BUILDING A 21ST-CENTURY INFRASTRUCTURE FOR AMERICA: HIGHWAYS AND TRANSIT STAKEHOLDERS' PERSPECTIVES

(115–28)

HEARING

BEFORE THE

SUBCOMMITTEE ON
HIGHWAYS AND TRANSIT

OF THE

COMMITTEE ON
TRANSPORTATION AND
INFRASTRUCTURE
HOUSE OF REPRESENTATIVES

ONE HUNDRED FIFTEENTH CONGRESS

FIRST SESSION

OCTOBER 11, 2017

Printed for the use of the
Committee on Transportation and Infrastructure

Available online at: http://www.gpo.gov/fdsys/browse/
committee.action?chamber=house&committee=transportation

U.S. GOVERNMENT PUBLISHING OFFICE

28–114 PDF WASHINGTON : 2018

For sale by the Superintendent of Documents, U.S. Government Publishing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512–1800; DC area (202) 512–1800
Fax: (202) 512–2104 Mail: Stop IDCC, Washington, DC 20402–0001

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

BILL SHUSTER, Pennsylvania, *Chairman*

DON YOUNG, Alaska
JOHN J. DUNCAN, JR., Tennessee, *Vice Chair*
FRANK A. LoBIONDO, New Jersey
SAM GRAVES, Missouri
DUNCAN HUNTER, California
ERIC A. "RICK" CRAWFORD, Arkansas
LOU BARLETTA, Pennsylvania
BLAKE FARENTHOLD, Texas
BOB GIBBS, Ohio
DANIEL WEBSTER, Florida
JEFF DENHAM, California
THOMAS MASSIE, Kentucky
MARK MEADOWS, North Carolina
SCOTT PERRY, Pennsylvania
RODNEY DAVIS, Illinois
MARK SANFORD, South Carolina
ROB WOODALL, Georgia
TODD ROKITA, Indiana
JOHN KATKO, New York
BRIAN BABIN, Texas
GARRET GRAVES, Louisiana
BARBARA COMSTOCK, Virginia
DAVID ROUZER, North Carolina
MIKE BOST, Illinois
RANDY K. WEBER, SR., Texas
DOUG LaMALFA, California
BRUCE WESTERMAN, Arkansas
LLOYD SMUCKER, Pennsylvania
PAUL MITCHELL, Michigan
JOHN J. FASO, New York
A. DREW FERGUSON IV, Georgia
BRIAN J. MAST, Florida
JASON LEWIS, Minnesota

PETER A. DeFAZIO, Oregon
ELEANOR HOLMES NORTON, District of Columbia
JERROLD NADLER, New York
EDDIE BERNICE JOHNSON, Texas
ELIJAH E. CUMMINGS, Maryland
RICK LARSEN, Washington
MICHAEL E. CAPUANO, Massachusetts
GRACE F. NAPOLITANO, California
DANIEL LIPINSKI, Illinois
STEVE COHEN, Tennessee
ALBIO SIRES, New Jersey
JOHN GARAMENDI, California
HENRY C. "HANK" JOHNSON, JR., Georgia
ANDRÉ CARSON, Indiana
RICHARD M. NOLAN, Minnesota
DINA TITUS, Nevada
SEAN PATRICK MALONEY, New York
ELIZABETH H. ESTY, Connecticut, Vice Ranking Member
LOIS FRANKEL, Florida
CHERI BUSTOS, Illinois
JARED HUFFMAN, California
JULIA BROWNLEY, California
FREDERICA S. WILSON, Florida
DONALD M. PAYNE, JR., New Jersey
ALAN S. LOWENTHAL, California
BRENDA L. LAWRENCE, Michigan
MARK DeSAULNIER, California

SUBCOMMITTEE ON HIGHWAYS AND TRANSIT

SAM GRAVES, Missouri, *Chairman*

DON YOUNG, Alaska
JOHN J. DUNCAN, JR., Tennessee
FRANK A. LOBIONDO, New Jersey
DUNCAN HUNTER, California
ERIC A. "RICK" CRAWFORD, Arkansas
LOU BARLETTA, Pennsylvania
BLAKE FARENTHOLD, Texas
BOB GIBBS, Ohio
JEFF DENHAM, California
THOMAS MASSIE, Kentucky
MARK MEADOWS, North Carolina
SCOTT PERRY, Pennsylvania
RODNEY DAVIS, Illinois
ROB WOODALL, Georgia
JOHN KATKO, New York
BRIAN BABIN, Texas
GARRET GRAVES, Louisiana
BARBARA COMSTOCK, Virginia
DAVID ROUZER, North Carolina
MIKE BOST, Illinois
DOUG LAMALFA, California
BRUCE WESTERMAN, Arkansas
LLOYD SMUCKER, Pennsylvania, *Vice Chair*
PAUL MITCHELL, Michigan
JOHN J. FASO, New York
A. DREW FERGUSON IV, Georgia
BILL SHUSTER, Pennsylvania *(Ex Officio)*

ELEANOR HOLMES NORTON, District of Columbia
JERROLD NADLER, New York
STEVE COHEN, Tennessee
ALBIO SIRES, New Jersey
RICHARD M. NOLAN, Minnesota
DINA TITUS, Nevada
SEAN PATRICK MALONEY, New York
ELIZABETH H. ESTY, Connecticut
JARED HUFFMAN, California
JULIA BROWNLEY, California
ALAN S. LOWENTHAL, California
BRENDA L. LAWRENCE, Michigan
MARK DESAULNIER, California
EDDIE BERNICE JOHNSON, Texas
MICHAEL E. CAPUANO, Massachusetts
GRACE F. NAPOLITANO, California
DANIEL LIPINSKI, Illinois
HENRY C. "HANK" JOHNSON, JR., Georgia
LOIS FRANKEL, Florida
CHERI BUSTOS, Illinois
FREDERICA S. WILSON, Florida
PETER A. DEFAZIO, Oregon *(Ex Officio)*

CONTENTS

Committee on Transportation and Infrastructure
U.S. House of Representatives
Washington DC 20515

Bill Shuster
Chairman

Mathew M. Sturges
Staff Director

Peter A. DeFazio
Ranking Member

Katherine W. Dedrick
Democratic Staff Director

October 6, 2017

SUMMARY OF SUBJECT MATTER

TO: Members, Subcommittee on Highways and Transit
FROM: Staff, Subcommittee on Highways and Transit
RE: Subcommittee Hearing on "Building a 21st Century Infrastructure for America: Highways and Transit Stakeholders' Perspectives"

PURPOSE

The Subcommittee on Highways and Transit will meet on Wednesday, October 11, 2017, at 10:00 a.m. in 2167 Rayburn House Office Building to receive testimony related to "Building a 21st Century Infrastructure for America: Highways and Transit Stakeholders' Perspectives". The purpose of this hearing is to receive the views of highways and transit stakeholders regarding infrastructure in the 21st Century. The Subcommittee will hear testimony from representatives of American Association of State Highway and Transportation Officials, the Transportation Construction Coalition, North America's Building Trades Unions, National Association of Manufacturers, and Sound Transit.

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. 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.

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 (in 2012 dollars) 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.[1] In addition, nearly 13 million Americans, approximately nine percent of the U.S. workforce, are directly employed by transportation related industries.[2]

The surface transportation components of this broader system play an integral part in the movement of people and goods. Specifically, highways carried more than three trillion vehicle miles (including cars, trucks, motorcycles, and buses) and public transportation carried over 32.6 billion passenger miles in 2014.[3] Of the total freight moved on our Nation's transportation network, trucks moved more than 11.5 billion tons, valued at over $13.2 trillion.[4]

Congestion is a growing challenge across the United States, affecting both freight shippers and commuters. According to the Texas A&M Transportation Institute's 2015 Urban Mobility Report, the national cost of congestion was $160 billion. This amounts to approximately $438 million per day. Congestion also wasted 3.1 billion gallons of gasoline and congestion also resulted in an extra 6.9 billion hours of travel time. In 2014, the average commuter spent an extra 42 hours stuck in traffic.[5]

Recent Surface Transportation Reauthorizations

On July 6, 2012, the *Moving Ahead for Progress in the 21st Century Act* (MAP-21) (P.L. 112-141) was enacted and reauthorized federal surface transportation programs through September 30, 2014. While great progress was made in making significant programmatic and policy reforms to federal surface transportation programs, the reauthorization was limited to two years in length.

After five MAP-21 extensions, the *Fixing America's Surface Transportation Act* (FAST Act) (P.L. 114-94) was enacted on December 4, 2015, and is the first long-term surface transportation reauthorization bill in a decade. The FAST Act reauthorizes federal surface transportation programs through fiscal year 2020. The FAST Act improves our Nation's infrastructure, reforms federal surface transportation programs, refocuses those programs on addressing national priorities, and encourages innovation to make the surface transportation system safer and more efficient. The FAST Act provides non-federal partners – state departments of transportation, public transportation agencies, and local entities, among others – with the needed certainty to make significant investments in the Nation's surface transportation system.

While the U.S. Department of Transportation (DOT) continues implementing the measurable reforms made in MAP-21 and the FAST Act, there is additional work that needs to be done in order to meet challenging transportation needs of the future.

---

[1] U.S. Department of Transportation, Bureau of Transportation Statistics, DOT releases 30-Year Freight Projections, March 3, 2016.
[2] U.S. Department of Transportation, Bureau of Transportation Statistics, Transportation Statistics Annual Report 2016.
[3] U.S. Department of Transportation, Bureau of Transportation Statistics, *2017 Pocket Guide to Transportation;* Bureau of Transportation Statistics, *Table 2-1.*
[4] *Id.*
[5] Texas A&M Transportation Institute, *2015 Urban Mobility Scorecard*, August 2015.

Highway Trust Fund

The federal surface transportation programs are user-fee funded through federal excise taxes levied on motor fuels and on various highway-related products, such as tires and heavy trucks. The revenue from all of the excise taxes is deposited into the Highway Trust Fund (HTF). In general, the federal excise taxes on motor fuels generate the majority of the revenue for the HTF. These taxes have not been adjusted since 1993. According to projections by the Congressional Budget Office (CBO), revenues in the HTF will not be able to meet its obligations beyond fiscal year 2020.[6] CBO estimates that the current 10-year shortfall is $138 billion more than expected HTF revenues.[7] An additional five billion dollars is necessary to ensure that there is a prudent balance in the HTF, which will bring the total shortfall to $143 billion. If this shortfall is not addressed, DOT may need to take steps, such as rationing reimbursements to states, in order to maintain a prudent balance in the HTF. If states are unable to rely on reimbursements, then critical surface transportation projects may be delayed.

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.[8] The movement of freight is expected to increase by 40 percent over the next 30 years.[9] U.S. trade volume is expected to double by the year 2021, and double again by the year 2030.[10] In terms of highway usage, vehicle miles traveled are projected to increase by nearly 20 percent by 2035.[11]

[6] Congressional Budget Office, *Spending on Infrastructure and Investment*, 2017.
[7] Congressional Budget Office, *Projections of Highway Trust Fund Accounts – CBO's June 2017 Baseline*, 2017.
[8] U.S. Census Bureau, *Projections of the Size and Composition of the U.S. Population: 2014 to 2060*, 2015.
[9] U.S. Department of Transportation, Bureau of Transportation Statistics, *DOT Releases 30-Year Freight Projections*, 2016.
[10] Federal Highway Administration, *FHWA Forecasts of Vehicle Miles Traveled (VMT): Spring 2016*, 2016.
[11] *Id.*

WITNESS LIST

Mr. Patrick McKenna
Director
Missouri Department of Transportation
On behalf of the American Association of State Highway and Transportation Officials

Mr. James Roberts
President and CEO
Granite Construction
On behalf of the Transportation Construction Coalition

Mr. Brent Booker
Secretary-Treasurer
North America's Building Trades Unions

Mr. Ray McCarty
President and Chief Executive Officer
Associated Industries of Missouri
On behalf of the National Association of Manufacturers

Mr. Peter Rogoff
Chief Executive Officer
Sound Transit

BUILDING A 21ST-CENTURY INFRASTRUCTURE FOR AMERICA: HIGHWAYS AND TRANSIT STAKEHOLDERS' PERSPECTIVES

WEDNESDAY, OCTOBER 11, 2017

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON HIGHWAYS AND TRANSIT,
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,
Washington, DC.

The subcommittee met, pursuant to notice, at 10:05 a.m. in room 2167, Rayburn House Office Building, Hon. Sam Graves of Missouri (Chairman of the subcommittee) presiding.

Mr. GRAVES OF MISSOURI. We will call the subcommittee to order. The first thing, I would like to ask unanimous consent that Members who are not on the subcommittee be permitted to sit with the subcommittee at today's hearing so they can ask questions.

Without objection, that is so ordered.

I would like to welcome everybody to the hearing today. It is going to focus, obviously, on how we can build a 21st-century infrastructure. And the committee is holding a host of hearings to gather ideas on what Congress can do to achieve this goal. And today we are going to hear ideas from our highways and transit stakeholders.

You know, gathering input from our stakeholders is essential to the process that we use to develop surface transportation policy. It was valuable in our efforts to pass the FAST Act [Fixing America's Surface Transportation Act], which was the first long-term highway bill in a decade, and we are going to continue to need your assistance with future legislation.

Even with the additional resources we provided in FAST, the Nation's surface transportation system still needs additional investments. Enacting a long-term solution for the Highway Trust Fund is a critical component to ensuring that we can address those needs long into the future.

Since passage of the FAST Act, building consensus on a solution to fund surface transportation programs has been a central priority of mine and it has always been the main priority of the committee. Providing Federal funding certainty for our non-Federal partners is vital to planning and building infrastructure for the 21st century. This is a bipartisan issue and I look forward to working constructively with my colleagues on both sides of the aisle, as well as our stakeholders, to ensure that we are going to achieve this goal.

A modern infrastructure means a strong America, an America that competes globally, supports local and regional economic development, and creates jobs.

And I want to thank all of our witnesses for being here today. I look forward, obviously, to the testimony.

And with that I will turn to Ranking Member Norton for her opening statement.

Ms. NORTON. Thank you, Mr. Chairman. And I must say at the outset I very much appreciate that the subcommittee is holding this hearing to get input on rebuilding our highway systems. I think that is the right way to begin after this hiatus. And the four of us, in a very bipartisan way, led the Congress to pass the first surface transportation bill in a decade in 2015. Well, we realized then that we had not really begun, as important as that achievement was.

It is not yet clear on where the Trump administration stands, or if it is really serious about real investments in infrastructure. I am pleased that they speak about infrastructure so often.

But I think this committee is right to continue the due diligence that you have begun, Mr. Chairman, to highlight our investment needs and the critical need to actually fund them, stop talking about it, let's get some money on the table. Perhaps this hearing can help bring our committee and subcommittee and the administration together on what all agree s urgently needed infrastructure work.

We already have a bipartisan majority on this committee about what needs to be done, because earlier this year 250 Members of Congress with robust representation from both sides of the aisle joined Chairman Graves and I on a letter to the leadership of the Ways and Means Committee, urging a permanent solution—with an emphasis on permanent—to our Highway Trust Fund crisis.

In this letter, we specifically urge, "Any HTF solution," Highway Trust Fund solution, "should entail a long-term, dedicated, user-based revenue stream that can support transportation infrastructure investments." This strongly bipartisan letter stands in stark contrast to the administration's apparent view that an infrastructure initiative is an opportunity to begin chipping away at the Federal Government's responsibility to be the steward of our national transportation network.

Remember, ever since Eisenhower, we have recognized that this is a network. You can't dice and slice it; it goes from coast to coast, it goes from rural to urban. That is why the responsibility is Federal. Based on what we have seen so far from the administration, we may get a White House proposal that contains various incentives designed to boost local, State, and Tribal dollars. Try telling that to the States and localities. Rural areas object to this, and Members and Senators representing rural areas are predictably strong proponents of keeping the funding streams as they are.

