BMW Group is in a strong position to integrate these technologies into products to improve safety and the driving experience for our customers.

Testimony

of Mary Andringa
Chair of the Board
Vermeer Corporation

Before the U.S. House Transportation and Infrastructure Committee
115th Congress

In Support of Building a 21st-Century Infrastructure for America

February 1, 2017

TESTIMONY OF MARY ANDRINGA, CHAIR OF THE BOARD, VERMEER CORPORATION
ON BEHALF OF VERMEER CORPORATION
BEFORE THE U.S. HOUSE TRANSPORTATION AND INFRASTRUCTURE COMMITTEE

In Support of Building a 21st-Century Infrastructure for America

FEBRUARY 1, 2017

Chairman Shuster, Ranking Member DeFazio and members of the House Transportation and Infrastructure Committee, thank you for the opportunity to testify today on the impact of infrastructure investment to manufacturers and the American economy.

Nearly seven decades ago in Pella, Iowa, my father Gary Vermeer founded Vermeer Corporation by finding a need and filling that need with a new product built to last. Today, we are still a family-owned and -operated company that is proud to make industrial, agricultural, environmental and mining equipment here in America. Vermeer machines are used across the country but also can be seen in more than 100 countries, in places like Chile, Australia and Mongolia, to improve infrastructure, work farms and ranches and manage natural resources.

As chair of the board and former president and CEO of Vermeer Corporation, I served as chair of the National Association of Manufacturers (NAM), the largest manufacturing association in the United States, representing more than 12 million men and women. I also served as one of 18 private-sector

CEOs on President Obama's Export Council. In these capacities, I had a unique opportunity to work with American companies and the federal government to make America the best place in the world to manufacture goods. Unfortunately, while manufacturers have been minimizing costs and investing in training, process improvement and technology, shortsighted government policies are challenging U.S. competitiveness. This is especially evident in the area of infrastructure.

At Vermeer, we have been on a continuous improvement journey to attack waste in any process to increase the value delivered to the customer. Internally, we eliminate excess inventory to save shop floor space and reduce waste, and externally, we rely on timely and frequent deliveries. Our manufacturing is dependent on a robust supply chain, and our supply chain is dependent on healthy infrastructure systems. Raw materials are received daily to be processed, while purchased items, such as engines, hydraulic pumps, wire harnesses and other components, need to arrive shortly before they are consumed on the shop floor. Every day, 50 semi-loads arrive to our Pella, Iowa, facility to deliver raw materials and components. If ports are clogged, trucks are delayed, power is down or the internet has a lapse, productivity and customer service are impacted. This is not just my story. Across the manufacturing sector, transportation logistics matter, and congestion—whether at a port or on a crowded highway—is waste that drives the consumer's cost up like a hidden tax.

To further explain how essential infrastructure is to American manufacturing, I need to explain how manufacturing has evolved in this country over the past 25 years and how Lean—the most important strategy to keep manufacturing in the United States competitive—depends on infrastructure. I led Vermeer's path in applying the philosophies and principles from the Toyota Production System (often just called "Lean"), enabling manufacturers to produce high-quality products at lower cost. The core philosophy of Lean is to reduce waste, which is often done by reducing inventory levels. One critical Lean strategy for reducing inventory is to produce things when and where they are needed or in a just-in-time fashion. The state and quality of infrastructure has a direct impact on inventory levels a firm must hold. Insufficient and/or inefficient infrastructure can lead firms to pay higher transportation costs. Higher transportation costs can, in turn, lead to higher inventory levels as organizations will minimize the number of deliveries they place and receive by ordering in larger quantities. Conversely, investments in transportation infrastructure that positively impact connectivity, capacity, performance and flexibility can help manufacturers support and fuel a growing economy.

Vermeer constantly reviews key performance indicators to determine where waste is and where the manufacturing process can be improved. Metrics are as essential in manufacturing for analysis and decision making as they are at a port. For example, measuring the time a container waits to be picked up for transport to its destination can be used to improve the overall operations of the port. As the federal government approaches infrastructure investment, better metrics are required. As an example, the Port Performance Freight Working Group issued its first report to Congress this past December, and while this report was a good and important first step, it did not address factors, such as truck availability, that contribute significantly to port performance but are outside the port's control.

Vermeer's single-largest infrastructure disruption—both getting supplies in and sending finished goods out—was the West Coast ports slowdown two years ago. This caused production stoppages, lost orders and, in many cases, airfreighting large components and machines to save orders or to maintain production. Regardless of the reason, if ports shut down, the impact ripples beyond the shop floor to our dealers, employees and their families. This speaks to the importance of both the physical aspects of infrastructure and the men and women who are a part of the U.S. infrastructure system.

A good percentage of products we manufacture in Iowa are sold to overseas customers. Finished machines are loaded into a container or on a flatbed trailer, then at times transferred to rail, then delivered to a port for export. In our area, we don't have a close rail spur or intermodal facility, so we truck our products 200 to 400 miles sometimes to an intermodal facility.

This past September, the Iowa Department of Transportation was awarded a competitive FASTLANE grant to build an intermodal facility in Cedar Rapids, Iowa, about 100 miles from our main facility. This project will divert freight away from congested areas like Chicago and Kansas City. The Cedar Rapids Logistics Park competed against 212 other applicants in the first round of FASTLANE grants from the newly created National Highway Freight Program. At the end of the day, I'm glad our state's project moved forward because it will improve the transportation system for Iowa manufacturers like Archer Daniels Midland Company, Emerson, International Paper, General Mills, Terex, Honeywell, John Deere and more. But, at the same time, 194 important freight projects around the country that would be helpful to other manufacturing clusters and businesses remain in the backlog. The American Society of Civil Engineers estimates that upgrading our surface transportation infrastructure alone will cost more than $1 trillion.

The Cedar Rapids Logistics Park grant and the transportation efficiencies that will result for companies like Vermeer and others throughout Iowa could not have been realized without the work this committee accomplished in the previous session of Congress to pass the Fixing America's Surface Transportation (FAST) Act in 2015. Beyond the creation of the National Highway Freight Program, which refocused federal money on projects that have a national, system-wide impact on the movement of goods across this country, the FAST Act provided five years of certainty for states and cities planning infrastructure projects and removed red tape to reduce wasted time and money caused by permitting delays.

In addition, I appreciate the work Congress is doing to improve our ports, inland waterways and drinking water and wastewater infrastructure with the passage of the Water Infrastructure Improvements for the Nation (WIIN) Act. Both the WIIN Act and the FAST Act are far superior to the stop-gap approach to funding infrastructure of the past decade. I urge this Congress to complete the unfinished work of last year and move to reauthorize a longer-term Federal Aviation Administration (FAA) reauthorization bill. Upgrading our runways and airports and reforming the FAA's certification process is important to our economy. While Vermeer is a midsized manufacturer of heavy equipment, we increasingly rely on air transport to operate our business. We air-ship 400 to 500 packages a day to help support our customers across the globe. We also log more than 3,000 commercial flights per year to meet with customers, suppliers and dealers, not including all the incoming airfreight shipments or inbound customers and vendors who visit Vermeer.

As important as these measures are, it is not enough. We need to move well beyond maintaining existing infrastructure and incremental improvements. We need to deploy a 21st-century infrastructure system that is more seamless, smart, efficient and less vulnerable to physical and cyber threats and that keeps pace with today's 21st-century manufacturer. We are eager for a modernized system that truly delivers an improved quality of life for our citizens and increased competitiveness for U.S. businesses. Currently, the United States is ranked behind many of its biggest global competitors at 11th in infrastructure quality and I don't think we should be satisfied with 11th. China is spending more on infrastructure each year than North America and Western Europe combined.[i] By some estimates, without significant and timely upgrading of our infrastructure, the United States will lose more than 2.5 million jobs by 2025 and more than 5.8 million by 2040.[ii] The American Society of Civil Engineers, for example, estimates that a $3.6 trillion investment will be needed by 2020 to improve the condition of American infrastructure to an acceptable level. This is $2 trillion over the anticipated funding level.

It's time we invest in our infrastructure. While both presidential candidates campaigned on the promise to upgrade our infrastructure in the weeks leading up to Election Day, the NAM released "Building to Win," an infrastructure blueprint that lays out both the challenges our infrastructure systems face and the types of upgrades manufacturers need to be globally competitive. This call from manufacturers not only urges President Trump to fix persistent challenges plaguing our nation's infrastructure but also provides some fresh thinking and direct actions for Congress to consider in the months ahead. Likewise, the Association of Equipment Manufacturers and the Transportation Center of Northwestern University combined to deliver a report in May 2016, titled "Mobility 2050." As a manufacturer seeking to make the United States the best place to manufacture, I highly recommend both reports.

We can all agree that the nation needs to restore and upgrade our infrastructure systems. We need this committee and our congressional leadership to work with President Trump to keep his promise to fix our broken infrastructure systems and to fulfill a basic federal responsibility to facilitate commerce in the United States. This must start with bold leadership to address the solvency of the Highway Trust Fund. While manufacturers were happy to see a five-year surface transportation bill, we know that when reauthorization of these programs comes up again in 2020, the Highway Trust Fund will need more than a $100 billion cash infusion to pass a long-term bill just at status-quo levels.

We need to make commonsense fixes to programs like the Harbor Maintenance Trust Fund where the federal government collects a tax for harbor maintenance but doesn't fully utilize the $9 billion balance trapped in the Harbor Maintenance Trust Fund on the backlog of harbor maintenance projects.

Public–private partnerships and private financing are another important option to make critical infrastructure investments. However, these tools are not necessarily suitable for all projects, especially in rural parts of the country. Private financing cannot replace the role of public funding but should be pursued as a tool to upgrade our aging infrastructure. One practical tool to increase private investment and public–private partnerships would be to expand the use of private activity bonds. For years, the NAM and other organizations have supported Rep. John Duncan's effort to eliminate the state volume caps on private activity bonds for drinking water and wastewater projects to multiply the benefit of federal efforts. Water is only seen when it comes out of our faucets, but aging pipes and wastewater systems are failing in dramatic, and increasing, fashion. Without major investment, breakdowns in water supply, treatment and wastewater capacity are projected to cost manufacturers and other businesses $7.5 trillion in lost sales and $4.1 trillion in lost GDP from 2011 to 2040.[iii]

It also must be recognized that continued investment in and modernization of our nation's broadband infrastructure is critical to the success of today's manufacturer. Technology is now embedded in all aspects of production on the shop floor and the final outputs that result. Manufacturing equipment is also becoming increasingly connected to the internet, making shop floors dependent on robust broadband networks. This innovative technology has created a tremendous competitive advantage for manufacturers in the United States. Our industry already invests a significant amount in the most advanced and secure technology solutions to support our operations and products. If we do not have a regulatory and policy environment that paves the way for additional investment in our nation's broadband and telecommunications infrastructure, we risk losing our innovative lead and the jobs that it creates.

Similarly, for many manufacturers, energy is their largest and most important cost. The renaissance in domestic energy production in all its forms—most notably unconventional gas—has not only kept energy costs low but also driven major new investments in manufacturing sectors. The nation's network of pipelines, the electric grid and other energy infrastructure need to keep pace.

Manufacturers need regulatory and fiscal policies that incentivize continued reinvestment of private capital in these infrastructure systems. Rail, energy and telecommunications infrastructure differs from other infrastructure sectors because it is almost entirely privately owned and operated. For example, private investment in freight rail has grown in recent years, including a record high $30 billion in 2015. Burdensome regulations that create excessive red tape make project costs unaffordable and discourage private-sector investment in infrastructure, creating a drain on our ability to innovate.

Manufacturers cut costs by continuously improving their systems to be as lean and efficient as possible. At Vermeer, this means we also maintain a focus on total productive maintenance. Our plants need to operate as efficiently as possible, and that means budgeting time and money for maintenance. We cannot afford to allow our equipment to fall into disrepair or use Band-Aid solutions with the hope that future production capabilities will be assured. We need the federal government and its local and state partners to take the same approach as manufacturers to ensure current and future competitiveness.

Many credible organizations have called for increased investment in infrastructure, yet we are still largely stuck in more rhetoric than results. There is a disconnect in understanding the link between the lofty infrastructure investment discussion about global competitiveness, employment, etc., and the daily experiences of Americans, such as getting to work and the grocery store, or finding the package ordered online yesterday at the doorstep today. The public can be complacent about the condition of infrastructure because, for the most part, it continues to work, while they unknowingly pay for the hidden costs of congestion, increased vehicle maintenance and permitting delays. The use of local, specific examples can better show what insufficient capacity and infrastructure failures mean for the daily travel of individuals, the costs to manufacturing and retail businesses and their effects on consumers and the quality of life in communities.

There is a need to educate people about how publicly owned transportation facilities and services are funded now and how user fees affect the transportation system condition and performance they experience. Honest and objective post-project evaluations can show travel time savings, crash reductions and environmental improvements. The U.S. Department of Transportation's TIGER Grant Program requires both pre- and post-project evaluation, but this mandate applies only to a small fraction of projects, and the quality of evaluations varies widely. The story of transportation investments must go beyond what is proposed and the ribbon-cutting ceremony. To earn the public trust, the benefits of investment need to become visible and real.

Our infrastructure needs attention. It must keep pace with changing times to be effective, efficient and resilient. The case needs to be made effectively to the public, with transparency of funding and benefits. Proper metrics must be put in place to better measure the performance of the nation's infrastructure. And decades of stop-gap efforts and chronic underinvestment must be reversed to deliver a well-performing system that enhances the quality of life and competitiveness. We, the manufacturing community of the United States, look forward to working together with you to achieve this.

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Testimony of Richard L. Trumka
President, American Federation of Labor–Congress of Industrial Organizations

Before the Transportation and Infrastructure Committee

Feb. 1, 2017

Building a 21st Century Infrastructure for America

Thank you, Chairman Shuster and Ranking Member DeFazio, for inviting me to appear before your committee today. It's a pleasure to be here with returning and new members.

This is a committee known for working together, setting aside partisan differences and getting things done for the good of the country. In recent years, you've passed such important legislation as the FAST Act surface transportation bill, two water resources development bills, an Amtrak authorization and numerous other measures.

This year will bring FAA legislation and hopefully major new infrastructure legislation. I want you to know I appreciate the good work you have done and I know you will continue to do. Yet, we know all too well there is still much work to be done.

The AFL-CIO is the largest labor federation in the United States, representing 55 affiliate unions and 12.5 million workers across the country—from bus and transit operators and water workers, to those who forge the steel, to the craft occupations that build and repair our infrastructure. The people we represent build America and make America move.