So the administration seems to hint that some funding would go to rural areas and, for the great bulk of other areas, there would be limited Federal dollars. But there has been an agreement for my entire lifetime—Republican and Democratic administrations alike—that there should be Federal grants that fund the entire network. And I am certainly happy to work with rural areas—they feed right into the urban area I represent—to ensure that they are treated fairly. When one part of the system is not treated fairly, we all have to jump in.

I cannot support an infrastructure bill, of course, that is biased against urban areas. And I suspect that there would be a huge number of Members with me on that. I doubt that such a bill could gather a majority from either party.

So, as an example of what a region looks like, I represent the District of Columbia, which is, of course, a densely populated city in a densely populated region. Well, you see all kinds of construction trades, building more offices, apartments, condos, amenities, and collaboration with the rest of the region. Maryland suburbs, Virginia suburbs, the Federal Government provides a transportation network for over 6 million people.

Now, within this microcosm of our country, congestion, transportation problems, deteriorating bridges are challenges that we face no matter where we live. No part of the region is immune. So I may represent the District, but I believe I represent the entire region and, for that matter, the country when I speak of this region.

These same challenges, the challenges I have described in this region, are replicated in all our major urban areas across the Nation. Maybe we should stop calling them urban areas, because the rural part of our region feeds straight into these roads and bridges, because that is where they come for the jobs, because that is where the jobs are.

So, parity in a transportation bill is essential. The top 20 urban areas contribute 52 percent of the total GDP of our economy. American population is expected to grow by 70 million by 2045. And by 2050, three-quarters of Americans are expected to live in 11 megaregions. We can no more leave behind urban areas than we can leave behind rural areas. It is pretty hard to disassociate one from the other.

Our urban areas, of course, are the economic engine of the Nation. That is why the rural areas need them. If we leave urban areas to fend for themselves largely, then we are ignoring our constitutional mandate to assure the free flow of commerce. Allowing bottlenecks to build up and traffic to grind to a halt in major population and commercial centers is backwards and would hurt urban and rural areas alike.

Some of our witnesses today support the repeal of the Federal ban on tolling interstates. Originally enacted to protect drivers from double taxation, a Rasmussen survey found that just 22 percent of Americans favor polling tolls on interstate highways for infrastructure maintenance. Three times as many, or 65 percent, are opposed to turning the Nation's interstate into tolling roads.

We should think seriously about the impact on drivers if the Federal Government incentivizes Federal lanes tolled that allow drivers to avoid the congested general purpose lanes. Such schemes, sometimes referred to as Lexus lanes, allow those with disposable income to avoid congestion, yet leave the great majority of drivers stuck in traffic.

Just a few miles from here in Virginia are the 495 express lanes. Perhaps some Members use them. These lanes use congestion pricing with no price cap to ensure traffic flow remains at least 55 miles per hour in express lanes. No traffic reduction requirement exists for the general purpose lanes that most people use, meaning any congestion benefits reside with those who can afford to pay more.

In the same vein, the 495 express public-private partnership contract discourages carpooling, of all things, that directly relieves congestion. While HOVs [high-occupancy vehicles] are exempt from tolls, if HOVs exceed 24 percent of total vehicles, the Virginia Department of Transportation would have to subsidize the lost toll proceeds. This means that the Virginia Department of Transportation is incentivized to discourage carpooling, which is a major instrument for relieving congestion.

Finally, this is a particularly bipartisan committee, as our recent transportation and infrastructure legislation shows. However, any adverse treatment to transit investment in an infrastructure package would surely break up this partnership.

Perhaps we all remember when there was a bill that failed to get to the floor some years ago because it virtually zeroed out transit. Transit is critical to moving workers efficiently and minimizing congestion in urban areas. We need more, not less, of it. Yet the administration in fiscal year 2018, in its budget, continues the false and shortsighted myth that cutting transit funding will somehow solve our transportation funding woes. Their opposition to transit is a recipe for congestion.

Mr. Chairman, I look forward to hearing from today's witnesses, and I thank you for calling this hearing today.

Mr. GRAVES OF MISSOURI. Thank you, Ms. Norton. I now turn to Representative Shuster, chairman of the full committee, for his comments.

Mr. SHUSTER. Thank you, Mr. Graves. And thanks to all the witnesses for being here. I am looking forward to hearing from all of you. None of you, I think, are strangers to the committee. From Mr. McKenna, who is actually out there doing it day in and day out in Missouri, and Mr. Roberts, and Mr. Booker, your folks are building the infrastructure of this country. Mr. McCarty, your folks are using it every day. And, of course, Mr. Rogoff, your great and distinguished career down at DOT—it is a really fabulous panel to have before us. We look forward to hearing what you have to say.

To me, building a 21st-century infrastructure is about jobs. It is about efficiency, moving products, moving people as efficiently, as low-cost as we can, ensuring that America is competitive, and making sure we pay for it. Stop kicking the can down the road so that my children or grandchildren or great-grandchildren are going to be stuck with a bill for a road that has been built in the next couple of years.

I certainly believe that President Trump is a builder. I think this is certainly an area that he understands. He knows how to build things, he knows how to finance things. And we have been working closely with the administration, trying to figure out the outline, the principles, and we hope to see that soon coming out of the White House.

But again, hearing from the stakeholders on your policy and funding priorities is absolutely key to all of this.

One thing, as I said, I think we all can agree on is we need to fix the Highway Trust Fund, making sure that there are solutions on the table. Fixing the trust fund will help our non-Federal partners—and if you look across the country, 29 States have dealt with it over the last 4 or 5 years, and I don't believe any State legislature has been wiped out, either party, for dealing with the funding stream. I know my State of Pennsylvania itself, with a Republican Governor, Republican house and senate, dealt with their funding issue.

And one of the things I think in—just following up with a little bit of—Ms. Norton was saying about, you know, urban, suburban, rural—the gas tax is a regressive tax, and rural American does pay more. But in the Pennsylvania experience—and I think this is true all over the country, I am certain it is true all over the country—although rural folks may pay more in their gas tax, they get back a lot more. You can't build a roadway in rural America, you can't build a road in my district that isn't subsidized to the tune of 50 to maybe 80 percent.

So my folks are going to pay more when they fill up, because they use their cars more. But what they get back from the taxpayers, or the folks—the users in Philadelphia and Pittsburgh, I think it comes back to them, and it is a balanced—balance what they get back. So that is something we have to keep in our minds as we go forward, because that will be the cry. It is regressive.

But rural America, those folks that have to travel more to get to work, they benefit greatly, I believe. And my district is an example of that. And I think if you go to any rural district in America, you will see you can't build an interstate highway through rural Pennsylvania or rural Wyoming unless the folks from the urban areas, their dollars are coming out there to make this country connected.

So again, I look forward to hearing from you folks today, and I appreciate you spending your time and your experience with us here.

I yield back.

Mr. GRAVES OF MISSOURI. Thank you, and we will now turn to Peter DeFazio, who is the ranking member of the full committee.

Mr. DEFAZIO. Thank you, Mr. Chairman. Thanks for holding this hearing, and thanks to the witnesses who traveled here today.

I didn't bring my poster, but, you know, the poster of 1956 Life Magazine, where the brandnew interstate in Kansas ends at the Oklahoma border in a farmer's field because Oklahoma defaulted on their promise to build their section, until we had a national highway program, and they got 80 percent of it paid for by the Feds.

We are talking about linking America together, a vision that Dwight David Eisenhower had 70 years ago, with a national transportation policy. Transportation does not end at State lines. So we need the Federal investment, as the chairman said—in fact, it is 24 States, not just 21—24 States have stepped up, and they have increased revenues, principally with a gas tax. A couple of areas went with wholesale taxes, RAC taxes, but they are stepping up. They need a Federal partner. It is not enough that they did that.

And yes, no one lost their election, no one was recalled. So why are we sitting here, jawing again today, 9 months, 10 months into the year after the first hearing on our infrastructure needs with no proposals, other than a few introduced by people like myself on a bipartisan basis? Two of my bills for infrastructure have Freedom Caucus sponsors and the other has Lou Barletta on it. We can do this in a bipartisan way, but all we are doing is talking. That is all we are doing around here, is just talking while the country crumbles.

I mean, seriously, let's get to work. Actually, the Republicans took a very substantive step last week on transportation and infrastructure. They cut it $25 billion in their budget. So why are we even here, pretending? I mean if that is their priority, and they are going to cut it $25 billion, why are they holding a hearing to talk about our needs? You can't meet our needs without investment.

We haven't raised the Federal gas tax since 1993, when a guy named Bud Shuster brought a bunch of Republicans to vote with the Democrats and we raised the gas tax. Twenty-four States in just the last couple of years have recognized the need and done it. And there has been no action here. We are promised $1 trillion downtown by the White House, and then they come out with an outline of $200 billion, maybe, sort of, and you know, that might just be PPPs [public-private partnerships]. But then the President says he doesn't like PPPs.

It is time for someone to take the lead, and this committee should take the lead. It is time to put proposals out and push the House to act.

Thank you, Mr. Chairman.

Mr. GRAVES OF MISSOURI. I would like to welcome our panel. And first we've got Mr. Patrick McKenna, who is the director of the Missouri Department of Transportation. He is here on behalf of the American Association of State Highway and Transportation Officials.

We have also got Mr. James Roberts, who is president and chief executive officer at Granite Construction, and he is here on behalf of the Transportation and Construction Coalition.

Mr. Brent Booker, who is secretary-treasurer of North America's Building Trades Unions.

Mr. Ray McCarty, who is the president and chief executive officer of the Associated Industries of Missouri, and he is here on behalf of the National Association of Manufacturers.

And Mr. Peter Rogoff, who is the chief executive officer of Sound Transit.

And with that, I would ask unanimous consent that our witnesses' full statements be included in the record.

And without objection, that is so ordered.

And since your written testimony is going to be included in its entirety in the record, the committee would request that you limit your summary to 5 minutes.

And, with that, I will start with Mr. McKenna.

TESTIMONY OF PATRICK K. MCKENNA, DIRECTOR, MISSOURI DEPARTMENT OF TRANSPORTATION, ON BEHALF OF THE AMERICAN ASSOCIATION OF STATE HIGHWAY AND TRANSPORTATION OFFICIALS; JAMES ROBERTS, PRESIDENT AND CEO, GRANITE CONSTRUCTION, INC., ON BEHALF OF THE TRANSPORTATION CONSTRUCTION COALITION; BRENT BOOKER, SECRETARY-TREASURER, NORTH AMERICA'S BUILDING TRADES UNIONS; RAY MCCARTY, PRESIDENT AND CHIEF EXECUTIVE OFFICER, ASSOCIATED INDUSTRIES OF MISSOURI, ON BEHALF OF THE NATIONAL ASSOCIATION OF MANUFACTURERS; AND PETER M. ROGOFF, CHIEF EXECUTIVE OFFICER, SOUND TRANSIT

Mr. MCKENNA. Chairman Graves, Ranking Member Norton, and members of the subcommittee, thank you for the opportunity to provide the perspective of the Nation's State departments of transportation. My name is Patrick McKenna, and I serve as director of the Missouri Department of Transportation.

Today it is my honor to testify on behalf of the great State of Missouri and AASHTO, which represents the transportation departments of all 50 States, Washington, DC, and Puerto Rico.

As Members of Congress and the President consider building a transportation infrastructure package, please consider the following.

The future of the Federal Highway Trust Fund must be secured through long-term, sustainable revenue solutions. Direct Federal funding is needed, instead of relying solely on incentives that encourage the use of private capital or borrowing.

Wherever possible, traditional Federal authorities should be assigned to States to expedite and streamline project delivery.

Priority should be given to transportation investments that secure our Nation's future for the long term, instead of shovel-ready projects.

And the existing Federal program structure, including highways, transit, and rail, should be utilized. This would enable investments to flow to every region of the country.

The FAST Act was the first long-term funding legislation since 2005. This allowed for funding certainty and planning. It also increased the amount of Federal funds available that can be matched with State dollars. Prior to the FAST Act there was Federal funding instability, and Missouri was in the difficult position of considering abandoning maintenance on 26,000 out of 34,000 miles of roadways. Since the passage of the FAST Act, Missouri has taken on more financial risk as a State, and increased our capital budget by $3 billion over 5 years.

I want to thank Chairman Graves and members of this committee for your work to pass the FAST Act and to appeal for your continued action to create funding stability.

The United States Department of Transportation notes in 2015 that State and local governments provided 80 percent of funds invested in highway and bridge programs, and 74 percent of funds invested in transit programs. I cite these numbers because AASHTO and its members disagree with any notion that Federal transportation funding displaces or discourages State and local investment.

As my example of FAST Act funding stability shows, Missouri increased its budget alongside and as a result of Federal investment. The Highway Trust Fund has provided stable, reliable, and substantial highway and transit funding for decades, but this is no longer the case. According to the Congressional Budget Office, annual Highway Trust Fund spending is estimated to exceed receipts by about $16 billion by 2021. Without your action, Missouri will be right back in the position we were prior to the FAST Act.

Missouri could see a 40-percent reduction in funds, $400 million less for the State. Critical maintenance and improvements will stop. AASHTO believes that an infrastructure package must focus on direct grant funding, rather than Federal financing support. The State DOTs continue to support a role for financing and procurement tools such as public-private partnerships.

We also maintain that financing instruments such as subsidized loans, tax-exempt municipal and private activity bonds, and infrastructure banks are insufficient to meet most types of transportation investment needs.

Any new infrastructure plan should focus on the needs of rural America. Rural areas remain critical to the Nation's economic success through the production and movement of goods such as agriculture and manufacturing products.

AASHTO believes that we can improve program delivery by assigning some authorities traditionally assumed by the Federal Government to States that wish to participate, including Federal funds obligation management, project agreements, and right-of-way acquisition, just to name a few. We ask Congress to consider establishing a project delivery pilot program. This program would develop innovative practices to streamline delivery and achieve a positive environmental outcome.

Missouri has more than 1,000 miles of the Mississippi and Missouri Rivers; $12.5 billion in cargo travels up and down those waterways each year.

We have seen firsthand how investments can pay long-term dividends. In the past 5 years, $13 million in State investment in ports has led to $53 million in investment from the private sector. Missouri's cost-share program enables us to leverage contributions from local communities with State and Federal funds to advance construction priorities. Since inception, $450 million in State participation has led to the delivery of more than $1 billion of construction projects.

We urge Congress to build on the partnership that has flourished between the Federal Government and State DOTs. The flexibility to let State and local governments select projects based on public input allows local partners to work together to meet the unique needs of both urban and rural areas.

Please take the necessary steps to ensure that all modes of transportation—rail, airports, transit, and ports—have access to additional Federal resources that will keep our citizens connected and provide economic growth.

I want to thank you again for the opportunity to testify today, and I am happy to answer any questions.

Mr. GRAVES OF MISSOURI. Thanks, Mr. McKenna.

Mr. Roberts.

Mr. ROBERTS. Chairman Graves, Ranking Member Norton, thank you for convening today's hearing. My name is Jim Roberts, and I am the president and chief executive officer of Granite Construction, Incorporated. We are a full-service infrastructure solutions provider performing as a general contractor, construction management firm, and construction materials producer. Headquartered in Watsonville, California, Granite teams are proud to have built American infrastructure across our great country since 1922.

Across America our work improves public safety, and it improves the efficiency of the gears of commerce. Whether representing a routine maintenance of Alaska or Arizona or California roadways, or represented by airport runway expansions, or even in the form of infrastructure projects of regional and national significance such as the Tappan Zee Bridge replacement in New York, we are part of the communities in which we build.

I am pleased to appear today on behalf of the Transportation Construction Coalition, or TCC. The TCC is a partnership of 31 national associations and construction unions. The full TCC roster is included in my written testimony.

Some 60 years after the visionary investment in our Interstate Highway System that still supports our economy today, the country once again is ready to rally behind a bold Federal infrastructure vision backed by a significant commitment to fund this vision. Taking the cue after decades of chronic Federal inaction, more than half of the States in our country have increased funding commitments to their transportation programs in the past few years. Now is the perfect time for leadership to reemerge at the Federal level.