Jobs and the Economy

It should surprise no one that infrastructure was a top issue in the last election. The people of America have lived with the effects of decades of underinvestment in our infrastructure—the pothole-strewn streets, the airport delays and the rising costs of simply moving goods to market. The reality is that our infrastructure is desperately in need of repair and rapidly becoming technologically obsolete. We want investments that create good jobs and meet the real needs of our economy. Any other path takes us backward, because above all else, infrastructure investment is a long-term strategic necessity. Building the infrastructure of the 21st century is vital to both our nation's competitiveness and to the hopes of our nation's people to lead better lives.

The United States has a $3.6 trillion infrastructure deficit, according to the American Society of Civil Engineers—and this is just for deferred maintenance on existing infrastructure. The infrastructure of the future will require additional trillions of dollars in new investment. During the campaign, President Trump spoke about $1 trillion in new infrastructure investment. Last week, Senate Democrats unveiled a $1 trillion infrastructure proposal. This is the right scale to be talking about—trillions—and the labor movement is ready to work with this committee to move on that scale.

It's no secret that investments in our infrastructure create jobs. We not only need jobs, but we need to create good jobs. Every billion dollars of federal investment in our surface transportation system creates tens of thousands of well-paying jobs—the type of career jobs that can support a family, a child's education, a secure retirement and a middle-class life. In fact, jobs in infrastructure pay more competitive wages than similarly skilled positions.

Policies such as Davis-Bacon, project labor agreements, Buy America and 13(c) transit protections ensure compliance with community wage standards, and that we spend American taxpayers' money in America and create jobs through smart procurement policies. These longstanding laws ensure that infrastructure investment creates good jobs, and that workers' jobs, contracts, wages and benefits are not simply stripped away to produce a low bid or through privatization.

Our affiliates have a vast network of top-quality joint labor-management training and apprenticeship programs around the country. These programs provide construction workers with the skills they need to be the most productive workers in their sector and to have a long-lasting middle-class career, and these programs can train the workers we will need to finally meet America's real infrastructure needs.

For those in Congress still seeking to push the failed austerity agenda, let me tell you this: If your house has a leaky roof, not fixing it won't save you any money. And like the leaky roof, delaying needed infrastructure investments will only cost us more in the long run. It harms our health, as we have seen in Flint and countless other places, impedes commerce, as my fellow panelists can attest to, and it is hurting our international competitiveness.

Economic Growth and Global Competition

Investing in our infrastructure is important for reasons beyond creating jobs and boosting the economy in the short term. Investments spur sustainable economic growth, ensure our country's long-term economic global competitiveness and improve the quality of life of our citizens.

We are all familiar with the American Society of Civil Engineers' estimate that our infrastructure deficit is approaching $4 trillion. Yet that's only part of the challenge. To be competitive in the 21st century, we must invest in the transformative infrastructure of the future—this century's version of the transcontinental railroad and the national highway system.

As I travel around the country, I can tell you that every time I see a new transit center or highway interchange, that investment is followed by real estate improvements, businesses being formed, and growing and thriving communities.

It's no different in the global arena. While we wring our hands about how to maintain existing levels of funding, let alone the funding increase needed to fix our failing infrastructure, the rest of the world is moving forward.

China has been investing heavily in its infrastructure, and the results are dramatic. The Chinese understand well the lessons of American history that we seem to have forgotten, the top line of which is that infrastructure investments are the foundation for expanding commerce and growing the economy. China now invests more in infrastructure than the United States and Western Europe combined. China is investing in infrastructure appropriate to its level of development—new roads, rail capacity, airports and ports. It is moving quickly on energy and telecommunications. In fact, China's stock of infrastructure as a percentage of Gross Domestic Product exceeds ours significantly, and it continues to invest far more than we do, lowering the cost of commerce and raising living standards.

America can do it, too. We must do so to remain competitive—and we can do it better.

We must modernize the multimodal and connectivity aspects of our transportation system, which is essential to making our economy competitive. When ships load containers at our nation's ports, they depend upon an efficient multimodal supply chain of fully dredged and deepened port facilities, seamless rail corridors and networks, and safe roadways. I urge you to think strategically about the linkage between each mode of our transportation system and how they interact with one another. Improving modal connectivity is a key piece to securing our nation's global competitiveness.

Cost of Inaction

We must act to alleviate the cost of wasted time and fuel caused by traffic delays and congestion. The Texas Transportation Institute estimates that the average commuter wastes 42 hours in travel delays, and the fuel wasted adds $960 to a driver's expenses each year. In total for our country, that's a staggering collective *600,000 years' worth* of time wasted stuck in traffic each year, and 3.1 billion gallons of wasted fuel. And unless Congress finds the will to provide adequate funding, these problems only will become worse, costing citizens and businesses valuable time and money.

Some think government should be run like a business. No successful business runs on the idea of starving itself of critical capital investment, by trying to compete with outdated and broken equipment, or by sticking with old technologies and processes. Businesses have to make upgrades and invest to succeed, and so does our nation.

Financing Considerations

There are many possible creative financing vehicles to support the infrastructure we need beyond direct federal and state financing, including infrastructure banks, grant and loan programs, and public-private partnerships. However, most of our nation's traditionally public infrastructure is public *because* whatever user fees it generates, if any, cannot fund it on a stand-alone basis when risk and return on private capital is taken into account. This is particularly true for vital transportation infrastructure in rural areas.

We need to understand creative infrastructure financing as fundamentally supplemental to basic public financing. And whatever financing choices we create, all should be subject to the basic business test of, "is there a lower-cost source of capital?" For hundreds of years we have tapped private capital to fund our nation's infrastructure, usually through tax-exempt bonds or through Treasury bonds. We should always ask in relation to innovative financing, "what is the real cost of this capital to the public, and is another, cheaper financing vehicle from the public's perspective available?"

Labor and Business Together
Look at this panel before you. Business and labor may not agree on a number of things, but we do agree on the need for serious investments in America's infrastructure. In the aftermath of the 2016 election, there is no clearer mandate from the American people.

If we can come together on this, that should tell you something. You are the elected leaders, and at the end of the day you will have to decide. The question to ask yourselves is what kind of country do you want us to be—not only now, but also in the future.

How we invest matters. One trillion dollars in real new infrastructure investment would make a big difference to working Americans and would put us on the path to the level of infrastructure investment we need. But it has to be real investment and good jobs, not Wall Street giveaways or a race to the bottom. Done right, a trillion dollars of truly new and additional infrastructure investment would create good jobs, revitalize communities and build a prosperous future for our country.

Over the last year, the AFL-CIO has formulated some basic principles we hope will help guide large-scale infrastructure investment of the kind proposed both by the Trump administration and by Sen. Schumer. These proposals address both broad areas and the needs of particular sectors within the infrastructure space.

Overarching Principles

1. A program must include investments that are as transformative in the 21st century as railroads, highways, telephones, radio and television, and electrification were in previous centuries.

2. Our infrastructure should be funded through federal spending and credit support for infrastructure projects, and not be subject to spending offsets. This provides the lowest possible cost of capital, and maximizes the macroeconomic benefits and job creation from infrastructure investment.

3. A program must include strict Buy America provisions so that we are rebuilding our manufacturing sector as we rebuild our nation, including support for family-sustaining employment. This is a key issue for those who voted to fix our trade problems.

4. Requirements for high-road labor standards that create family-sustaining jobs and prosperous communities are a must. This applies to any project federally funded, or enjoying subsidies, loan support or innovative financing mechanisms.

5. Efforts also must focus on public health, poverty and inequality, energy infrastructure, transportation and public services.

6. We must preserve the public character of Amtrak and public transit systems.

Our infrastructure deficit is harming our economy, reducing our quality of life and endangering public health. This Congress has a mandate from the American people to fund public infrastructure and clear the way for private infrastructure. If we are to remake America for the 21st century, these are the essential investments, public and private, that will make it happen.

Passenger Transportation Investments

- Essential highway and bridge maintenance, repair and replacement;
- Mass transit repair and expansion: clean bus fleets and passenger rail, including high-speed rail projects starting with the Northeast corridor, California and the Midwest;
- Amtrak essential capital program for long-distance and state lines;
- Complete NextGen satellite-based air traffic control system; and
- Fund the FAA Airport Improvement Program for on-ground upgrades.

Energy Investments

- Significant investment in clean electricity generation, including solar, wind, nuclear and carbon capture and storage; federal siting where appropriate;
- Promote expansion of essential natural gas infrastructure;
- Significant investment in electrical transmission, including high-voltage lines, to bring clean energy to market and reduce energy lost in transmission;
- Efficiency retrofits of all government-owned buildings;
- Programs that incentivize efficiency and energy-use reductions in private buildings, including commercial retrofits, multifamily housing, industrial efficiency, and combined heat and power; and
- Build a 21st century pipeline network. Not only new, but also by reducing leaks, and repairing and replacing outdated pipes.

Freight and Shipping Investments

- Federal multimodal freight investment program;
- Accelerated port and harbor upgrades through the Harbor Maintenance Trust Fund;
- Upgrade inland waterways for higher capacity and fully modernized lock systems; and
- Upgrade federal navigation channels to accommodate post-Panamex ships.

Public Works Investments

- Bring all public school facilities up to good overall condition;
- Substantial investment in the Clean Water Fund and the Drinking Water State Fund to address clean water, lead safety, wastewater treatment, combined sewer separation and storm water management;
- Essential rehabilitation of all high-hazard dams;
- Essential levee repair and rehabilitation for 100,000 miles of levees; and
- Parks and recreation maintenance and upgrades, including roads and bridges.

Communications Investments

- Establish a national broadband network at 100 MBS, including rural areas;

- National public safety broadband network, with capacity for video downloads;
- Establish free public wi-fi hot spots in large cities, including capacity for free domestic calls; and
- Federal investment in the research needed to develop 5G wireless technology.

Conclusion
Finding significant sources of funding may be politically difficult, but the cost of inaction is high, it's real and it's growing. Labor has and will continue to consider all types of funding, including our traditional support of user fees to fund surface transportation. Done right, other sources of revenue could help, however, solving our nations' vast infrastructure needs will require major levels of public investments.

The labor movement is ready to fight, here in Washington and across our great nation, to see a transformative, inclusive infrastructure program enacted. We need to bring 21st century technology and good jobs to our whole country—to places like West Baltimore and to places like my rural hometown of Nemacolin, Pennsylvania. And the labor movement is ready, with a highly skilled workforce and the best training programs to get the job done.

Previous generations built an infrastructure and transportation system that was the best in the world, one that made us an economic superpower and helped to create a strong middle class. Unfortunately, it's a system we have been coasting on. The ride is now over, and we must rebuild.

To be blunt, we need to be bold. We need to act aggressively.

We need to be the America that can, not the America that can't.

We are eager to work with elected leaders of both parties to make this investment a reality.

Thank you and I look forward to your questions.

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Richard L. Trumka, President, AFL-CIO, Responses to Questions for the Record

Questions for the Record submitted by Ranking Member DeFazio:

1) Mr. Trumka, during the hearing many examples were given of infrastructure that are deteriorating and in need of upgrades and repairs. One area that was not elaborated upon was the maintenance backlog and growing funding needs for road, bridge, and other infrastructure owned by the National Park Service and other Federal land agencies. Can you share with the Committee your thoughts on the need to support our Federal lands, parks and conservation infrastructure?

When the AFL-CIO thinks about opportunities in infrastructure legislation, we also think about the infrastructure that supports outdoor recreation. When our Union members are not hard at work, many of them are hard at play in our great outdoors. Our members hunt, fish, hike, camp and boat and they have a deep appreciation of our country's public lands and waters. But our outdoor infrastructure is badly deteriorated. Maintenance backlogs plague our public lands agencies. Facilities are closed because the agencies don't have the funds to keep them open. Algae blooms have shut down fisheries across the country because our water infrastructure is insufficient. We strongly encourage you to consider a recreation specific element in whatever legislation you propose that could be of huge benefit to the outdoor recreation economy and our members – not just for the work they would do, but for how it would help them get their families more easily into the woods and onto the water. Through the Union Sportsmen's Alliance Work Boots on the Ground program Union members provide skilled labor, materials, and equipment to help build and restore critical conservation infrastructure and the recently formed Outdoor Recreation Industry Roundtable has specific recommendations for outdoor infrastructure projects and funding ideas I hope you will consider. The AFL-CIO is here as a partner to help provide more than just good jobs, we want to provide better lives for our members outside the workplace as well.

2) Mr. Trumka, at the hearing there was discussion about the statutory standard for double trailers of 28 feet. As you are aware, in Mr. Smith's testimony he voiced strong support for changing that standard to require States to allow longer 33-foot double trailers. What is the position of the AFL-CIO on such a policy change?

This and the following question are both safety and worker issues. A proposed increase in the size of double trailers to 33 feet has been rejected time after time again for a reason. Labor, law enforcement, safety groups, and a large segment of industry have been united in opposition to these bigger trucks. They are incredibly difficult to drive, typically have longer stopping distances, are tough to maneuver, and put undue wear and tear on our infrastructure. For example, most of our current on and off ramps and bridges aren't designed for bigger and heavier configurations. Every time there is an increase in truck size or weight, the result has been more trucks on the road, not less. An increase in the size of double trailers would only benefit the bottom line of a few large corporations, putting a large segment of the existing trucking industry at a disadvantage. The Department of Transportation did a study on the impacts of increasing truck size and weight, and found that there wasn't significant data to support any increase. As such, the Department stressed that no changes in the relevant Federal truck size and weight laws and regulations should be made until these limitations are overcome.

3) Mr. Trumka, the FAST Act Conference Committee rejected a provision to pre-empt state laws related to meal and rest breaks and piece rate pay. The language would have effectively eliminated meal and rest break protections for truck drivers in 21 States and stopped important progress being made in States like California to try to address detention time. What is the position of the AFL-CIO on allowing stronger State laws regarding truck driver pay, rest, and break times?

We support high standards for worker rights to basic meal breaks, rest times and to be paid for hours worked. We reject any attempt to preempt these meal and rest break laws, or any attempt to mandate piece-rate pay across the trucking industry. On this matter, states should have the right to set higher worker and safety standards above federal minimums.

4) Mr. Trumka, the FAST Act mandated that the U.S. Department of Transportation act on protecting public transportation operators from risk of assault. Congress mandated that a notice of proposed rulemaking on protecting transit workers be issued 90 days after the submission of a report to Congress, which was transmitted on January 19, 2017. What are your thoughts on how U.S. DOT should move forward on protecting transit workers?

We believe that the DOT must move immediately to address transit operator assault. In fact, we believe the DOT has existing authority to deal with this issue as provided by MAP-21's substantial reforms to safety. To effectively mitigate assault, DOT should require the installation of shields in both new and old buses, require a direct connection to law enforcement, and ensure that there is an emergency exit for operators.

5) Mr. Trumka, during the past few surface transportation reauthorization debates, some Members have suggested removing funding for transit from the Highway Trust Fund. What is the position of the AFL-CIO on such a policy change?