Mr. Chairman, let's begin with the Highway Trust Fund, which has a well-known permanent revenue shortfall that impedes the ability of State and local governments to plan, fund, and construct transportation projects. While the FAST Act was passed in 2015 and enacted last year, it is still not fully funded. If States follow past practices, as expected, then some will start scaling back planned projects as early as 2019, due to Federal funding uncertainty.

The FAST Act reformed the highway and public transportation programs in a manner that emphasized meeting national goals while providing States additional flexibility. The policy improvement was significant, but the funding commitment has paled in comparison.

We encourage Congress to allocate and leverage the investment of any new resources among existing programs in a way that emphasizes big-ticket outcomes such as improving our Nation's economic competitiveness. The longer we wait to invest, the further we fall behind both the developed and, sadly, also the developing world in the safety, quality, and efficiency of our transportation, power, and water infrastructure.

We strongly agree with the 253 Members of the House of Representatives who have urged the Ways and Means Committee to include a Highway Trust Fund revenue fix in any tax reform legislation. Stabilizing the Highway Trust Fund in tax reform would provide a foundation and a platform for a broad-based, transformative infrastructure package.

Increasing and indexing the Federal motor fuels tax, which has lost nearly 70 percent of its purchasing power since 1993, is the simplest and most efficient short-term fix. However, given the pace of both mobility and technological change, we believe that all potential funding options should be on the table to create long-term solutions that stabilize and reinvigorate Federal investments. Any Highway Trust Fund revenue construct must include permanently protected and dedicated revenue streams and resources sufficient to eliminate the shortfall and to support increased investment.

While resources and structure are central components, so too is ensuring the timely delivery of projects. In my written testimony we suggested some practical reforms that begin with merging the National Environmental Policy Act and the Clean Water Act 404 permitting processes with the U.S. Army Corps of Engineers.

We also believe a reasonable and measured approach to citizen suit reform is appropriate to mitigate today's all-too-common misuse of environmental laws. These reforms would ensure the promise of incremental infrastructure investment would be realized in a timely manner, and not held up in redtape.

Our society's decades-long underinvestment in infrastructure highlights and puts a human face on our very real need to improve America's infrastructure. Now is the time to act, as the work and the investment of previous generations is beginning to crumble right in front of our eyes.

We look to you, our country's leaders, to guide and to promote the vision for critical overdue infrastructure investment in cities and in rural areas across America. Delayed maintenance and investment in transportation, water, and power systems continues to hamper the wellness of our country, and decrease our global competitiveness.

It is time to address infrastructure issues that have been ignored for decades. As inaction exacerbates our current state of disrepair nationally, I urge you all to take action and to be strong leaders, just like your predecessors from over 60 years ago, whose visionary actions we are still relying on today. Now is the time for our country's leadership to once again commit to real, long-term solutions.

Mr. Chairman, thank you again for inviting the TCC to participate in today's discussion, and I look forward to your questions.

Mr. GRAVES OF MISSOURI. Thank you, Mr. Roberts.

Mr. Booker.

Mr. BOOKER. Good morning, Chairman Graves, Ranking Member Norton, and distinguished members of this subcommittee. My name is Brent Booker, secretary-treasurer of North America's Building Trades Unions. On behalf of the nearly 2 million skilled craft construction professionals that I am proud to represent across the United States, I would like to thank you for allowing me to testify before this subcommittee.

Building America's infrastructure is literally what our members do every day. Whether it is roads and bridges, airports, waterways, power plants, and other energy infrastructure, municipal water systems, public buildings, or skyscrapers, our members apply their unique skill sets to building infrastructure in every corner of our great Nation.

For many of our members, the strength of the construction industry and the strength of their job opportunities is directly tied to the strength of public policy and advancing the building of public infrastructure. As such, I would like to thank the leadership of this subcommittee in helping move the most recent highway bill, the FAST Act.

Highway bills are the single largest job-creating piece of legislation affecting our members, and they provide certainty to our members that opportunities will be available for years to come. While the FAST Act made important strides in improving our Nation's surface transportation, I believe no one can argue that more can and must be done to further repair our Nation's infrastructure.

North America's Building Trades Unions believes a big, broad, bold infrastructure plan is a necessary step our country must take in order to solidify economic opportunities for workers and businesses across the United States. The question before this subcommittee and the Congress, as a whole, is what should a plan include.

For our members, a big infrastructure plan would reflect the overall investment level consistently reiterated by President Trump of $1 trillion. We believe such an investment will not only allow us as a Nation to meet many of our pressing infrastructure needs, but will lay the foundation for sustained economic growth in communities large and small.

In spurring this economic growth, a plan of this magnitude should—and I say must—increase the standard of living for Americans across the Nation. In order to do so, the immense buying power of the Federal Government must not be used as leverage to depress wages in local communities, especially construction wages, which, adjusted for inflation, have actually been in decline since the late 1970s.

Therefore, North America's Building Trades Unions' members remain insistent that such a plan include the prevailing wage standards enshrined in the Davis-Bacon and related acts that our members have fought for over the course of generations.

For our members, a broad infrastructure plan will encompass not only surface transportation infrastructure, but all modes of infrastructure, such as schools, municipal water systems, aviation, rail, waterways, broadband, and our energy infrastructure through new, modern power generation facilities, grid upgrades, and investments in energy transportation and distribution.

To address the wide variety of infrastructure needs effectively, we must address them efficiently. In order to do so, we believe it prudent to address our challenges through currently existing programs. Efficiencies should not breed duplicative programs designed to achieve the same goal. However, Federal programs should be created to meet infrastructure needs that do not have existing public mechanisms to deliver projects.

For our members, a bold infrastructure plan is one that tackles the tough challenges and lays out a vision for a brighter future. I would argue, and I am sure most if not all of the members of the panel and the subcommittee would agree, that there is no greater challenge facing surface transportation than the long-term solvency of the Highway Trust Fund. We support a variety of measures to fix the trust fund, and are open to a variety of proposals to ensure its solvency. We believe Congress should not squander such an important opportunity to address this issue.

A bold infrastructure plan should also continue to tackle the challenge of major projects that have regional and national economic impacts. One such project is the roughly $4 billion Tappan Zee Bridge replacement in New York that, to date, is responsible for roughly 7 million hours of work, installing nearly 220 million pounds of U.S. steel and 300,000 cubic yards of concrete.

What those numbers do not tell you is that projects such as these—and, in fact, all public infrastructure projects—are critical to ensuring a consistent pipeline of skills training that North America's Building Trades Unions, in conjunction with our industry partners, provide through our privately funded registered apprenticeship programs.

Spread out over our 1,600 formal joint labor management training centers across the country, as well as over 120 apprenticeship readiness programs, our unions and our contractor partners invest roughly $1.2 billion of our own capital into training our current and future members. Industry and labor, as well as community partners like the National Urban League and YouthBuild, are working in partnership to meet the workforce challenges presented by a large investment in infrastructure.

Former President Ronald Reagan once said—and I quote—"The bridges and highways we fail to repair today will have to be rebuilt tomorrow at many times the cost." He went on to say that rebuilding our infrastructure is simple common sense, and that it represents an investment in tomorrow that we must make today.

President Reagan was correct in his assessment over 30 years ago. Unfortunately, his words are just as prominent today, due to continued inaction when it comes to substantive investment in our infrastructure. Continued inaction will only exacerbate our challenges and place unneeded negative pressures on the American economy.

It is time once again for the infrastructure of the United States to be the envy of the world. The men and women of North America's Building Trades Unions are ready, willing, and able, and anxious to build it right and build it now, so that the rebuilding of America begins as soon and as best as possible. Thank you.

Mr. GRAVES OF MISSOURI. Thank you, Mr. Booker.

Mr. McCarty.

Mr. MCCARTY. Good morning, Chairman Graves, Ranking Member Norton, and members of the committee. Thank you for the opportunity to testify on such an important topic to Missourians and manufacturers across the Nation.

My name is Ray McCarty. I am president and CEO of Associated Industries of Missouri. We are Missouri's oldest business association, and our mission is to promote a favorable business climate for manufacturing and industry in Missouri.

AIM is also the home of the Missouri Transportation and Development Council, which had its roots as the Good Roads Federation, which was formed, interestingly enough, by a guy named Harry B. Hawes who went on to be elected to Congress and then to the U.S. Senate. And he—we did pass that. That was to get Missouri out of the mud and build the first hard roads in Missouri, a very bold proposition for the early 1920s. But it is interesting that he also sponsored the bill that formed the Missouri Department of Transportation.

We believe the transportation system in Missouri and across the Nation demands continuing care and attention, because it is vital to the State's economic welfare and quality of life.

AIM is also the official State partner of the NAM, or the National Association of Manufacturers, in Missouri. The NAM is the Nation's largest industrial trade association and the unified voice for more than 12 million men and women who make things in America. Manufacturers appreciate your focus on building a 21st-century infrastructure system because modern transportation and infrastructure systems are necessary to support modern manufacturing.

We applaud your bipartisan work in 2015 to successfully reauthorize surface transportation programs for 5 years in the FAST Act. In October of 2016, the NAM released its infrastructure blueprint, "Building to Win," and urged bipartisan action to revolutionize the infrastructure that makes the American Dream possible.

For too long our Nation has relied on the transportation, water, and energy infrastructure that we inherited from previous generations, as other speakers have alluded to, weakening our economy, threatening our communities, and putting the safety of our families at risk.

For example, in Missouri we rely on Interstate 70, the first highway to be built in the interstate system in 1956, along with several in other States. Interstate 70, along with Interstates 44 and 55, provide a critical conduit for raw materials and manufactured goods for manufacturers across the Nation because of Missouri's location in the heart of America.

As Ranking Member Norton suggested, congestion is a big problem. Already, traffic is increasing the cost of moving freight on our Nation's highways by $63.4 billion per year. That is the equivalent—picture this—of 362,000 commercial truck drivers sitting idle for an entire work year.

As modern manufacturing evolves and becomes even more productive, manufacturers rely on complex supply chains and just-in-time principles, where parts are ordered, made, and delivered, sometimes within hours. One large manufacturing company in Missouri recently lost an afternoon shift of production due to an accident on I–70 that closed that highway for just a couple of hours. The cost to that manufacturer was more than $1 million. Such delays can be devastating, especially for smaller manufacturers.

Manufacturers also rely on transit to help get our employees to work. And if you think transit is limited to the urban areas, you must think again, because we have organizations like OATS in Missouri that provide vital services to rural Americans.

There is no excuse for delay. Manufacturers believe the Nation must undertake an infrastructure effort that seeks to modernize our aging systems, and makes a long-term public commitment to infrastructure. Manufacturers believe Federal leadership and funding are needed to address bottlenecks in both rural and metropolitan areas that will improve the systemwide movement of freight throughout this country.

Addressing the long-term solvency of the Highway Trust Fund should be a pillar of a 21st-century infrastructure proposal. The NAM urges Congress to shore up the fund with a reliable, user-based, long-term funding stream.

In 2015, the average cost of congestion cost per truck vehicle mile traveled was $.23. That was up 25 percent of what it was in 2014. This is really a hidden tax, but it is not a tax that we can invest, it is just being wasted. It is being wasted on idle labor hours and unnecessary vehicle wear and tear, instead of being invested in the Highway Trust Fund to help build a 21st-century infrastructure system to improve America's economic competitiveness.

Manufacturers need Federal policymakers to preserve and grow the funding and financing tools for States and localities. Tax-exempt municipal bonds should be protected as policymakers consider ways to expand the funding and financing toolbox with public-private partnerships and leveraging opportunities.

Also, good governance improvements to better deliver 21st-century infrastructure such as expedited environmental reviews are critical to the success of any effort.

For decades, this committee has modeled bipartisan governance that puts solutions and progress before politics. That bipartisan leadership is needed now, more than ever, to deliver a pro-manufacturing infrastructure package that will include a vision for modern 21st-century infrastructure. This is the right opportunity to address neglected projects that make a systemwide difference, and improve manufacturers' supply chains, as well as develop long-term solutions to chronic funding issues in infrastructure programs such as the Highway Trust Fund.

And I will be happy to answer questions.

Mr. GRAVES OF MISSOURI. Thank you, Mr. McCarty.

Mr. Rogoff.

Mr. ROGOFF. Thank you, Chairman Graves, Ranking Member Norton, Chairman Shuster, and Ranking Member DeFazio. While I have appeared before this subcommittee in the past in other roles, I am particularly pleased to join you today to bring the perspective from one of the Nation's fastest growing regions.

In his first address before Congress, President Trump declared—and I quote—"Crumbling infrastructure will be replaced with new roads, bridges, tunnels, airports, and railways gleaming across our very, very beautiful land." And we at Sound Transit, like rail transit agencies across the Nation, are prepared to deliver on the President's vision for gleaming railways.

While we are encouraged by the President's goals for infrastructure, we have been deeply disappointed by budget proposals from his administration that appear to undermine those goals.

At the same time, administration officials have made other statements regarding the infrastructure initiative that we can applaud and endorse, including the value of overmatching Federal funds, the value of an expanded TIFIA [Transportation Infrastructure Finance and Innovation Act] program, and the importance of training a skilled workforce.

It is clear that this committee will be key to driving this effort. And, as such, I would offer the following recommendations.

First, I would echo what the other witnesses have already said in arguing that funding in a new infrastructure initiative must not substitute for base-level funding authorized through the FAST Act and provided in annual appropriations acts. This is critical for rail transit agencies who must expand to meet population growth. Under the administration's budget request for 2018, the funding levels sought for major new transit expansions is effectively zero, ignoring the authorizations you put in the FAST Act.

At Sound Transit we have been working with the FTA [U.S. Federal Transit Administration] for years to secure grant agreements for two extensions of our light rail spine, one running north from Seattle to the city of Lynnwood, the other running south to the city of Federal Way. We are joined by many similar projects around the country that seek to meet expanded demand with a strong, reliable Federal partner.

Regrettably, the administration's proposal to terminate that partnership attempts to rekindle a decades-old ideological debate over the value of transit projects to our national mobility. Smartly, States and municipalities across the political spectrum have long since moved beyond that old ideological debate. We were all together heartened to see bipartisan and bicameral congressional support for rejecting the administration's proposed funding cuts for transit expansions for fiscal year 2017 and are hopeful for a similar outcome this year.

Second, any new infrastructure plan must include transit expansion funding in major metro areas. The most recent census tells us that our population and economy will be increasingly urban. I won't repeat the data that Ms. Norton cited in terms of the 70 million more Americans that will be overwhelmingly located in urban areas, but in the Puget Sound region congestion has nearly doubled in just the last 5 years. And we are expecting 1 million more citizens by 2040. Without new mobility options, this growth threatens to choke off our own continued prosperity.

Our major urban megaregions will increasingly serve as an economic engine. And I would use the example of Amazon's recent announcement that, while continuing to expand in Seattle, they are looking to open a second national headquarters. It is not an accident that Amazon is insisting that all cities bidding on their second headquarters provide detailed data on the availability of direct access to rail transit services. It is one of just four identified site requirements in their RFP. These are the infrastructure requirements for a 21st-century economy.

Third, we do believe the administration may be on the right track in highlighting the importance of States and localities providing robust matching funds to access new Federal dollars above the base level of funding. The Federal share of Sound Transit's voter-approved capital plan is just 16 percent, and we have already taken two major light-rail expansion projects with zero FTA capital investment grant dollars. The taxpayers of Washington State have demonstrated remarkable levels of self-help to meet their surface transportation needs. The ballot measure that we passed just this past November called on the median voter to increase their own taxes by $169 a year to expand our mass transit network. The same legislation that let us go to the voters also increased the State's gas tax by 11.9 cents, bringing us to the second-highest gas tax in the Nation.

The point is we are doing a remarkable level of self-help to meet our surface transportation needs. Any Federal infrastructure policy should reward this level of local effort, not penalize it, as is proposed in the administration's proposed budget.

Lastly, I would just say that we are very supportive of efforts to streamline the Federal environmental process. Transit projects are inherently environmentally beneficial, but these efforts must be done with great respect for the core environmental protections in Federal law.