No. The recently passed FAST Act legislation rightly continues to include transit in the trust fund as it is an important compliment of our surface transportation system that helps move people efficiently and acts as a release valve for roadway congestion. Transit is central to the multimodal delivery of people, creates jobs – both direct and induced – and is a tool for reducing inequality and promoting social mobility.

Questions for the Record submitted by Hon. André Carson:

6) Public Private Partnerships. The president recently met with labor leaders at the White House and conveyed that most of the money for his infrastructure plan should come from private sector investments, In your testimony, you mention a partnership between the private and public sectors. What are your thoughts on the role of public private partnerships (P3s) as compared with public grant and loan programs, Infrastructure banks, or other forms of financing? What are the potential

risks or downsides for a P3 model? How might P3s be structured to avoid these possible risks or downsides?

Some early reports suggest an infrastructure program that relies heavily on tax credits for private investors to finance projects through public-private partnerships, or P3s. This method for infrastructure procurement raises some questions that merit examination.

A P3 model that is financed through private equity – basically, a set of private investors that get an ownership stake in private infrastructure project's profits – raises a number of concerns for meeting our infrastructure needs. For starters, equity capital is more expensive than traditional public funding because private partners can demand a financial return for their investment far above what traditional public financing currently requires. Second, to meet their financial return, P3s require a stable stream of revenue, collected through either tolls or fixed payments by the government. For most of our infrastructure needs – including infrastructure replacement, maintenance and public transportation – generating revenue for tolls and profit is just not feasible and will leave too many projects unfunded and communities behind.

From a jobs perspective, this is particularly important. In contrast to a system focused on private returns, direct federal expenditures have a larger job impact. When state and local governments are given a consistent stream of federal money, they can engage in the long-range planning necessary to undertake infrastructure projects. This, in turn, signals to private employers that they should engage in direct hiring in construction, manufacturing and related services. Federal expenditures also create indirect employment when those workers spend their earnings in local communities. This is why infrastructure spending creates jobs across our nation's workforce.

This is not to say that the private sector has no role in the delivery of transportation projects. In fact, quite the contrary. The private sector has, and always will, play an important role. When P3s and other innovative financing tools – including an infrastructure bank – are used, they must be properly designed to be transparent, protect workers and the public interest. Among other requirements, P3s and other innovative financing instruments must include Section 13(c) transit protection, Davis-Bacon, Buy America rules, and other protections for rail and public sector employees. And for any P3 that includes the operations and maintenance functions of a project, it should adhere to local area labor standards, and protect incumbent workers, as Congress determined for transit P3 projects in the FAST Act. Only a limited number of projects are suitable for P3s but when they are used we will insist that these basic protections and standards, that apply to direct federal funding, are followed to create the good jobs that our country needs.

February 1, 2017

The Honorable Donald Trump
President of the United States of America
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear President Trump:

Congratulations on your inauguration as the 45th President of the United States of America, and thank you for your commitment to rebuilding our nation's infrastructure. As a broad coalition representing a vast cross section of our economy, we all agree that our nation's infrastructure systems are insufficient to support American competitiveness. New investment is required to improve upon the stopgap efforts of the last decade. We believe your leadership is necessary to pass a balanced infrastructure investment plan that will lift our nation's economy and improve our transportation network.

We can no longer afford to underinvest in the infrastructure that Americans rely on in our daily lives. Any responsible proposal must provide improvements to all types of infrastructure throughout the country and address large important projects that make our businesses more competitive by reducing shipping, commuting, water and energy costs. At the same time, your administration and Congress must restore solvency to the Highway Trust Fund to ensure that the federal government can maintain a state of the art infrastructure system. This will require a commitment to a long-term, reliable, dedicated, user-based revenue source for the Highway Trust Fund and the effective surface transportation programs it supports.

While recent laws authorizing federal highway and surface transportation programs have greatly improved the effectiveness and efficiency of these programs, the long-run solvency of the Highway Trust Fund has been left unresolved. Failure to resolve the issues facing the trust fund prior to the expiration of the current law in 2020 will require you to make a decision to either pass additional short-term stopgap measures or find a $110 billion off-set to pass a long-term bill that will at best maintain current funding levels that do not meet our transportation infrastructure needs. Absent long-term stability for the Highway Trust Fund, many projects critical to the efficient movement of people and goods have the real potential to be backlogged or never built. Further, mounting deferred maintenance could cause current infrastructure to fall into an even greater state of disrepair.

An infrastructure initiative led by your administration is a generational opportunity to end the cycle of uncertainty that has plagued America's infrastructure network and usher in a new era of stability and improvements we so desperately need. However, this will take leadership and bold, innovative solutions. It is critical that your infrastructure plan not only encourages greater participation from the private sector in infrastructure projects and reduces needless red tape, but also provides real revenue for the Highway Trust Fund that will help the users and beneficiaries of America's transportation and freight network. Private financing, while important and needed, cannot replace the role of public funding and federal leadership.

Again, thank you for your commitment to strengthening our nation's economy and improving America's competitiveness through significant investment in our nation's infrastructure. We look forward to working with you to achieve our shared goals.

Sincerely,

AAA
AFL-CIO
Alabama Asphalt Pavement Association
Alabama Road Builders Association
Alaska Chamber
Alaska Trucking Association
Alexandria Transit Company (DASH)
Alliance for Alabama's Infrastructure
American Association of Port Authorities
American Association of State Highway and Transportation Officials
American Coatings Association
American Composites Manufacturers Association (ACMA)
American Concrete Pavement Association
American Concrete Pipe Association
American Concrete Pressure Pipe Association
American Contractors Insurance Group
American Council of Engineering Companies (ACEC)
American Council of Engineering Companies (ACEC) - Alabama
American Council of Engineering Companies (ACEC) - Alaska
American Council of Engineering Companies (ACEC) - Arizona
American Council of Engineering Companies (ACEC) - Arkansas
American Council of Engineering Companies (ACEC) - New Mexico
American Council of Engineering Companies (ACEC) - New York
American Council of Engineering Companies (ACEC) - California
American Council of Engineering Companies (ACEC) - Colorado
American Council of Engineering Companies (ACEC) - Connecticut
American Council of Engineering Companies (ACEC) - Delaware
American Council of Engineering Companies (ACEC) - Georgia
American Council of Engineering Companies (ACEC) - Hawaii
American Council of Engineering Companies (ACEC) - Idaho
American Council of Engineering Companies (ACEC) - Illinois
American Council of Engineering Companies (ACEC) - Indiana
American Council of Engineering Companies (ACEC) - Iowa
American Council of Engineering Companies (ACEC) - Kansas
American Council of Engineering Companies (ACEC) - Kentucky
American Council of Engineering Companies (ACEC) - Louisiana
American Council of Engineering Companies (ACEC) - Maine
American Council of Engineering Companies (ACEC) - Maryland
American Council of Engineering Companies (ACEC) - Massachusetts
American Council of Engineering Companies (ACEC) - Metropolitan Washington
American Council of Engineering Companies (ACEC) - Michigan
American Council of Engineering Companies (ACEC) - Minnesota
American Council of Engineering Companies (ACEC) - Mississippi
American Council of Engineering Companies (ACEC) - Missouri

American Council of Engineering Companies (ACEC) - Montana
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American Council of Engineering Companies (ACEC) - Nevada
American Council of Engineering Companies (ACEC) – New Hampshire
American Council of Engineering Companies (ACEC) – New Jersey
American Council of Engineering Companies (ACEC) - North Carolina
American Council of Engineering Companies (ACEC) - North Dakota
American Council of Engineering Companies (ACEC) - Ohio
American Council of Engineering Companies (ACEC) - Oklahoma
American Council of Engineering Companies (ACEC) - Oregon
American Council of Engineering Companies (ACEC) - Pennsylvania
American Council of Engineering Companies (ACEC) - Rhode Island
American Council of Engineering Companies (ACEC) - South Carolina
American Council of Engineering Companies (ACEC) - South Dakota
American Council of Engineering Companies (ACEC) - Tennessee
American Council of Engineering Companies (ACEC) - Texas
American Council of Engineering Companies (ACEC) - Utah
American Council of Engineering Companies (ACEC) - Vermont
American Council of Engineering Companies (ACEC) - Virginia
American Council of Engineering Companies (ACEC) - Wisconsin
American Council of Engineering Companies (ACEC) - Wyoming
American Forest & Paper Association
American Highway Users Alliance
American Iron and Steel Institute
American Public Transportation Association
American Public Works Association
American Rental Association
American Road & Transportation Builders Association
American Society of Civil Engineers
American Sportfishing Association
American Supply Association
American Traffic Safety Services Association
American Trucking Associations
American Wood Council
Anaheim Resort Transportation
Antelope Valley Transit Authority
Arkansas Society of Professional Engineers (ASPE)
Arkansas State Chamber of Commerce/AIA
Arkansas Trucking Association
Asphalt Pavement Association of Indiana
Associated Construction Contractors of New Jersey
Associated Contractors of New Mexico
Associated Contractors, Inc.
Associated Equipment Distributors
Associated General Contractors (AGC)

Associated General Contractors (AGC) - Alabama
Associated General Contractors (AGC) – Alaska
Associated General Contractors (AGC) – Arizona
Associated General Contractors (AGC) – Arkansas
Associated General Contractors (AGC) - Austin
Associated General Contractors (AGC) – California
Associated General Contractors (AGC) - Carolinas
Associated General Contractors (AGC) - Central Illinois
Associated General Contractors (AGC) – Colorado
Associated General Contractors (AGC) - East Tennessee
Associated General Contractors (AGC) - Florida East Coast
Associated General Contractors (AGC) - Fox Valley
Associated General Contractors (AGC) – Georgia
Associated General Contractors (AGC) - Greater Milwaukee
Associated General Contractors (AGC) – Houston
Associated General Contractors (AGC) – Illinois
Associated General Contractors (AGC) - Inland Northwest
Associated General Contractors (AGC) – Iowa
Associated General Contractors (AGC) – Kansas
Associated General Contractors (AGC) - Kansas City
Associated General Contractors (AGC) – Kentucky
Associated General Contractors (AGC) - Louisiana
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Associated General Contractors (AGC) - Maryland
Associated General Contractors (AGC) - Metropolitan Washington DC
Associated General Contractors (AGC) - Michigan
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Associated General Contractors (AGC) - New York State
Associated General Contractors (AGC) - North Dakota
Associated General Contractors (AGC) - Ohio
Associated General Contractors (AGC) - Oklahoma
Associated General Contractor (AGC) – Puerto Rico
Associated General Contractor (AGC) – Rio Grande Valley
Associated General Contractors (AGC) - San Diego
Associated General Contractors (AGC) - South Texas
Associated General Contractors (AGC) - Southeast Texas
Associated General Contractors (AGC) - Tennessee
Associated General Contractors (AGC) - Utah
Associated General Contractors (AGC) - Virginia

Associated General Contractors (AGC) - Washington
Associated General Contractor (AGC) – West Texas
Associated General Contractors (AGC) - Western Kentucky
Associated Industries of Missouri
Associated Pennsylvania Constructors
Associated Wall and Ceiling Contractors of Oregon and SW Washington
The Association For Manufacturing Technology (AMT)
Association for the Improvement of American Infrastructure (AIAI)
Association of Equipment Manufacturers
The Association of Union Constructors
Association of Washington Business
Bipartisan Policy Center
Birmingham-Jefferson County Transit Authority
Bloomington Public Transportation Corp
Brown-McKee, Inc.
Builders Association (Associated General Contractors - Chicago)
Building America's Future
The Bus Coalition
Business Council of Alabama
California Transit Association
Capital Area Transportation Authority
Capital District Transportation Authority
CentexAGC
Central Florida Regional Transportation Authority/LYNX
Champaign-Urbana Mass Transit District
Charleston Metro Chamber of Commerce
Chatham Area Transit Authority
Citibus
Clark County Public Transportation Benefit Area (dba C-TRAN)
Coalition for America's Gateways & Trade Corridors
Colorado Contractors Association
Common Good
Composite Panel Association
Concrete Reinforcing Steel Institute
Connect Transit
Connecticut Business & Industry Association, Inc.
Construction Employers Association
Construction Industries of Massachusetts
Construction Industry Council of Westchester and Hudson Valley, Inc.
Constructors Association of Western Pennsylvania
Consumer Specialty Products Association
Contractors Association of West Virginia
Cookware Manufacturers Association
Copper & Brass Fabricators Council, Inc.
The Corps Network

Council of Industry of Southeastern New York
CropLife America
CTtransit
Delaware Contractors Association
Delaware Transit Corporation
Delta Community Action Foundation Inc
Eastern Contractors Association, Inc.
Electronic Components Industry Association
Flexible Pavements of Ohio
Florida Institute of Consulting Engineers/ACEC of Florida
Florida Transportation Builders' Association
Florida Trucking Association
Fluid Power Distributors Association (FPDA)
Fort Worth Transportation Authority
Fresno Area Express
General Contractors Association of Hawaii
General Contractors Association of New York
Georgia Association of Manufacturers
Georgia Asphalt Pavement Association
Georgia Concrete Contractors Association
Georgia Highway Contractors Association
Global Cold Chain Alliance
Gold Coast Transit District
Great Lakes Fabricators & Erectors Association
Greater Hartford Transit District
Greater New Haven Transit District
Gwinnett Village Community Improvement District
Hawaii Transportation Association
Idaho Association of Commerce and Industry
Idaho Associated General Contractors
Illinois Asphalt Pavement Association
Illinois Association of Aggregate Producers
Illinois Association of County Engineers
Illinois Chamber of Commerce
Illinois Road and Transportation Builders Association
Illinois Trucking Association
INDA, Association of the Nonwoven Fabrics Industry
Independent Lubricant Manufacturers Association
The Independent Packaging Association (AICC)
Indiana Chamber of Commerce
Indiana Constructors Inc.
Indiana, Illinois and Iowa Foundation for Fair Contracting, Inc.
Industrial Minerals Association - North America
Information Technology and Innovation Foundation
Institute of Makers of Explosives

Interior Finish Contractors Association
Interlocking Concrete Pavement Institute
International Bridge, Tunnel & Turnpike Association
International Housewares Association
International Right of Way Association
International Safety Equipment Association
International Union of Operating Engineers
International Warehouse Logistics Association
Iron Workers Local 392
Iron Workers Local 518
Iron Workers Local 577
Kansas Asphalt Pavement Association
Kansas Chamber of Commerce & Industry
Kansas Contractors Association
Kansas Motor Carriers Association
Kentuckians for Better Transportation
Kentucky Association of Highway Contractors, Inc (KAHC)
Kentucky Chamber of Commerce
Kentucky Crushed Stone Association
Kentucky Trucking Association
KI BOIS Area Transit System
Kitsap Transit
Laborers International Union of North America
Leading Builders of America
Los Angeles Painting & Finishing Contractors Association, Inc.
Madison Area Finishing Contractors Association
Maine Motor Transport Association
Maryland Motor Truck Association
Maryland Transportation Builders and Materials Association (MTBMA)
Mass Transportation Authority
Massachusetts Aggregate and Asphalt Producers Association
Mechanical Contractors Association of Eastern Pennsylvania Inc
Mechanical Contractors Association of North West Ohio
Memphis Area Transit Authority
Metal Building Manufacturers Association
Metal Powder Industries Federation
Metal Treating Institute
Metals Service Center Institute
Metrolink
Michigan Infrastructure & Transportation Association (MITA)
Michigan Manufacturers Association
Mid-America Lumbermens Association
Mid-West Truckers Association
Mileage-Based User Fee Alliance
Minnesota Transportation Alliance