In the Pacific Northwest, the economic health of the region and our quality of life go hand in hand with the protection of our environment. Streamlining the environmental review process should not mean short-circuiting the process. Federal agencies will do us no favor if hastily produced environmental documents give project opponents an opening to delay our projects in the courts.

And, in that regard, we need to remember that litigants in this space often don't care one whit for the environment. Instead, they try to use the environmental process to slow or kill a project because it is their last best chance of thwarting the will of the voters or reversing the plans of a State or a local government. This is not limited to transit projects or highway projects or water projects. It is the way the process works.

So I would just summarize by encouraging this committee to take care as we do environmental streamlining. There is further progress that can be made. But please also look at the staffing levels at the agencies, the natural resources agencies and at DOT, to make sure there is staff on hand to produce quality environmental documents so our projects are not stopped in the courts. Thanks very much.

Mr. GRAVES OF MISSOURI. Thank you all. We are now going to recognize each Member for 5 minutes for questions, and I am going to start with Mr. Shuster, followed by Mr. DeFazio.

Mr. SHUSTER. Thank you, Chairman Graves. As I said in my opening statement, I think one of the key components that we have to figure out is a long-term funding stream—I know my colleague, Mr. DeFazio, was very passionate about that, as am I. He has come up with a funding plan that seems reasonable to me. There is probably, I don't know, 10 or a dozen of them out there.

And when you come up with a new plan, to try to educate Members of Congress on it, it is very, very difficult. I am trying to do that on a bill right now, an FAA bill, that—some Members that don't seem to understand what I am trying to do.

But again, when you are moving forth a funding stream, long-term, sustainable, let's keep it simple. We have one in place now; we ought to be looking at that one very closely before we start going off on different new ideas, because it is very efficient. The math is pretty simple and straightforward. But I am open to everything. And that has to be a priority for me on how do we fund this so, as I said earlier, we don't kick the can down the road.

But I think we also have to be thinking outside the box of ways to bring dollars in. Public-private partnerships are not a silver bullet. Let me say that again: public-private partnerships aren't a silver bullet. But it is a hell of a good tool to have in the toolbag, and there are some new ones out there that we ought to be looking at.

And I am going to ask the question about asset recycling. And some of my colleagues on the other side say you want to sell all our assets. If you look at the Australian model, what they did, they hardly sold any assets; they leased them. Leasing is far different than selling. Leasing is you still retain the ownership of it, you allow somebody to come in, turn that asset into cash over time, and the idea is to have a bonus payment to do that.

And again, the Australian model—we met with Ambassador Hockey, now the former—or the architect of this program in Australia. And the first question of a group of Republicans was, "The Chinese are going to buy all our assets."

And the Australian said, "No, they didn't. We wouldn't let them." Now, they are investors, but they don't control them, they are not on the boards. So again, it is money. And money is around the world that is out there.

There's trillions of dollars they would love to invest in America's infrastructure projects. And they are not looking for an 8- and 10-percent return if you are doing a 30- or 40-year deal. They are good with 3 and 3½ percent, some of these pension funds, even our own. Even our own unions in this country are looking at that. I was talking to a building trades union the other day and they are investing their money in Canadian infrastructure. That is heresy, isn't it, building trades investing in a foreign country? Now they are doing it because it is making money for the folks that they are responsible for their pensions.

So I think asset recycling is something we ought to consider. We ought to look at what the Australians have done with it. And to all accounts, they have generated over $20 billion in just a very short period of time, on top of what they spend.

So again, I would ask Mr. McKenna and Mr. Roberts and Mr. Booker to respond to that first, just your thoughts, if you are familiar with asset recycling, and what you think the prospects are.

Mr. MCKENNA. Thank you, Mr. Chairman. Yes. In fact, the way we look at this to look at these things on a project-by-project basis. You have to look at the benefit to the taxpayers, the cost of capital, and do the analysis on a complicated project to determine if advancing the construction on that particular facility is not available through other means, what is the benefit to the taxpayers, in terms of reduction in congestion, enhanced facilities—asset recycling has been done at a number of airports. We are looking at it in Missouri at a couple of airports, as well.

And then make sure that you are playing out those costs and benefits. Like you said, it is a tool in the toolbox, and I think that is appropriate for us to have all the tools we can. This is a large problem we have to solve all over the country, and we need all the tools we can to do so.

Mr. SHUSTER. Mr. Roberts?

Mr. ROBERTS. Just briefly, we have been involved in a few projects where we are actually handling the financing mechanisms of them.

I would suggest that they not be considered just a short-term issue. We need to look at the long term also. And I think that some of the times, when we monetize some assets from a short-term benefit, we also pay a bigger bill in the long term. So the—what I have seen, both in the private sector and the public sector, long-term DCF models, financial models are imperative, but knowing what you are getting rid of before you get rid of it I think is the imperative number here.

But privatization and the 3P [public-private partnership] program is absolutely another tool in the tool chest for all of our individual DOTs and agencies in the country.

Mr. BOOKER. And not to be repetitive—however, I would look at it, you know, and lump asset recycling along with PPPs. They are not all created equal. And, you know, there are some really good public-private partnerships out there that are doing really good things out there. There are some that aren't so good.

And I think, when you look at the asset recycling program based on, you know, what the project is, what the long-term gain is—and, you are right, talking about our pension dollars, we invest our pension dollars in projects that make sense. Our first goal is to put our members to work. And you also have the fiducial responsibility of a trustee on a pension fund, to make sure you are getting returns that are comparative to the market. So when those things add up, and those things match up, we would be in support of them.

But you would almost have to take a look at it case by case to see what the investment strategy is and what the standards are for the workers that are going to be doing that construction.

Mr. SHUSTER. Well, I thank you, I appreciate that answer. And I agree, we've got to look at it case by case. But there are some things out there that could be absolutely home runs, and some we walk away from.

I know I have gone over my time, Mr. Chairman, if you would indulge me for one more second.

The only reason I didn't include Mr. Rogoff, because I knew I was going to run out of time. But if you could, in writing at some point, give us your views on it, or in 10 seconds, if you could just sort of give us a——

Mr. ROGOFF. You know, transit has the challenge of not having excess revenues to actually entice an investor. Colorado has done it through availability payments. We ourselves, being financially strong, are looking about whether it makes sense for us.

I think the important point is really the one you made at the beginning. It should be a tool in the tool chest. It shouldn't have a leg up on everything else.

Mr. SHUSTER. Right, absolutely.

And just one final point, Mr. Chairman, if you will indulge me. The State of Connecticut—I don't know if there is any State bluer in the country than Connecticut. And I don't know if Ms. Esty knows this—she probably is aware of it—several years ago they had all the roadside plazas, travel plazas on the interstate were owned by the State of Connecticut.

According to all reports, they were run down, service was terrible. They leased them to the Carlyle Group several years ago. The Carlyle Group came in, refurbished them all. They put competition so—you know, McDonald's versus Burger King bidding to get—Starbucks versus Dunkin' Donuts. And now, by all accounts, I am told they are gleaming, beautiful travel plazas with great service, and they are paying the State of Connecticut money back into the coffers, instead of it going the other way. So it can be done, has been done. That is probably a fairly small scale, but—and a State like Connecticut can do it, my goodness, Texas can do it and Pennsylvania, I hope will do it.

But again, thank you all very much.

Mr. GRAVES OF MISSOURI. Mr. DeFazio.

Mr. DEFAZIO. Thanks, Mr. Chairman. You know, we did have a special select committee of members here appointed by the chairman 4 years ago. We met for more than a year, heard from many people in a real hearing and interchange format about P3s [public-private partnerships]. And we put out a bipartisan consensus report.

And the conclusion was that if you look at America's broad infrastructure needs, P3s with the best facilitation through law can deal with somewhere between 10 and 12 percent of our infrastructure needs. So that still leaves a hell of a lot on the table, 88 to 90 percent.

So, yes, P3s, fine, well-regulated P3s, great. But that is not a solution, and it is not even the major tool in the toolbox, and it can't be.

There is a really interesting new statistic, which is that the average toll rate per mile for a P3 toll road is $.30, and the average rate for a non-P3 toll road is $.14. That does raise some questions about what we are going to do to the American driving public and the trucking industry if we are going to go principally down the P3 route. So these things need to be discussed thoroughly.

Also, what we found in doing that report was that almost every large P3 out there is substantially funded by the Federal Government. They all use TIFIA for 80 to 90 percent of their needs.

So, yes, the private capital puts up 10, 15 percent, and then they turn to the Federal Government. So I think it points to the absolute essential need for us to have a robust, long-term spending stream, and one that delivers things to the American public at the least cost. And direct Federal partnership with the States is the way to do that.

And just to comment on the salesman down at the Australian Embassy who I met with, yes, they did it for 2 years. It was such a grand success they did it for 2 years. And most of the money went to two of their provinces, and one was New South Wales, who had been selling things off for years on their own, and then they got an extra bonus payment from the Federal Government to do yet another sale of assets that they had already been doing.

So here, if we follow that model, we will take gas tax dollars which don't exist and are already in short supply, and we will go to local jurisdictions, who already have the authority, if they so wish, to sell off their ports or their airports, or whatever they want to do. That is up to the local jurisdiction. The Federal Government doesn't need to bribe them with dollars that we don't have to do that.

It was a dumb idea in Australia. The new Government came in, they said, "Hey, we are done with that. Put all the remaining money back into the national program," and directly distributes it back out across the country. So it didn't work there, it is not going to work here, and we just shouldn't go down that false path.

So, Mr. McKenna, I agree with everything you said. Has your organization presented these ideas to this administration?

Mr. MCKENNA. We have been participating with roundtable discussions that have occurred. We certainly support and AASHTO supports a robust discussion on the baseline funding. But we also understand that we have to have flexibility in the program, as well. And State DOTs are recognizing we have to look at procurement methods that are not just the simple procurement methods of the past, we have to open ourselves up in the case of particular projects that are very complicated and very difficult to structure, financially.

We are looking at those possibilities. Design-build, design-build finance, those are good and they actually help us work even closer with our construction partners to bring innovative solutions to the engineering problems that we face.

It is not a one-size-fits-all. DOTs have to open up to our own approach, as well, because that is part of the solution.

Mr. DEFAZIO. All right, I totally agree with you on that. And the Federal Government should facilitate that, and not hobble them by prescriptive means attached to dollars. But you would still say that a robust additional Federal investment is still critical to most States?

Mr. MCKENNA. Yes.

Mr. DEFAZIO. All right. And one other quick question—there are 24 States that have already raised their gas tax, or raised funds in one way or another, and yet, the administration is talking about providing incentives to States that raise their revenues in the future.

I think—and if you have ideas on this, some States have already gone up to the bar, taken the risk. I would say that if we are going to provide an incentive it should have a look-back provision. Would anyone disagree with that, because these States already did what was right, and then they could—if they want to do yet even more, they could get more incentive. But there should be some sort of a look-back, and not reward the 26 States who haven't done a damn thing.

Anybody disagree with that?

Mr. ROGOFF. I would just add one other option, Mr. DeFazio. There has been legislated in the past level-of-effort requirements. So that doesn't necessarily look back a set period of time, but sees what a State or municipality has done historically. But it does take a look at the self-sacrifice they have already made before they come to the Federal well, and that would certainly make sense.

Mr. DEFAZIO. Could you provide some information on that, or— my staff probably can——

Mr. ROGOFF. There is a Byrd amendment in ISTEA [Intermodal Surface Transportation Efficiency Act]. I will have to go dig it out. But yes, sir.

Mr. DEFAZIO. OK, great. Anyone else have a comment on that?

Mr. ROBERTS. Well, I would just make a quick comment on your opening statement, as well. I want to thank you for your passion on the subject, and I can't agree with what you said in your opening statement any more so, that this is—and I think that Ms. Norton mentioned the same thing—this is a network system, this is a Federal issue.

And, you know, there are a lot of tools in the tool chest, but the Federal issue and the Federal funding is the single most important portion of this. The alternative procurement methods can get more efficiencies in how we procure the work. We have got construction manager, general contractor associations today. We have got at-risk jobs, we have got 3Ps, we have got design-build finance. Those alternatives are great. But I think you hit the nail on the head relative to the primary force today is that we need additional funding from the Federal Government to get all those programs enacted.

And I want to thank you for your passion.

Mr. DEFAZIO. OK. Thank you, Mr. Roberts. Thank you, Mr. Chairman.

Mr. GRAVES OF MISSOURI. Thank you, Mr. DeFazio. I yield my time to Mr. Shuster.

Mr. SHUSTER. Well, thank you, Chairman. I won't take it all up. Four points, very important points.

One, Mr. Roberts and Mr. DeFazio, I agree with you. There—for more Federal dollars. We got to figure this out. That is the number-one priority. But we got to look at other ways also, to try to beef that up.

And three points on the Australian example.

Number one, it was a 2-year program. So it did end in 2 years because they wanted to force the issue to say if you want in this program, you got to get into it quick. And that is what it is. So it did end in 2 years.

New South Wales opposed this program in parliament to the bitter end. And when it was passed, they were the first ones in line to get this first—based on a first-come-first-served basis. So if—now they tell me, if you go to New South Wales, they are boring four tunnels under the harbor, they got more highway cranes than any other country—any State in the world.

So again, New South Wales opposed it, until it became the policy, and then they were there, front and center.

And then finally, public entities like our airports in this country, our water systems, do not pay local State and Federal taxes. When a private company comes on board and starts to run it, they pay local State and Federal taxes. That is the way the funding mechanism was done in Australia. They based it on the revenue they would generate by this entity, taking it over, and what they would begin to pay in Federal taxes.

So, once again, if we just shut the door on something like this without taking a good, hard look, I think that we are kidding ourselves. We have got to figure out a funding stream that is sustainable, that is long term, and then—but also look at these other tools in the toolbox. And if we can take this 3P tool from 10 to 12 percent and turn it into 15 to 18 percent, I think that is a pretty good day's work.

Thanks a lot. That is my time.

Mr. GRAVES OF MISSOURI. Thank you, Mr. Chairman. My questions are going to center on rural America and the needs, and they are also going to concentrate on long-term solvency of the trust fund. But I will wait to the end of the hearing if they haven't been answered by then. And I will turn to Ms. Norton for her questions.

Ms. NORTON. Thank you, Mr. Chairman. You know, Chairman Shuster floated what could be called a new idea, relatively new idea. If you think about our transportation network, it has suffered from having relatively few new ideas. And all of this time that we have had this network, we have—until recently, when we didn't do very much until we were able to pass a long-term bill in 2015, we have been running on the same grid.

So I am interested in the answer to Chairman Shuster's question about exploring new ideas, because it is a very different country where—some things in a toolbox may work in some places, but not other places.

But, Mr. Rogoff, you really made me think about this notion of overmatching, or self-help. You would think, particularly with my colleagues on the other side being in charge, we would want to incentivize that. Out of desperation, of course, we have seen with the gas tax, local governments just step up without the full Federal match.

But you describe what some would call overmatching, because you have gone back to your taxpayers not only for the gas tax, but for your infrastructure, generally. And you are concerned that the administration, which says it wants to reward such States and regions, in fact cut your funding. In the District of Columbia, we wanted desperately to have a subway stop, which is now the New York Avenue subway stop, because it would help develop an entire area of the District of Columbia. It was funded by business taxes, by the District of Columbia, and by the Federal Government. It may be the only one of its kind in the country.

But this notion of incentivizing, rather than de-incentivizing, is of great interest to me, particularly given the dearth of new ideas.

I wonder if you have given any thought to how to encourage more jurisdictions like Sound Transit to overmatch or to move ahead on infrastructure, while being assured that it wouldn't be punished by the Federal Government.

Now, I am looking for an incentive, because apparently you have done it, perhaps because there was no other way to do it. I am looking for a positive way to encourage people who want to invest in their own local infrastructure or transit for their own local reasons to, in fact, receive some award or—let's call it encouragement—some incentive from the Federal Government.

Mr. Rogoff, have you given any thought to that? Because it is you who put the thought in my head in the first place.

Mr. ROGOFF. Well, thank you, Ms. Norton. I have given it some thought. And it has been talked about in the past, when you talk about these major transit expansions we should first recognize that, unlike the classic 80/20 split of an 80-percent Federal investment to a 20-percent local investment, by law we are capped at 50 percent.

For the projects that we are seeking assistance for from the FTA right now we are looking for 40 percent Federal funding to get to Lynnwood and just 25 percent funding to get to Federal Way. These are efforts we are making because we are determined to get there, and the region, congestion being what it is, needs it very badly——

Ms. NORTON. So, I mean, are you saying, for example, if you wanted to do something new, perhaps take less of a Federal match?

Mr. ROGOFF. Well, we are being backed into that approach, I think, in part by Federal budget policy. When I talk about being penalized for overmatching, there was a specific writeup that came out of OMB when the President's budget came forward that called out by name the Puget Sound area, Los Angeles, and Denver, and pointed out, as a rationale to eliminate the Federal partnership, the fact that we had gone to our voters and raised our own taxes for transit expansions.

Ms. NORTON. Now, this is what I mean, Mr. Chairman. You know, if you want to encourage what Sound Transit did elsewhere, then I am very interested in discussion with you—how can we use that, rather than punish that at a time when it is so difficult to get funding?

I did want to ask Mr. McKenna a question, because he represents the whole State of Missouri, and he spoke about the immediate crisis in rural areas. I couldn't agree more. If we are having trouble in what is a relatively wealthy area in this region, I can't image what—if we go into southern Virginia, for example—they must be going through.

But you represent an entire State. And while you called attention to the immediate crisis in rural areas, I wonder what you would say about cities like St. Louis or Kansas City that have pressing needs at the same time.

What I am trying to get to, Mr. McKenna, is what this committee has always avoided, and that is pitting one part of the region against another part, going back to the Eisenhower administration, the recognition that this was one vast network. So I am the first to acknowledge the immediate crisis; I don't see how rural areas are able to do anything.

I wonder how you bring together, you who represent the entire State, big cities like St. Louis and Kansas City with places that can't possibly fund any of their transportation, or very few of their transportation needs, like your rural roads.

Mr. GRAVES OF MISSOURI. If the gentlelady would yield just a second, too, I would like to add to that. Just the insurance of those rural areas across the country, how do we insure that they aren't left out in this process?

Ms. NORTON. Yes.

Mr. MCKENNA. Thank you for the question. In Missouri we allocate the limited resources that we have, based on objective criteria. It is similar to the allocation that is done by Congress with the surface transportation authorization, and that is why we think that is so important.

When we look at our rural areas—for instance, we are just now undertaking a replacement of the Champ Clark Bridge, which connects parts of rural Missouri with Illinois, had we not had that underway, our rural communities would have a 77-mile detour if that bridge went down. It was built originally in 1928.

Likewise, we have structures in St. Louis and Kansas City that carry 120,000 cars a day. So it all comes down to dollars and cents in how you allocate those. An objective criteria for allocating resources is critical, so neither area feels they have been disadvantaged over the other. We use population, we use employment data, we use size of the infrastructure, vehicle miles traveled, and square footage of bridge deck to allocate capital resources among the regions, so that urban areas receive a larger share of the pie—but they should—and the rural areas receive their relative share.

It is very difficult to move the needle on large projects like a major river crossing. The Champ Clark Bridge is a $60 million enterprise for us. And we do have to build up resources over years to subsidize that rural area to be able to fund that, because your point is taken that this entire system is connected. And if we let any of those connections go down, we are disconnecting the communities themselves.

So the allocation of resources, objectively, is an antidote. But recognizing that there is not enough money coming in to the top line to satisfy all the needs in any of the regions is critical.

Ms. NORTON. Chairman Shuster made a very important point. And it perhaps wasn't beneficial to where he represents. And he said rural areas pay more in gas tax. But then he pointed out what they get back in overfunding.

And again, if we lose the notion, that you ultimately lose by not funding a transportation and infrastructure network, then we have lost the great American transportation lesson. I thank you very much, Mr. Chairman.

Mr. GRAVES OF MISSOURI. Mr. Gibbs?

Mr. GIBBS. Thank you, Mr. Chairman. First question maybe go to Mr. McKenna or Mr. McCarty.

We have made a lot of progress, I think, in the FAST Act, encouraging intermodal transportation through the National Highway Freight Program and other initiatives. How can we improve on that in an infrastructure package? Do you see that freight program working? And what kind of improvements?

Go ahead, Mr. McCarty.

Mr. MCCARTY. Thank you for the question. And we appreciate that.

From the manufacturers' standpoint, we are not safety experts and we need someone to be able to tell us reliable safety scores. We have, right now, manufacturing members of the National Association of Manufacturers, who were ordered to trial by judge after they hired a twice-satisfactory-rated motor carrier because the judge was confused whether the data presented by the plaintiff or the two satisfactory safety ratings indicated that the motor carrier had been deemed safe to operate on the Nation's highways by the——

Mr. GIBBS. I think you are answering my second question I was going to ask.

Mr. MCCARTY. OK.

Mr. GIBBS. My first question was about the freight program.

Mr. MCKENNA. If I might, thank you for the question, Representative. We feel the freight program is actually focusing our efforts as a State, and it is doing so reasonably. We think that the provisions of both MAP–21 and the FAST Act that encouraged every State to put together a freight plan and to work with their local partners to do so as a baseline for further investment was important. We did so in Missouri in 2014 and we are actually using the freight plan as the baseline for our primary cost benefit on our construction projects.

We know that a secondary benefit will occur when we remove these freight bottlenecks to encourage commerce. There will be a passenger benefit, as well, and a safety benefit on top of that.

So I think it is working, and I think that continuing to have that focus is important.

Mr. GIBBS. Mr. McCarty, before I get to that, my second question I was going to ask you, my first one is you mentioned in your testimony about the importance of municipal bonds, tax-exempt bonds, and I don't think that is in our framework right now. But do you want to elaborate on how—why is that so important?

Mr. MCCARTY. Sure. As tax reform is being considered, we think it is very important that we preserve the ability to deduct the interest from those municipal bonds, because it preserves another funding measure that can be used to generate funds that we need to fix the roads.

These municipal bonds, right now, if you take away the tax-deductibility of them, that can make them less attractive. And so we would like to make sure that they are considered as you go forward. It is not something that is just a positive to the balance sheet; it is something that could act as an incentive to maintain that tax deductibility and generate more investment.

Mr. GIBBS. And my question—I think you were starting the answer before—dealing with the—you mentioned in your testimony about one hiring standard for trucking companies.

Mr. MCCARTY. Yes.

Mr. GIBBS. And you know, in the FAST Act we mandated a review of the CSA, the Compliance, Safety, Accountability program. And then also do you have any comments on that, and the recommendations from the NAM?

Mr. MCCARTY. Yes. As I started to say before, the CSA—you know, we think safety scores are important, but they are not something that manufacturers can come up with, and can be expected—we are manufacturers, we are not motor carriers. So we are—we do rely on the FMCSA to regulate motor carrier safety. Putting manufacturers in the middle of that leads to unhappy consequences for the manufacturers who can get caught in lawsuits.

Currently there is no requirement for manufacturers to check any of those qualifications when they hire a motor carrier. So if we established a national hiring standard, or something that would provide some protection to those manufacturers as they hire their motor carriers, we think that would be something to consider.

Mr. GIBBS. Yes, I just had problems with the way it was set up in 2010, the CSA, and it dings our truckers unfairly, and then it—

you know, for the insurance rates. And then also, when their—when carriers like—customers, like the manufacturers, are looking at the truckers, or the trucking companies, they are unfairly treated. And that doesn't give a real snapshot of what is really going on. And they get penalized unfairly. And so, hopefully we can get that fixed.

So I yield back, Mr. Chairman.

Mr. GRAVES OF MISSOURI. Ms. Esty.

Ms. ESTY. Thank you, Mr. Chairman. First I would like to note and thank some of my colleagues here, that we have launched a bipartisan Congressional Infrastructure Caucus, and that includes Mr. Graves and Mr. Duncan and Sean Patrick Maloney.

So we will be working to get our colleagues from all different committees, not just this committee, because, as we have been discussing here today, the revenue aspects are incredibly important—that involves Ways and Means—and Energy and Commerce, as well, as we look at how technology is rapidly changing the needs and demands. I wanted to let you know that and urge any of my colleagues who are not yet members, sign up today.

We are facing—OK, so Mr. DeFazio is starting the bidding, thank you.

We are being out-competed by China and other countries that are robustly investing in their infrastructure, and we don't have 20 or 40 years to wait to get on with it.

Mr. McCarty, you encapsulated the remarks of many of the manufacturers in my district who are looking at us and saying, "How can I possibly compete when I can't get my goods to market, I can't even get my workers here to the factory." That is the number-one complaint in my State of Connecticut, is actually transportation, more than taxes, more than anything else.

And so, this problem has been brewing for decades. Everybody here has mentioned it. We need revenue. We need revenue—when you can do financing—and I think a lot of us are open to creative ways of financing—but we have a serious revenue problem.

We have relied historically on user fees. The world is changing. Cars are more efficient. We didn't index the gas tax. We are having alternative fuels, many—a number of Members of Congress here drive vehicles that don't pay any gas tax, whatsoever. We need to look down the road. My kids never take cars. They use a car-sharing service. We are looking at autonomous vehicles.

So I would like all of you to help with us, think about how are we going to look at those aspects. How are we going to be evaluating projects, based on future infrastructure needs, when we have such rapidly changing technology, rapidly changing usage patterns, increasing urbanization, which Mr. Rogoff talked about? We are going to be needing to do a lot more transit, if you look at the demographic patterns.

So that is happening very fast, and we are going to need your help in thinking that through. So, that is one question.

Another one is on the P3s. One of the concerns I have—and I think they need to be part of the mix. But that prioritizes making revenue, not necessarily what is in the public's interest in meeting those needs. So it meets certain kinds of projects. It may be very smart for something like high-speed rail in the Northeast, where you know that actual high-speed rail would have a revenue stream, and you need massive investment. Maybe that works. But for a lot of things it doesn't.

I would love to hear your thoughts on life-cycle costs and fix-it-first. A lot of my concern, again, with creative financing mechanisms are they tend not to deal with actually fixing current infrastructure. It prioritizes something that can create a new revenue stream. And living in an older part of infrastructure in the Northeast, you know, we are concerned.

And I do want to point out my State is one of those States that has continued to raise the gas tax. And yet some of the proposals on the table—and Mr. Lipinski and Mr. Davis and I were at the White House 2 weeks ago, and they are talking about incentivizing States to step up. Well, my State has been stepping up for some time now. So I think it is really important that we not punish States who have already taken those steps to award ones that have not.

So just a few questions, and anyone who wants to get started. Thank you.

Mr. ROGOFF. Well, I might quickly take the question on life-cycle costs, because, as you pointed out, especially in the Northeast and areas like Connecticut, you have got systems like Metro-North and others that have been deteriorated over time with age, and have struggled to recapitalize and rebuild what they have got.

I think it is right for this committee, in crafting a new initiative, whether it is highways, transit, or water, to ask project sponsors to identify and evaluate the merits of their proposals, based on not just their ability to build it, but their having the revenue streams to maintain it. It is something we started at the Federal Transit Administration when I was there. The question was if we are going to invest in expanding your footprint, shouldn't we at least know how you are doing in maintaining your current footprint?

We have a mechanism in Sound Transit in our ballot measures. The voters adopted a capital plan and they voted to increase taxes. The taxes are then rolled back to the level necessary to operate and maintain it, so we have a revenue stream for maintenance. A great many other systems don't. We are now paying the price for that. And this is certainly a question, whether it is highways or transit or water, people should be asking.

Mr. BOOKER. And if I may, just to answer on the fix-it-first, or—I mean we certainly are proponents of new construction, and certainly feel that there is an unbelievable need in this country for new rail, new water, new bridges, new roads and highways.

Take a look at the American Society of Civil Engineers' most recent report of where we currently stand with our current infrastructure of a grade of D-plus. We have over 50,000 structurally deficient bridges that our citizens are driving across every day.

So, as we try to develop these new revenue streams to build new construction, we have to focus on what is currently deficient in our country today. Many bridges and tunnels that are decades old, 50, 60, 70 years old, that we are putting ourselves and our fellow citizens at risk every day by them driving over those bridges, by them driving through those tunnels, by getting on that Amtrak train and riding on rail that is deficient.

So we have to come up with a way to fix our existing system as we also continue to meet the challenges of today's society of the growing needs of what we have.

Mr. MCKENNA. And if I might, with regard to looking at the entire capital plan, we have to look at this whole bill like a company would look at an investment portfolio. There is not a particular solution that is going to meet the needs of every region of the country uniformly.

From a standpoint of AASHTO and from a standpoint of a State DOT, opening up the flexibility of the surface transportation authorization so States can meet their local needs is important. We have a planning framework utilizing metropolitan planning organizations and regional planning commissions that prioritize the needs of those communities. They know best what their needs are, whether it is new construction, expansion for capacity, or fixing the existing system. And the flexibility to utilize Federal funds in concert with those local needs is critical.

Mr. ROBERTS. I would just add one more comment, if I could. The maintenance issue has gotten so big in this country that, when you look alone in the State of California, $140 billion of backlogged maintenance to get the system—both the interstate system and the actual local systems—up to grade, that is almost—has to be priority. We cannot be isolating funds just for expansion when we haven't taken care of what we have already.

And I would suggest that a lot of the States today are focusing on that because they understand that that backlog has gotten so immense that, if they don't take care of it—the cost basis goes up exponentially if they don't take care of it to begin with.

So I would commend the legislature in California for putting together a $50 billion program to mostly focus on getting that entire infrastructure transportation system up to speed so that they can move forward from this point on.

So the backlog and the long term versus the short term, we have got to take care of the short term. Otherwise, we won't have a long term.

Mr. GRAVES OF MISSOURI. Mr. Davis.

Mr. DAVIS. Mr. Chairman, can I ask for a point of personal privilege real quick before I get started? I would like the Transportation and Infrastructure Committee to welcome back my good friend who just snuck in the back room. It looks like he is back at work right now. But Matt Mika, stand up, Matt. He is recovering well from the tragedy he experienced 2 months ago.

[Applause.]

Mr. DAVIS. Welcome back, my friend.

Hey, a quick question for everybody on the panel. Raise your hand if you think that we can stabilize and solidify the Highway Trust Fund by just raising the gas tax.

Oh, you guys have listened well to the people behind you, because they usually get asked the same question by us. And that is what is great about this hearing, because we are actually finally talking about diversification. You know, it is Peter DeFazio's rage over the fact that we haven't addressed many issues that we listened to a few minutes ago, a long few minutes ago now. And Shuster talking about, I think as part of that diversification, asset recycling, P3s.

The discussion here is very bipartisan. The discussion that Ms. Esty, Mr. Lipinski, and a few of us others had at the White House the other morning was centered on infrastructure and how do we be able to—how do we solidify and how do we stabilize our infrastructure dollars? Everybody has got a lot of ideas. Why can't we use them all?

Now, diversification is something I have been talking about since I got here 4½ years ago. How do we diversify? What do we do to make sure that we are ready for the next generation of vehicles? I think we all agree—because none of you raised your hand—that the gas tax isn't the only answer. That how, on one hand, can we have our Highway Trust Fund funded by one source that the same Federal Government, all of us that are participants in—how do we tell you to burn less of it?

I think what should scare everybody sitting at that table and everybody here is that we have got countries like France that, say, in the next 20 years, they don't want a single gasoline-powered vehicle on their roadway. Let's say President Macron is half right. What does that mean for the percentage of electric vehicles that are on our roadways? And what are we going to be able to do to actually have a—imagine when electric technology gets into the fleet level. What will that do, besides decimate our Highway Trust Fund?

So our job is to plan. And we can sit and we can talk about putting these ideas together. We can talk about diversification. But in the end we actually got to come up with a plan that is going to get votes, and all sides are going to have to sit down, instead of just discuss solutions like we are doing today. What is going to get us to an actual bill that is going to pass?