Mississippi Road Builders Association
Missoula Urban Transportation District
Missouri Transportation and Development Council
Modoc County Transportation Commission
Montana Chamber of Commerce
Montana Contractors' Association
Montana Manufacturing Association
Monterey-Salinas Transit District
Motor & Equipment Manufacturers Association
Muncie Indiana Transit System
Nashville Metropolitan Transit Authority
National Asphalt Pavement Association
National Association of Manufacturers (NAM)
National Association of Printing Ink Manufacturers (NAPIM)
National Association of Regional Councils
National Concrete Masonry Association
National Electrical Contractors Association
National Electrical Manufacturers Association (NEMA)
National Fastener Distributors Association
National Lime Association
National Lumber and Building Material Dealers Association
National Marine Manufacturers Association
National Oilseed Processors Association
National Precast Concrete Association
National Railroad Construction & Maintenance Association (NRC)
National Ready Mixed Concrete Association
National Retail Federation
National Stone Sand and Gravel Association
National Tank Truck Carriers, Inc.
The National Utility Contractors Association
Nebraska Chamber of Commerce & Industry
Nevada Contractors Association
Nevada Manufacturers Association
The Nevada Trucking Association
New Mexico ATSSA Chapter
New Mexico Business Coalition
New Mexico Trucking association Inc
North American Millers' Association
North Carolina Chamber
Northeastern Retail Lumber Association
Northern Illinois Building Contractors Association
Ohio Contractors Association
The Ohio Manufacturers' Association
Oklahoma Municipal Contractors Association
Oklahoma Transit Association

Outdoor Power Equipment Institute
Owner-Operator Independent Drivers Association
Painting and Decorating Contractors Association of Hawaii
PCI of Illinois and Wisconsin
Pennsylvania Chamber of Business and Industry
PeopleForBikes - Business Network
Perimeter Community Improvement Districts
Plastic Pipe and Fittings Association
The Plastics Industry Association
Plastics Pipe Institute
Polyisocyanurate Insulation Manufacturers Association
Port Arthur Transit
Portage Area Regional Transportation Authority
Portland Cement Association
Potomac and Rappahannock Transportation Commission
Precast/Prestressed Concrete Institute
The Real Estate Roundtable
Regional Transportation Program, Inc.
Retail Industry Leaders Association
Rhode Island Trucking Association, Inc.
Riverside Transit Agency
Rochester-Genesee Regional Transportation Authority
Rock Region Metropolitan Transportation Authority
Salem-Keizer Transit
San Antonio Manufacturers Association (SAMA)
San Francisco Municipal Transportation Agency
San Joaquin Regional Transit District (RTD)
Santa Cruz Metropolitan Transit District
Sheet Metal and Air Conditioning Contractors National Association (SMACNA)
Slag Cement Association
SMART-Transportation Division, Illinois Legislative Board
Society of Chemical Manufacturers & Affiliates (SOCMA)
South Carolina Chamber of Commerce
South Carolina Trucking Association
South Central Transit Authority
South Portland Bus Service
Southeastern Pennsylvania Transportation Authority
Southern California Contractors Association
Southern Illinois Builders Association
Southern/Central Illinois Laborers' - Employers Cooperation and Education Trust
Stark Area Regional Transit Authority
Steel Tank Institute/Steel Plate Fabricators Association
Tennessee Road Builders Association
Tennessee Trucking Association
Textile Rental Services Association of America (TRSA)

Toledo Area Regional Transit Authority
The TMA Group | Franklin Transit Authority
Transit Authority of Lexington, Kentucky (Lextran)
Transit Authority of Northern Kentucky
Transit for Connecticut
Transportation Advocacy Group - Houston region
Transportation for Illinois Coalition
Transportation Intermediaries Association (TIA)
Transportation Trades Department, AFL-CIO
TranSystems Corporation
Treated Wood Council
Truck Trailer Manufacturers Association
U.S. Chamber of Commerce
U.S. Travel Association
United Brotherhood of Carpenters
United Contractors
Utah Trucking Association
Victor Valley Transit Authority
The Vinyl Institute
Virginia Manufacturers Association
Vision Long Island
Washington Asphalt Pavement Association
Washington Metropolitan Area Transit Authority
Washington Trucking Associations
Water & Sewer Distributors of America
Waterways Council, Inc.
West Coast Lumber & Building Materials Association
West Virginia Chamber of Commerce
Wire Reinforcement Institute
Wisconsin Transportation Builders Association
Wood Machinery Manufacturers of America
Wyoming Contractors Association

CC: The U.S. House of Representatives and the U.S. Senate

Greater Pittsburgh
Chamber of Commerce
An affiliate of the Allegheny Conference

Congressman Bill Shuster
Chairman, Committee on
Transportation and Infrastructure
U.S. House of Representatives
2251 Rayburn House Office Building
Washington, DC 20515

Congressman Peter Defazio
Ranking Member, Committee on
Transportation and Infrastructure
U.S. House of Representatives
2251 Rayburn House Office Building
Washington, DC 20515

Chairman Shuster and Ranking Member DeFazio:

Thank you for the chance to submit a written statement on this important issue.

Today, I write on behalf of the Greater Pittsburgh Chamber of Commerce – an affiliate of the Allegheny Conference on Community Development. We work to improve the economy and quality of life in the 10-county Pittsburgh region. To this end, the Allegheny Conference works with our public, private, and civic leadership to ensure our infrastructure remains a positive asset for our region's future. This goal aligns with your committee's goal of developing policies to prepare our nation's infrastructure for the 21st Century.

Infrastructure investment is one of the deciding factors in determining which nations thrive in the 21st century. Without a doubt, our nation's smart and strategic investments in the 19th and 20th centuries have propelled us to be the global leader in many respects today.

Recently, through much of your leadership and the committee's efforts, our nation advanced a number of measures that made crucial infrastructure investments – from the FAST Act in 2015 to the WIIN Act passed just last December. However, we still need a long-term fix to the highway trust fund and our nation remains in need of billions of dollars' of additional investment. In the Pittsburgh region, we appreciate your committee's work to authorize the Upper Ohio River navigation project in the WIIN Act. We respectfully request that the committee provide policy proposals addressing the underlying revenue shortage issue. This will ensure appropriators have significant resources to invest in this and other projects.

According to the U.S. Corps of Engineers' own estimates, failure to construct the $2.7 billion Upper Ohio project could cost our region $430 million per site each year – in total an annual negative economic impact of $1.29 billion. The Port of Pittsburgh itself handles over 35 million tons of cargo each year and the locks on the Upper Ohio River move an average of 20 million tons themselves. This makes finding revenue sources and appropriating them critical to our region and nation. This includes significant quantities of petroleum products, processed metal, grain, construction equipment, chemicals, and coal – a diverse cross section and significant drivers of the Pittsburgh region's economy. Specific industrial operations related to coke and coal production would be severely impacted by a disruption in this vital transportation artery. By way of additional amplification, an unscheduled closure at Montgomery was found to cost one company approximately $1 million per day in lost production.