And that is where we need your help, because we all agree something has to be done. But the funny thing about Washington is those details are the things that kind of stick us up.

Now, you all agree that we need diversification. Who wants to be the first one to tell me what plan is going to work best? Anybody?

Mr. McKenna? Thank you for talking about rural Illinois, too. Great place.

Mr. MCKENNA. Absolutely. When we talk about diversification, we have to recognize that as fuel efficiency increases, the revenue will decrease in the gas tax.

Mr. DAVIS. Because the Federal Government is telling the manufacturers to create engines that burn less.

Mr. MCKENNA. I would like to point out something that is going on in the State of Georgia right now. In 2015 one of the AASHTO members actually put an inflator on to their gas tax. They raised their gas tax as a baseline. Then they put an inflator on that, in part, using the fuel economy of the entire Georgia vehicle fleet. So that just kicked in this past year. It created an adjustment so they didn't lose any fuel tax revenue based on the rising fleet fuel economy.

So we are going to have to look for things that create some way to adjust through to the new future, but not to forget the baseline of fuel tax funding.

Mr. DAVIS. OK. Mr. Rogoff, I didn't see your hand because Westerman's head was in the way.

Mr. ROGOFF. It is quite all right. I wanted to flag, Mr. Davis, that actually Washington State is one of the few States that have stepped up and taken the invitation from Federal highways to study road uses charges.

And our Washington State Transportation Commission is currently launching a project involving some 2,000 drivers across the State, also partnering with Oregon and Idaho in this, to look at road uses charges and how they might work. And some people actually have an app on their phone to measure their miles.

Mr. DAVIS. VMT?

Mr. ROGOFF. Yes. Well, it is not necessarily by mileage. They are defining usage in a variety of different ways. They are actually looking at three different constructs, so we can report back to this committee a variety of alternatives.

They are also looking specifically at how that might work with electric vehicles, given the—as you pointed out—the greatly diminished fuel consumption of those vehicles, and what the right charge for those vehicles might be.

Mr. DAVIS. Well, and I know my time is up, and I have got a question I am going to send to you that I would like to get answered on on one of the programs, the stick apportionment.

But anybody on the panel drive a fully-electric vehicle?

[No response.]

Mr. DAVIS. All right, no freeloaders. I yield back.

[Laughter.]

Mr. GRAVES OF MISSOURI. Mr. Lowenthal?

Dr. LOWENTHAL. Thank you, Mr. Chair.

First, I want to note the relative consensus in the testimony for today. Several of our panelists have highlighted—along with Congressman DeFazio—the need to stabilize the Highway Trust Fund, but also to seek additional revenue sources to fund needed infrastructure investment. I was glad to hear my colleague from Illinois call for diversification.

I have proposed a dedicated funding stream for freight transportation so that projects can address bottlenecks and deficiencies in our goods movement network, and that they can be financed by users of the freight infrastructure. So it is a user fee. My plan has bipartisan support, and would raise approximately $8 billion a year for these investments.

There may be other solutions. I am glad to hear us talk about diversification. But there is a consensus that the status quo is simply inadequate to meet the challenges as we go forward in our infrastructure in the future.

So, Mr. McKenna, I have a question for you first. Missouri's State freight plan notes that truck volume is projected to increase by over 50 percent between 2011 and 2030. Across the country cargo volumes are up to record highs, and addressing this strain on our freight network is a key challenge in the years forward.

I represent the port area in Long Beach, and adjacent to L.A. We have had the highest amount of growth in L.A. in years. Long Beach recently had the highest 1-month total.

The question I have to you is do you feel like States like yours are—key freight corridors will have the resources they need to meet the increased volume without a dedicated freight infrastructure funding from the Federal Government?

Mr. MCKENNA. Thank you for the question. I do not believe we have the resources required to meet that need. I don't believe we have the resources required at present to meet the current need. So we welcome the focus on freight. It is a critical aspect of our economy in the State. And we are focused on that element. We will be bringing an INFRA grant application forward as part of the discretionary program in the coming couple weeks, and we are focused on freight.

Dr. LOWENTHAL. Thank you. Next question is for the entire panel. The FAST Act in 2015 created a new program to direct Federal investment to critical freight infrastructure needs. However, the administration recently announced changes to that that would reduce this program's emphasis on the most worthy projects, and instead advantage projects with a low Federal cost-share.

How does this new emphasis affect our ability to invest in critically needed freight infrastructure improvements, now that we are just going to go to those that have the lowest Federal cost? I would like to—anybody to say. How are we going to deal with this issue?

Mr. McCarty?

Mr. MCCARTY. Yes, thank you. You know, as you start prioritizing things, what we have done in Missouri—and I am sure it is done in other places—is we have had—as the director mentioned, we had these MPOs [metropolitan planning organizations] and these regional organizations that tried to prioritize what their needs are. We don't have the luxury of trying to even analyze how much money we are getting back, or what the match is. We are looking at where the needs really are.

And really, the needs are really all over the place. From a manufacturer's standpoint, we want to make sure the entire system is connected. And I think that is important. So you have to look at connectivity, as well.

Dr. LOWENTHAL. But the question—and I agree with you completely about connectivity, and I believe a multimodal approach that really deals with connectivity is critically needed. So I concur with you. But I want to ask you about the administration's approach to now prioritize freight infrastructure by looking at those that—advantage programs that have a low Federal cost share versus what was done in the FAST Act to look at the most worthy projects. That is a quite a bit of difference.

Anybody have any thoughts about what the administration has recently done?

[No response.]

Dr. LOWENTHAL. So it doesn't make any difference to you that we are going to just target those projects that have the smallest amount of Federal cost sharing?

Mr. McKenna?

Mr. MCKENNA. What we are looking at is that they overlap. Those that are most significant to the State and most significant to the region will also draw additional support from local share—we have a cost-share program in our State. And that is playing out.

So we are acting on a discretionary basis to look for those projects that align both, that we can bring local resources to bear where we can, and try to up our share.

Dr. LOWENTHAL. Obviously, since the Federal Government is reducing its responsibility and has been, you have to look for—at other local sources.

But do you agree that we should be looking at just—you said that you have kind of—trying to do a balance between those that are both locally funded, larger cost share, and also those that are the most worthy projects. But I don't think that is where the administration has gone. They have not really talked about the most worthy projects.

OK, I yield back. Thank you.

Mr. GRAVES OF MISSOURI. Mr. LaMalfa?

Mr. LAMALFA. Thank you. Being another California Member, we have a lot of issues over—we are trying to overcome there. The recent gas tax and vehicle registration tax have really—has been really controversial. Some are seeing it as a windfall of dollars for these projects.

But when it is written in such a way to not add a new lane, no new capacity, and a lot of that money is being diverted for other things, as well as the continued effort to invest in the high-speed rail system in California, which tripled in price from its original form and is still bound up by delays and all that, I think the people of California—when you talk about a gas tax increase of any sort, whether it is a statewide one or a Federal one, the taxpayers will get fed up because they don't believe or trust the dollars will actually get to the highways. And that is what I am very concerned about with California. The small percentage of what is being foisted upon them will actually end up getting to the roads, with none of it being new capacity.

So, that said, the—part of the area that isn't talked about enough is how do we make dollars that we already have in the stream go farther. We—and my—one of my other committees, the Natural Resources Committee, we worked a bill through called H.R. 1654. It is the Water Supply Permitting Coordination Act, which created a one-stop shop for permitting process by establishing a lead agency, the Bureau of Reclamation, as the lead for reviews, permits, licenses, and other decisions which have to do with surface water storage projects.

So what I am looking for from this panel here—I would imagine you would find that helpful for doing other types of infrastructure, building, and repair—so maybe let's start with Mr. Roberts on that.

You mentioned it, the overlap on that was something that has brought frustration. What would you think? What would be some highlights, which, if we were able to get a lead agency on road construction, repair, et cetera, how helpful would that be on timing, as well as making dollars go farther?

Mr. ROBERTS. Well, let me first address some of the concerns over SB–1, which would tie into some of the efficiencies that you question relative to the brandnew bill that passed in California.

Inside that $50 billion bill there are instruments in there for congestion, and there are instruments in there for reduced—or increased efficiencies. Interestingly enough, I agree that an oversight group that can bring in different areas of the Government to create more efficiency is appropriate.

In the State of California they just put an oversight group, an inspector group, over the top of the DOT to create more efficiencies and actually put into that last bill a reduction in the amount of money spent at the DOT to create efficiencies, going forward, to be able to enact the additional revenue——

Mr. LaMalfa. Well, you still have to do a multistop alphabet soup of other agencies with permitting, with Fish and Wildlife, Fish and Game, EPA, whoever else might——

Mr. Roberts. I agree.

Mr. LaMalfa [continuing]. Have a piece of that.

Mr. Roberts. I agree. So what you are suggesting is the next phase. There were some efficiencies put into that bill, and then the next phase—I would agree, having an oversight—and I think the same thing would be happening as we look into the environmental regulations that we see across the country. Having some significant common oversight, whether it be for—as I mentioned in my testimony, whether it is for the Corps of Engineers, with the Clean Water Act, or the EIS studies through the—through NEPA [National Environmental Policy Act], that same kind of——

Mr. LaMalfa. NEPA definitely, or California's own CEQA [California Environmental Quality Act], yes, definitely, because there are unnecessary things that we are having to research.

Go ahead, please.

Mr. Roberts. But I agree. I think the fact that if you have some common oversight you could create a lack of redundancies and some simplicity, which, obviously, is going to be more beneficial and——

Mr. LaMalfa. Well, what other things could we be doing in—you know, federally, to further streamline that would complement what we have been talking about?

Mr. Roberts. Well, the number one, I thought, would be the environmental side. It is, by far, the quickest, most economical way to do it, is to tie in NEPA and the Corps of Engineers to get the 404 permitting process sped up and get the EIS system sped up.

Mr. LaMalfa. All right. Mr. Rogoff, your—did I say it correctly?

Mr. Rogoff. Yes.

Mr. LaMalfa. OK, thank you. The one-stop-shop idea that you were talking about, staffing up more so some of these agencies, perhaps—you know, I mean, we always have to find funding or have faith that staffing up will actually meet—the rubber meet the road in getting the work done. Do you think, with maybe a combined staffing up as well as the efficiency we are talking about, would we need nearly as much staff? Or would one-stop-shopping kind of accomplish both?

Mr. Rogoff. I don't know that it will accomplish both. I would certainly agree that having a lead agency, a one-stop shop, would have great benefits.

The concern is that the imperatives of the other agencies not be cut off by some artificial deadline or be given short shrift. I am talking about some smaller agencies like NOAA Fisheries, the U.S. Forest Service and National Park Service, EPA, the Army Corps, that have different parts of the law that they must apply. Sometimes there has been a culture that the only way that they could get their concerns attended to is by throwing up a red flag or stopping a project. That culture needs to change.

But I think if you are going to put people at ease that this could be done smartly and more quickly, we do need to make sure that they are sufficiently resourced to do the job. So I think your concept of combining streamlining with a staffing plan that gets funded by the appropriations subcommittees would be on point.

Mr. LAMALFA. Well, it seemed like a lot more simultaneous coordination with one of the smaller ones, as you mentioned. Telling the other ones, "Here is what we need," instead of a back-to-back chain, making it 5 years with each one getting their turn at——

Mr. ROGOFF. Well, some positive steps have already been taken.

For example, we at Sound Transit and other sponsors now, as a result of the FAST Act and some earlier authorities, are allowed to pay money to the Federal agencies to help them staff up. The staff people we pay for cannot work on our documents, but they can work on other documents, freeing someone else up to work on our documents.

Mr. LAMALFA. OK. I am sorry, my time has expired.

Mr. ROGOFF. I am sorry.

Mr. LAMALFA. OK. No, you are good. Thank you.

Thank you, Mr. Chairman.

Mr. GRAVES OF MISSOURI. Mrs. Lawrence.

Mrs. LAWRENCE. I am impressed by the panel that has been assembled. I am impressed by this body displaying bipartisanship. It seems like all hands are on deck, but still we are in the same place of no action.

Where is the sense of urgency? Where is the sense that—how many times do we have to listen to experts? How many times do we have to listen to these eloquent speeches about how bipartisan we are? How many times do I have to hear "Make America First," and knowing that if we check the box on investment in our infrastructure, we know that we will build—we will make sure that we have jobs in America, creating a skilled workforce.

This is global competition. I know there is an international bridge that we are trying to build in Michigan, and they are talking about bringing in workforce from outside the country because we don't have enough trained. How long are we, as this elected body who was sent here to do something, will continue to sit here ad nausea and talk about it, and then watch our administration defund and not give us the proper amount of money?

Clearly, we have experts, and we are experienced enough here in Congress to start moving the ball down the road.

We know that we need to raise the gas tax. Check that box. We know we need to have PPP. We know that that is a part of the success of moving and transportation plans. We know that we need to work together. We got that. We have heard that allocation of funds—and we keep playing with numbers as if we just pulled numbers out of the air to say, OK, today it is $1 trillion, tomorrow it's $600 million.

Where are we going to have that frustration that will move us forward and say now it is time to do it?

I just have one quick question that—it is not really a question, but I need it for the record.

Mr. Booker, you have, across this country, been one of the faces of building this workforce, of creating jobs. Can you please state for the record if we, as this country and this elected body and administration, keep our word about investing in our infrastructure, how many jobs could we create in this country?

Mr. BOOKER. Tens of thousands, hundreds of thousands. And when you do it with long-term stability of infrastructure funding, you are building the middle class, you are building skills for people that are going to last them a lifetime.

Our training system is based on joint labor management participation, where we voluntarily, collectively, with our contractor partners, invest over $1 billion a year into our training system that goes on to hands-on training to our members. And how they get into the middle class and how they stay in the middle class is that they have a full-time job. They do their training at night, they do their training on the weekend. It is an earn-while-you-learn system.

And I am here representing over 2 million American workers in the construction industry today, and with long-term commitments, long-term shoring up of the highway transit fund, of other mechanisms, is going to allow us to grow that to—you know, to maintain our baseline and then allow us to grow it—that we are teaching skills for people that is going to last them a lifetime.

Mrs. LAWRENCE. The fact of the matter is the average age of a skilled trade worker in America is 53 years old. We are facing a crisis in America where we are going to see a whole workforce retiring, and we have not invested—while we are having this frustrating conversation about how we invest in our infrastructure, we are sitting here watching a workforce diminish in front of us. If we get the funding we also are going to have to stay focused on the fact that unemployment in America—minorities, veterans, women—it is this huge middle-class opportunity in training and the skilled trades and the building trades.

And so, here it is. If we really are about making American great—not again, but continually on our pathway of being a great country—we have to build that workforce. And we are going to have to get serious about this debate. I am—I do not want another panel of experts talking to me. I want another panel of experts engaging, as we start putting those shovels in the ground, as we start employing these young people to replace this aging workforce, and to really invest.

When we travel abroad it is embarrassing, the way that other countries that we consider not as sophisticated, not as advanced as us, are investing in their infrastructures, their rail, their roads. And here we are in America, sitting around, still kicking the can. It is time to go to work.

Thank you, I yield back.

Mr. GRAVES OF MISSOURI. Mr. Westerman.

Mr. WESTERMAN. Thank you, Mr. Chairman, and thank you to the witnesses for being here today.

We know that all roads lead to somewhere. And there is a lot of talk about urban and rural, but really, the roads connect our urban societies and our rural societies together. And our urban areas—in fact, a lot of them here on the east coast—are highly dependent on rural roadways to get goods and services to the population centers, and also to move manufactured products out of cities and across the country. We all understand the importance of that.

Mr. McKenna, your State of Missouri is to the north of Arkansas. You have got Interstate 49 that runs along the western side of Missouri, up to Kansas City. Interstate 49 is a connector between New Orleans and Kansas City. The remaining undone part of Interstate 49 happens to be in my district.

Can you talk a little bit about the importance of completing these projects, and how the—even though you have got this beautiful highway from the—really, from Fort Smith, Arkansas, all the way up to Kansas City, and from Ashdown, Arkansas, down to New Orleans, what having that two-lane, curvy road undone means to the rest of the transportation on Interstate 49?

Mr. MCKENNA. Thank you, Representative. Great question. As you mentioned, we have about 5 miles of interstate to complete, kind of a combined project between Missouri and Arkansas. And it shows we are not complete, even with the build-out of the interstate system in its original capacity.

But the benefits to the region itself, a substantially growing region in that part of the country. And the movement of freight and the movement of people and the economic well-being of that region is critically tied to that particular project completion.

You know, we are some $35 million to $40 million away from that completion point of the I–49 project. When we allocate limited resources, both States have—for 30 years, one State has had the funding and been ready, and another State hasn't. And we have traded places in funding a couple times. It is frustrating for us, I know it is frustrating for you in your region. But these are the types of investments that can go a long way to really connect the people of the region, as well as beyond the region—as you said, going all the way to New Orleans.

Mr. WESTERMAN. And really connecting to the rest of the world through the ports there in New Orleans.

Do you believe the Federal Government gives an honest look at the entire system when they are designating funds for these new projects? Or do you think there could be improvements there?

Mr. MCKENNA. Well, the main issue is the amount of money coming in to the top. You know, what we have in the region, we look at it and have discussions frequently that we have equitably distributed dissatisfaction throughout the whole system, that we are fair in our allocation, it is just not enough being allocated.

We try to make the best decisions we can, but we are focused on critical maintenance and taking care of existing system and preservation beyond expansion at this point right now, and we need both.

Mr. WESTERMAN. OK. And shifting gears a little bit, we are talking about different kinds of funding streams. I know, from serving in my State legislature, that in Arkansas, at least, State and local taxes are collected on construction materials on projects that are funded with Federal dollars.

Now, Mr. McKenna, I think Missouri has an exemption for that, where they exempt construction materials from State and local taxes. But since the communities where these infrastructure projects are built benefit from the infrastructure projects themselves, do you think it would be fair to ask State and local entities not to collect taxes on construction materials for projects that are funded with Federal dollars?

And I would like to ask Mr. Roberts that question, as well.

Mr. McKENNA. We have a local cost share so that communities can actually leverage local taxes. And what we have seen are communities have actually invested those in the Federal system, in the State system, beyond their local municipalities. So we see a counteraction that occurs, so it balances it out.

Mr. WESTERMAN. But ultimately, those State and local taxes are being paid with Federal tax dollars if it is on a federally funded project.

Mr. Roberts?

Mr. ROBERTS. Yes, sir. I am not familiar with a location where the materials that we put into our projects are not taxed at the local level. So that would be surprising to me. So——

Mr. WESTERMAN. So one proposal that I may put out there is to exempt construction materials from State and Federal taxes when Federal tax dollars are funding those projects, so you have more money going for concrete and asphalt and bridges, rather than going into State and local tax coffers.

I yield back.

Mr. GRAVES OF MISSOURI. Mrs. Napolitano.

Mrs. NAPOLITANO. Thank you, Mr. Chairman, and thank you for holding a hearing on the critical need to increase investment in transportation infrastructure. And I am proud to join you and Ranking Member Norton and 253 of our bipartisan colleagues in sending a letter to the Ways and Means Committee, urging them to fix the Highway Trust Fund revenue problem in order to provide sustained and sufficient funding for our transportation.

Thank you to all the witnesses. Your testimony highlights the need for robust funding, both maintaining our existing infrastructure and new projects to address congestion, safety, and efficiency.

I particularly want to thank Mr. Roberts, from California. I often see the crews along the highways that I go almost on a daily basis when I am home, and I appreciate the dangerous work you do, and colleagues who are in transportation and the building trades.

Your testimony highlights the American Civil Society of Engineers report card that our Nation's roads have a D and our Nation's transit system a D-minus. American Society of Civil Engineers note that there is an $836 billion—billion—backlog of highway and bridge capital needs, with an additional $123 billion backlog for bridge repair, a $90 billion backlog on transit maintenance.

I am proud the California Legislature worked to address the transportation funding gap by passing SB–1, the $5.2 billion per year transportation spending package for 10 years. It passed on a bipartisan basis, two-thirds of our legislators voted for it. Signed by the Governor in April. But now some of our colleagues are challenging in court.

Surprisingly, they are pursuing a ballot measure to repeal this important transportation funding. I ask unanimous consent, Mr. Chair, to insert into the record letters from California—Fix Our

Roads Coalition and the Transportation Construction Coalition—opposing repeal of SB–1.

Mr. GRAVES OF MISSOURI. Without objection, so ordered.

[The two letters follow:]

September 14, 2017

The Honorable Kevin McCarthy
2421 Rayburn House Office Building
Washington, DC 20515

Dear Congressman McCarthy:

We have become aware that consideration is being given to sponsoring an initiative to repeal SB 1, a measure passed by the California State Legislature earlier this year to increase funding for state and local transportation programs and projects.

We appreciate that your primary goal is to protect all incumbent Republicans and increase the number of Republicans in the House as well as other elected bodies. We would not expect you to have any other fundamental objective.

However, a strategy to use an initiative to repeal SB 1 to reach your goal may be counterproductive to your objectives. Fundamentally, any attack on SB 1 amounts to an attack on improving our badly-deficient transportation system, endangering our economic growth and competitiveness, and increasing unemployment.

With so much at stake, our organizations will have no option but to mount a robust and powerful effort in opposition to this initiative, using the voices of California's business community to counter your efforts. We don't think your objective is to create new political adversaries.

The expected funding from SB 1 is critical to California, if it remains intact. Attached is a spreadsheet of transportation funding that will be sent to the cities and counties in your district to improve local streets and roads, state highways, and invest in local job-creating transportation improvement projects.

Rather than enter into a battle that is likely only to be a distraction from your primary objective and self-defeating, we would like to engage you in a conversation to discuss the pitfalls of this approach. Our polling tells us that the transportation package funding is more popular than may be perceived and, of course, by the time voting occurs, work all over the state to improve our transportation system will actually be underway.

As principal stakeholders in this matter, we would like to meet with you to discuss the issue and the political consequences involved before you decide on a course of action.

Thank you for your attention to this matter, we look forward to a dialogue.

Brad Diede, Executive Director
American Council of Engineering Companies California (ACEC California)

Tom Holsman, CEO
Associated General Contractors of California (AGC California)

Lucy Dunn, President & CEO
Orange County Business Council

Gary Toebben, President & CEO
Los Angeles Area Chamber of Commerce

Michael Quigley, Executive Director
California Alliance for Jobs

Gary W. Hambly, President & CEO
California Construction and Industrial Materials Association (CalCIMA)

Carolyn Coleman, Executive Director
League of California Cities

Mary Rotelli, Chief Operating Officer
Teichert Construction

Brock Lodge, President, Western Division
Vulcan Materials Company

Jim Wunderman, President and CEO
Bay Area Council

Russell W. Snyder, CAE, Executive Director
California Asphalt Pavement Association (CalAPA)

Sallie Houston, President
Western Regional Association for Pavement Preservation (WRAPP)

Matt Cate, Executive Director
California State Association of Counties (CSAC)

Roger Dickinson, Executive Director
Transportation California

Jim Roberts, President & CEO
Granite Construction

John Hakel, Executive Director
Southern California Partnership for Jobs

Stuart Waldman, President
Valley Industry & Commerce Association (VICA)

Eddie Sprecco, Chief Executive Director
Associated General Contractors, San Diego Chapter

Emily Cohen, Executive Vice President
United Contractors

Tracy Hernandez, Founding CEO
Los Angeles County Business Federation

TRANSPORTATION CONSTRUCTION COALITION

We're Building A Better America!

American Road & Transportation Builders Association (co-chair) ■ Associated General Contractors of America (co-chair) ■ American Coal Ash Association ■ American Concrete Pavement Association ■ American Concrete Pipe Association ■ American Council of Engineering Companies ■ American Subcontractors Association ■ American Iron and Steel Institute ■ American Society of Civil Engineers ■ American Traffic Safety Services Association ■ Asphalt Emulsion Manufacturers Association ■ Asphalt Recycling & Reclaiming Association ■ Associated Equipment Distributors ■ Association of Equipment Manufacturers ■ Concrete Reinforcing Steel Institute ■ International Slurry Surfacing Association ■ International Association of Bridge, Structural, Ornamental and Reinforcing Iron Workers ■ International Union of Operating Engineers ■ Laborers-Employers Cooperation and Education Trust ■ Laborers' International Union of North America ■ National Asphalt Pavement Association ■ National Association of Surety Bond Producers ■ National Electrical Contractors Association ■ National Ready Mixed Concrete Association ■ National Steel Bridge Alliance ■ National Stone, Sand and Gravel Association ■ National Utility Contractors Association ■ Portland Cement Association ■ Precast/Prestressed Concrete Institute ■ The Road Information Program ■ United Brotherhood of Carpenters and Joiners of America

For More Information:
202/289-4434 (ARTBA)
703/548-3118 (AGC)

September15, 2017

Dear Leader McCarthy:

On April 28, 2017, Senate Bill (SB) 1, the Road Repair and Accountability Act of 2017 was signed into law. This legislative package invests $54 billion over the next decade to fix roads, freeways, bridges and public transit in communities across California. SB 1 would provide a 50-50 split between state and local projects and is consistent with the Trump Administration's call for state and local governments to meet their respective transportation needs.

While, passing SB 1 took political courage, there are some in California who are calling for a repeal of SB 1 to be on the ballot in November 2018. In fact, it has come to our attention that members of the California Republican delegation are considering formally supporting such an effort. The Transportation Construction Coalition joins with our California affiliates in vigorously opposing such ballot efforts and encourages you and your fellow Republicans to do the same.

California, like 25 other states, has increased funding for their transportation infrastructure needs in the absence of a long-term federal commitment to addressing the structural imbalance plaguing the Highway Trust Fund. Our nation's transportation funding challenges are well documented and the only way to address them is to increase funding at all levels of government while also encouraging greater private investment where appropriate. Repeal of SB 1 is ill advised and ignores the transportation infrastructure needs of California.

Thank you for your consideration of this matter.

Sincerely,

The Transportation Construction Coalition

Mrs. NAPOLITANO. Mr. Roberts, can you discuss the infrastructure challenges facing California? And do you believe SB–1 is needed to address those challenges? How many jobs does SB–1 create in California, and what would be the impact in repealing SB–1 on our State's economy?

Mr. ROBERTS. Yes, ma'am, I would be happy to, because I think that SB–1 was probably one of the biggest legislative actions that I have seen in many, many years in the State of California.

Mrs. NAPOLITANO. Finally.

Mr. ROBERTS. The backlog of work in California, as I mentioned before, is in excess of $100 billion, itself, in the State of California. It has been continually underfunded. And actually, in the last several years, it has been reduced, which is a tragedy. And I think that what is happening in the State of California is a microcosm of what is happening across the country.

And so, I want to go on record and make clear that the legislature stood up and did what we are hoping our Federal Government will do, as well. And they used, as you suggest, a bipartisan approach to it, brought in discussions for several years. The Governor, the leader of the State of California, put together the program at the end.

They used a host of fees, and I think this is the important part. They did not focus just on gas tax. It has gas taxes, it has diesel tax, it has registration fees for electrical vehicles, for hybrid vehicles. So it used a host of opportunities, which we have been talking about all day here this morning, relative to making sure that we diversify the opportunity to create the funding mechanism.

I think it would have been just absolutely devastating, or will be, if any kind of a repeal effort is successful, because today in California we are in gridlock.

And there was a question asked earlier about the—this does not address congestion. Well, it does address congestion. It doesn't address large expansion. But part of the congestion problem that we have across the country is the fact that we haven't properly maintained the systems that we have today.

Mrs. NAPOLITANO. For years.

Mr. ROBERTS. Which is a significant issue in itself. And this is why I said previously that if you don't maintain what you have to begin with, you should not be putting more in place, because you are not going to maintain that properly, either.

I am excited also with Mrs. Lawrence's comment that the—something of this significance long term—10 years, $52 billion—will create an opportunity for people to move into the business of being in that industry and create careers so they can put money and food on the table for their families, and not just a short-term stimulus, but a long-term, $52 billion program in the State of California that will change the construction industry for decades to come.

So I want to congratulate the legislature and the Governor for what I think is one of the biggest and strongest acts they have done in years.

Mrs. NAPOLITANO. Thank you very much. That is very true. And we are looking forward to more funding and to expansion of our freeways, because some of them are, well, more than 50 years old, and they are falling apart and not able to handle the type of transportation that is currently needed to get to work, get to deliver, and do all the other things.

I find it sad that it took me—I was working for Ford Motor at the time—it took me 17 minutes from my house to my job back 20 years ago. Now it takes me an hour and a half.

So it is important that we address the congestion. But also keep in mind that we need to address the backlog, the operation and maintenance, so that we have enough funding in reserve to be able to take care of that also.

Thank you very much. I yield back, Mr. Chair.

Mr. GRAVES OF MISSOURI. Mr. Woodall.

Mr. WOODALL. Thank you, Mr. Chairman. I want to talk about what we can do to restore some taxpayer confidence in the system.

Mr. Booker, I think about all your members that we see out there working hard every day of the week. I mean we have all had constituents call with those stories, "Dadgumit, Rob, I see 3 guys working, I see 40 guys standing around. I just don't understand it."

I have got a little 2½-mile stretch of road in my district. Preliminary engineering started on that road-widening project back in 2005. Folks have been seeing orange cones out there for a decade. They want to know what in the world is going on. Why can't we get something done?

What Mr. McKenna knows is that Russell McMurry, who leads our State DOT, presided over a project when the I–85 bridge burned down and collapsed in Georgia, three spans of bridge—not a square bridge, but a parabola of a bridge there, and we replaced it in 6 weeks. I didn't have one Tea Party, one conservative, one taxpayer advocate, I didn't have one constituent call and tell me they were angry about the $3 million performance bonus that we gave to C.W. Matthews for getting that job done 6 weeks—not just a 6-week project, but 6 weeks early on a 12-week project, and delivered what taxpayers believe was a value for their dollar.

So you all represent a different facet of the industry. I tell that story all the time because it tells me what we can do together, a Democratic mayor, bipartisan regional commission, Republican Governor, all coming together to make those things happen.

What is the story in your space that you would have me retell to tell folks, you know what? If you trust us with another $10 billion or $20 billion in trust fund, we are not just going to flush it down the toilet, we are going to get you real value for real money? Who has got a—who has got something to lift me up today?

Mr. McKenna.

Mr. MCKENNA. Yes, I will give you two examples, Representative.

Number one, in Missouri we have the same circumstance. We had major flooding in the spring. We had 384 roads closed. Our maintenance crews and our construction partners had 300 of those opened in 5 days. We are down to just three, and those will be complete by the end of this month. All 384 roads will be opened within 6 months of being closed.

We also have a record of achievement: 4,661 construction projects have been completed by Missouri DOT and our construction partners in the last 10 years, 94 percent on time or early, and 7 percent under budget. That is $1 billion in savings, and that has gone right back into the construction program——

Mr. WOODALL. Seven percent under budget?

Mr. MCKENNA. Seven percent.

Mr. WOODALL. Mr. Booker.

Mr. BOOKER. I would look to a project in Georgia at Plant Vogtle, where we are building two new nuclear units, units 3 and 4, in Waynesboro, Georgia. Not an easy place to get to.

We got 4,000 construction workers that go to work there every single day. I spent more time than I probably should have down on that job site. And when you go around and you meet with them, whether it is on that project or any other project, our members, the construction workers, they want to work. They don't want to sit around. You know, the worst thing you could do on a 10-hour shift is only be busy for 4 hours.

So our partnership with our contractor partners, how do you—your work, how do you manage that day, how do you do that? And if you go down to Waynesboro, you are going to see 4,000 people come out of the project every day. They can look behind them, see that they are building the future power for this country, and they are proud of what they are doing every day.

Mr. WOODALL. We thought they were going to be trendsetters. It remains to be seen, whether that comes to fruition.