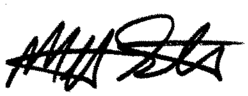
It is not an overstatement to assert that the economy of not only southwestern Pennsylvania, but all of Pennsylvania, depends on the timely completion of this project. Countless businesses and their employees, customers, and suppliers will be negatively impacted by any further delays in this important project. A major failure on any upper Ohio River lock or dam effectively shuts down the entire Port of Pittsburgh and a pool loss from a dam failure would not only impact our economy, but would also impact municipal and industrial intakes and recreation along our waterways.

Given the economic impacts to the nation, the Commonwealth of Pennsylvania, and the Pittsburgh region, I respectfully request your committee's support of sources to fund our nation's infrastructure investments and projects like the Upper Ohio. Additionally, I ask that you work with other committees, including the Committee on Ways and Means, to develop realistic funding options. And that you work with the President and Secretary Chao to develop a robust, 21st Century Infrastructure package that invests in America. The Greater Pittsburgh Chamber and our members stand ready to advocate for these investments.

I appreciate your attention to this critical issue. As always, I commend your service to our nation.

Please feel free to contact me or my staff.

Matt Smith



President, Greater Pittsburgh Chamber of Commerce

Statement for the Record

of the

National Association of Small Trucking Companies

on the Hearing of the

Committee on Transportation and Infrastructure

on

"Building a 21st Century Infrastructure for America"

February 1, 2017

The National Association of Small Trucking Companies (NASTC), which represents more than 7,000 small motor carriers, commends the committee for this hearing to consider how our nation can proceed on building, repairing, and maintaining our federal infrastructure for today and for the American economy of the future.

NASTC members are small businesses in the highly competitive, tight-profit-margin, long-haul, full-truckload, for-hire sector. Our members average a fleet of 16 tractor-trailers. Our niche has been identified as 439,000 companies with 1 to 99 power units. As such, they are representative of the vast majority (95%) of the commercial motor carriers in this space nationally. Though small, they provide good jobs that support families in parts of the country where good-paying jobs are scarce. Each of our members pays more than its fair share in taxes and fees to maintain our nation's highways.

The shared goals for achieving a world-class infrastructure, particularly highways, are not the main issue. NASTC generally agrees with the goals and aspirations for restoring and improving America's federal highways. NASTC appreciates the need to ensure that our nation's infrastructure continues to provide the traveling public safe and well maintained roads, both for commerce and for personal use. The question comes down to money: How do we pay for all this construction and repair?

The Highway Trust Fund has experienced shortfalls in recent years, and Congress has made up the difference from general revenues. We understand that part of the explanation for this cash crunch is advancements in fuel efficiency and new technology, such as electric and natural gas-powered motors. We acknowledge that the federal fuel tax has not been raised in more than two decades. We further note that a significant reason for the trust fund's financial challenges is that nearly 20 percent of its funds goes toward noninfrastructure projects such as mass transit, bike paths, and walking trails.

The combination of taxes and user fees at all levels of government are borne most heavily by motor carriers. Commercial vehicles pay a much higher tax per gallon than do private cars (one-third higher at the federal level alone). Small trucking in particular is hardest hit by these taxes, which hurt their ability to hire and retain experienced drivers. Thus, every dollar in taxes and fees undermines small carriers' competitive position against large fleets that churn through far less experienced drivers.

Therefore, NASTC first would urge the committee to assess closely how current trust fund revenues are spent. To be good stewards of the public's resources, first eliminate waste and the diversion of trust fund monies away from highway projects; prioritize projects to repair and maintain the least stable, least safe roads and bridges. Second, require any and all remaining infrastructure funds from the 2009 economic stimulus package, an estimated $5 billion, to be spent before raising fuel taxes. These steps are critical to assure the traveling and shipping public that Congress is committed to good stewardship of tax money.

Third, a robust, functional 21st century infrastructure system can only be realized if we set priorities realistically and objectively with a minimum of politics. NASTC commends the approach of the Developing Roadway Infrastructure for a Vibrant Economy (DRIVE) Act, by Rep. Thomas Massie, as a model for such prioritization of expenditures. This legislation would ensure that fuel tax and related revenues remain a user fee devoted to public highways.

Fourth, taxes and fees must not be raised on commercial carriers alone. The principal of parity should guide any increase in fuel taxes and contemplated new revenue sources. For example, Senators Bob Corker and Chris Murphy's proposal would raise both gasoline and diesel taxes by 6 cents per gallon the first year and raise both fuel taxes another 6 cents the second year. NASTC commends this parity in their proposed fuel tax increase; however, it would be fairer to raise the gasoline rate by 6 cents and then keep the tax rate for both types of fuel equal. Furthermore, all users of our highways and roads should pay for their construction and upkeep, and any increase in fuel taxes should be equally shared by all types of users — including electric, LNG, and hybrid vehicles. A surcharge for vehicles using alternative fuel sources would be equitable and must be part of the infrastructure funding formula.

Fifth, the committee must not underestimate the economic stimulation that broad tax reform, such as that outlined by the Ways and Means Committee, will have generally and on the ability of U.S. firms to repatriate corporate earnings presently outside the country due to the extraordinarily high U.S. corporate tax rate. Moreover, regulatory reform and relief from an onslaught of red tape that has saddled American businesses and our economy over the past several years will contribute to wealth creation, job creation, economic activity, and increased tax revenues. NASTC welcomes the Trump administration's initial freeze on 11th-hour regulations and requiring the removal of two old regulations for every one new rule. These are good first steps toward the restoration of balance between necessary regulation and free enterprise. The economic benefits of tax and regulatory reform should factor into the committee's thinking about infrastructure funding.

Finally, it may be unavoidable to add to the traveling public's tax burden after tightening the belt by elimination of waste and diversion of funds into extraneous things, priority-setting, and commitment to parity among all highway users, in order to fund the Highway Trust Fund. However, this step must not be taken lightly. After these steps, a reasonable modest, phased-in increase in federal fuel taxes, along the lines of the Corker-Murphy proposal with parity measures incorporated, would be acceptable to most of the trucking industry. The Congressional Budget Office and others have testified that the fuel tax is more efficient and imposes the lowest administrative costs of any other options. And the means of collecting this efficient user fee is already in place.

However, the committee should eschew new tax schemes, especially vehicle-miles-traveled monitors, "public-private partnership" tolls, tolling existing federal highways, and funding gimmicks. These alternatives suffer from a range of shortcomings, such as lack of transparency, inefficient collection costs, wealth transfer from American drivers to foreign corporations (thus short circuiting the principal of fostering an American virtuous circle), and abuse.

It should be borne in mind that the federal (national) fuel tax supercedes or sits on top of state and local tax levels. Many states and municipalities are eager to or already have proposed poorly thought-out taxing schemes that include large state fuel tax hikes without parity, sales tax increases, public/private selling off of highways, and tolls. Where trucking is concerned, many times these state and local increases have the effect of raising freight costs, eliminating competition, and ultimately inflating the costs of all goods transported by truck.

NASTC appreciates the committee's leadership on this issue. We are eager to work with the committee to attain the financial stability of the Highway Trust Fund in a manner that is the fairest, most prudent, least harmful to small trucking and that ensures sustainability for the American economy of the 21st century.

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