Mr. BOOKER. I still think they will.

Mr. WOODALL. Mr. Rogoff?

Mr. ROGOFF. Well, I would point to projects that are really transformative, and I would give you this example.

We are surrounded by both water and mountains in the Puget Sound region. And, as a result, we can take a lot off of a person's commute by having them avoid either the mountains or especially the water.

So we just opened two additional stops about a year ago this past March that serve a neighborhood called Capitol Hill and Huskies Stadium, where the Washington Huskies play at the southern end of the university campus. We are continuing to go north from there.

The ability to avoid the waterways and the roadways that have to hug those waterways meant that just that two-stop segment meant that for many people the trip to the heart of downtown Seattle went from more than 20 minutes on a good day, and could be 40 minutes on a bad day, to 8 minutes. It has completely changed commuting patterns. Our light rail ridership spiked beyond our expectations, from 70, 80 percent with just two stops. It was a lot of money, it took a lot of time. But, boy, it has transformed that region.

Mr. WOODALL. Yes, I think about the elected officials who put the Hartsfield-Jackson Atlanta International Airport in, over a lot of objections, 45 years ago now. It transformed the city of Atlanta in ways that no one could have ever imagined.

And I see the Trucking Association sitting on the back row. Their members are willing to pay more, because they see the difference it makes in their day to maintain the roadways.

I hope, as we go on, you all will partner with me with those stories. It makes all the difference in the world when you feel like you are on a winning team instead of on a losing team. And I know folks who are proud to show up to work every day. I want the taxpayers to be every bit as proud of that work that is going on. Your members deserve that, your industry deserves that, and I think we can do that together.

I thank you all for being here today.

I yield back, Mr. Chairman.

Mr. GRAVES OF MISSOURI. Mr. Johnson.

Mr. JOHNSON OF GEORGIA. Thank you, Mr. Chairman, and thank you, gentlemen, for your appearance today and for your testimony.

Many people voted for Donald Trump because he promised to make American great again by growing the economy and creating high-paying, middle-class jobs by rebuilding America's crumbling infrastructure. Isn't that correct, Mr. Booker?

Mr. BOOKER. That is correct.

Mr. JOHNSON OF GEORGIA. And, Mr. McKenna, do you believe that we can make America great again by rebuilding our roads, bridges, and tunnels, if we replace real Federal gas tax revenues with public-private partnerships?

Mr. MCKENNA. I believe it requires we do both.

Mr. JOHNSON OF GEORGIA. Do you believe that public-private partnerships alone can do it?

Mr. MCKENNA. When I look to my left on this panel, public-private partnerships have existed in transportation for over 100 years. States, the Federal Government, and our construction industry, it is already in place.

Mr. JOHNSON OF GEORGIA. Well, recently the Washington Post and the Wall Street Journal reported that President Trump stated that he no longer believes that public-private partnerships will solve our infrastructure funding needs. Do you disagree with President Trump?

Mr. MCKENNA. I believe it is part of a tool in the toolbox. It is a procurement method, it is not necessarily a funding method. It is one of the tools that might help particular projects in particular regions of the country.

Mr. JOHNSON OF GEORGIA. Well, my colleague from Illinois, my good friend Representative Davis, asked you all to raise your hands if you believe that raising the gas tax alone will take care of the problems with the Highway Trust Fund. And it was duly noted that no one raised their hand. And none of you on the panel raised your hand.

I want you to raise your hand if you believe that the Federal gas tax will remain viable for fixing our crumbling infrastructure, given the fact that we have 253 million gas-powered vehicles on the roads in the country today versus only 540,000 electric vehicles. Raise your hand if you believe that the tax, the Federal gas tax, will remain viable to fix our crumbling infrastructure.

Mr. ROGOFF. I am struggling with "remain viable."

Mr. JOHNSON OF GEORGIA. I see four out of five, with the transit guy not raising his hand, and I would love to ask him about that in a second—probably for a reason unrelated to the answer to the question. But I want you—so the record reflects, you all believe that the gas tax is going to be viable.

Now raise your hand if you believe that the gas tax should be increased. And I see three—I see four—I see three, I see four. I see a maybe out of one of the fours.

Mr. McCarty.

Mr. MCCARTY. Yes, and the reason I am hesitant is because I think it has to be part of an overall solution. It can be part of a package——

Mr. JOHNSON OF GEORGIA. And that is not my question. My question is whether or not you believe that—since 1993, gas tax has been at its current rate. Do you think it should be increased? That is my only question. And you did raise your hand, so do you wish to retract it at this time?

Mr. MCCARTY. No. I think it has to be part of the package. As I said, we are looking for something that is sustainable, long-term. And, you know, fuel tax will be one of those things that we have to do.

Mr. JOHNSON OF GEORGIA. All right. And so, Mr. Rogoff, would you please solve this mystery for us, why you did not raise your hand on the question——

Mr. ROGOFF. Well, it is in part policy and it is part parochial. As I pointed out earlier, the State of Washington has just increased its gas tax, the second increment of it of a $.12 gas tax increase. I work for a board of 18—17 elected officials. They do not, as I know, have a position on raising the gas tax.

I would say this. Importantly, transit is funded from a mix of trust fund dollars and general fund dollars. And in my written testimony I talk about how the need for transit expansion in America requires that we revisit the mix between programs. But I don't believe that all of the problems will be handled by a gas tax increase, and I think we probably should address the problems on a comprehensive basis, perhaps some combination of fuel taxes.

I have also talked about the fact that Washington State is one of the few States that is actually piloting vehicle user charges. I think the committee needs to take a hard look at what will be sustainable, because the one thing you will hear unanimously from this panel is everyone wants sustainability and predictability in the program.

Mr. JOHNSON OF GEORGIA. And thank you for that response. But I will ask whether or not these vehicle user fees are sufficient in rural areas.

Mr. ROGOFF. I think the debate, actually, often goes in the other direction, which is to say rural users use the roadways more, by definition. And how long it will take a rural resident to get to church or a shopping center versus an urban resident. The concern I have heard is that vehicle user charges can work a hardship on rural America. So I do not know that it would necessarily work in that case.

Mr. JOHNSON OF GEORGIA. Thank you. I yield back.

Mr. GRAVES OF MISSOURI. Mr. Larsen.

Mr. LARSEN. Thank you, Mr. Chairman. Being not on the subcommittee, but being allowed to participate, I much appreciate that. And under the committee rules, if you are not on the subcommittee, you are last. So I also appreciate what it was like to be a freshman once.

[Laughter.]

Mr. LARSEN. So I will remember that one day, the value of a 5-minute rule.

Mr. Rogoff, as you know, I am one of those voters who voted for the variety of taxes that we raised for the Sound Transit 3, or ST3, as we call it. And one of the issues that came up during that debate was about the Federal obligation that we weren't going to do all of it, that taxpayers weren't going to carry all of this, but were certainly going to carry most of it. There was an expectation there would be a Federal obligation, but it was not going to be the full burden, or half the burden.

So now we are in this debate with the 2018 budget, moving forward, for ST2, completion of ST2. Can you just—how are you handling the uncertainty of the 2018 budget, then, that says the Federal obligation may not be there to move forward?

Mr. ROGOFF. Well, in a variety of measures we are first evaluating for the benefit of the Sound Transit board what our financing options would be. We have said definitively that we will get to Lynnwood, just as we will get to Federal Way and beyond, on to Everett and on to Tacoma, on to Redmond.

I think the concern is that the Federal partnership leave, thus requiring local taxpayers to pay far more and, in so doing, delay the project. We have already had to delay the delivery date for getting to Lynnwood from 2023 to 2024, and that was, in part, because of the uncertainty surrounding whether we will get a full funding grant agreement, and the timeframe in which we might get it.

This recent appropriation cycle is a very good example. We were not successful in the House appropriations bill in securing dollars for Lynnwood. There is some funding in the Senate bill that we believe Lynnwood would be eligible for. And so we have to really watch the needle carefully, watch each step in the process, work with the FTA, work with our delegation, work with other transit agencies like ours.

This is not just about Sound Transit; there are a number of other transit agencies around the country that similarly expect continued Federal partnership. It was reasonable for them to do so. No one expected the administration to completely turn off the funding spigot, as no administration has done in the last five that I have worked with.

But we are looking at our financing options, while working very hard with Members like yourself and the rest of the delegation in trying to move forward with a reasonable Federal cost.

Mr. LARSEN. Yes. So, just to put some perspective on that, again, the Federal Government turning off the Federal funding spigot, but the local taxpayers spigot is still running.

Mr. ROGOFF. Absolutely.

Mr. LARSEN. Their obligation is still going with an expectation that there will be some help.

Mr. ROGOFF. It is precisely what we told the voters. And, you know, you heard me earlier complain about being called out in the President's budget as reasons to terminate the Federal participation. They also called out Los Angeles, they also called out Denver, the fact that all three of our regions passed local tax measures to fund transit. But the reality is all three of those had an expected Federal component when we brought that to the voters.

Mr. LARSEN. An expected Federal component that you had actually already talked to the Federal authorities about.

Mr. ROGOFF. Well, in the case of Lynnwood, we have already been admitted into the engineering phase, with a commitment of $1.174 billion. I mean this was laid out. And that is why the President's budget proposal came as, you know, more than a shock.

Mr. LARSEN. Yes. You use TIFIA quite a bit, and that is—in the FAST Act I think we expanded the use of TIFIA as a nondirect Federal funding mechanism. Can you just talk briefly about how you use TIFIA as a tool?

Mr. ROGOFF. Sure——

Mr. LARSEN. A valuable tool?

Mr. ROGOFF. TIFIA is a very valuable tool, especially for agencies that have strong credit. And we pride ourselves—we believe we may have the strongest credit rating of any transit agency in the country.

We use TIFIA to lower the cost of borrowing to the taxpayers. So we have, we believe, what may still be the only master credit agreement with the DOT for four separate TIFIA loans wrapped into one agreement. That, by itself, over the course of those four loans, will save the taxpayers at Puget Sound between $200 million to $300 million in borrowing costs.

It is a great tool——

Mr. LARSEN. What portion of that is mine and my wife's?

[Laughter.]

Mr. LARSEN. Just kidding, just kidding.

Mr. ROGOFF. I would have to divide it across all regional taxpayers, but it benefits everyone.

Mr. LARSEN. Yes, great.

And then finally, I will just note when the I–35 bridge collapsed—and this is for everyone, I think, for the record, if you can get back to us—when we had the I–35 collapse in Minneapolis, that sort of triggered Congress, when we did the next transportation bill, to write into the emergency bridge funding provisions in that next bill some emergency permitting procedures, which were first then used when the Skagit River Bridge collapsed in my district. And they were used in Georgia, as well, I think, as part of that collapse.

Is there, from your perspective—and again, for the record, are there provisions in that emergency set of provisions for emergency bridge repair that can be maybe used as a lesson for some permitting streamlining as we are—you know, as we try to craft a bill and look at permit streamlining?

If you can come back to us for the record on that from the five of you, I would appreciate it. Thanks a lot.

Thank you, Mr. Chairman.

[The American Association of State Highway and Transportation Officials' response to Hon. Larsen's request for information is on page 65. The response from the Transportation Construction Coalition is on pages 90–91.]

Mr. GRAVES OF MISSOURI. I have got a question for—it is a little parochial—for Mr. McKenna, but for the committee overall.

Missouri has received grants for the surface transportation alternative funding program for 2016 and 2017, and I would be curious—or if you could tell the committee, too, what the progress is, and how that is moving along, and what your thoughts are.

Mr. McKenna. Thank you, Mr. Chairman. Yes, we did note that, as part of the FAST Act, there was $95 million available for looking at alternatives to the fuel tax. We felt that our neighbors to the left and the right were doing a pretty good job of investigating vehicle miles traveled, and we wanted to look at something else. So we are looking at, in Missouri, the notion of a fuel economy-based adjustment to a registration fee as another tool in the toolbox, as another means of strengthening our own revenue base in Missouri.

So the first round of the grant—we received a small grant, $250,000, to study the demographics of the registration database, and that has gone very well. We should be done with that in December.

We did just get the very good news that we have received another grant the next round, which is about $2.7 million, and we are going to be taking information we have gained from the first round, and we are looking at the registration database in the State, and looking to implement that type of registration fee. It would be a big upgrade for the State.

Mr. Graves of Missouri. We had a lot of talk about, obviously, solvency of the trust fund, moving forward. And I know Mr. Shuster and I both believe that we are going to have to do something different, because the gas tax is extraordinarily regressive and it is going to get more so and more so and more so. So we are very interested in alternatives that we can look at, moving forward.

Second round? I know Mr. LaMalfa has a question.

Go ahead, and then Ms. Norton wants to finish. Go ahead, Mr. LaMalfa.

Mr. LaMalfa. Thank you again, Mr. Chairman. I appreciate that.

I just wanted to clear out what a couple things meant for California on SB–1. It was called a bipartisan bill. There are 120 California legislators during the assembly in the senate. One Republican voted for SB–1 in the senate. So if you want to call that a bipartisan bill, I don't have a lot to say about that. But—and that individual is termed out and got a railway project for that individual's district.

So under what is known as "hashtag fix our roads," 30 percent of the funding of SB–1 is going to go for other things besides roads like rail, transit, bikeways, pedestrian paths, parks and recreation, university research, workforce development programs.

So when we go to the well and ask—you don't even ask the taxpayers, because they do have a couple ballot measures they are looking at in California, maybe they will get asked—tell the taxpayers to pay more for their roads, and you have 30 percent going for other things, and it isn't bipartisan, you are really going to run into more problems coming back into DC and telling California legislators to try and vote for a new deal to foist more upon them.

You know, again, $.20 in diesel tax on top of what truckers are already paying, and yet truckers are not going to see any improvement from the new tax for their ability to move goods up and down the system.

Families probably see about a $500 increase, total cost per year, if they are a multivehicle family and have any work or school to get their kids to. So, you know, there are real costs involved as we sit here and talk about increasing vehicle tax and fuel tax and—on everybody, whether it is a Federal or State project.

And finally, they had to even change the ballot summary, because of the way it was rigged by the attorney general in California. He went to court and they had to change the misleading ballot summary of what—getting ready to qualify, or I think has qualified to go in front of the voters.

So there is a lot of funny business with what is being placed in front of them, and they can't be honest about what it does.

So, that said, when we are talking about the—who is going to bear the cost of the burden of paying for additional roads into the Highway Trust Fund or what have you, the issue of electric cars has come up a couple times on the panel here. In California's bill there is an increase for $100, because you can't track fuel costs for electric cars. It doesn't even kick in until 2020 for the electric vehicles in California—$100. Meanwhile, everybody else is going to be paying $175, or approximately that, plus the gas tax. So we can't even seem to even out the burden on electric vehicles.

But let me throw this to Mr. McKenna here. You know, as talking about getting more into the trust fund, with the increasing numbers of electric vehicles and hybrids and such, and subsidized by State and Federal money, sometimes several thousands of dollars of these due to the incentives to buy those vehicles, they contribute a small fraction of what the cost is for using the same roads.

So what do you see, Mr. McKenna, across the board, besides California, delayed until 2020, $100? What are you seeing in other States to try and have these vehicles that are wearing out the highways and roads the same as others, but not paying any part of that burden?

Mr. MCKENNA. Thank you for the question. That is actually what we are trying to address with the grant program that Chairman Graves mentioned. We are looking at a fuel economy adjustment to the registration fee.

So if I am receiving 40 miles per gallon on my vehicle, and you are receiving 20, and we both drive 10,000 miles, you are paying double what I am. Our attempt, through this grant program, is to look at the ability to create a registration fee that would balance those two. So, in fact, all users would be paying the same.

Mr. LAMALFA. OK. On one hand, that is funny, because we have been cajoled and pushed and prodded into driving smaller, more fuel-efficient vehicles and all that, and then, now that the money is running out of the trust fund, it is going back the other way. So how people that watch what we do, either at the State level or the Federal level, wonder what the heck they are supposed to do, it has got to be pretty confusing.

So, with that, Mr. Chairman, I will yield back. I appreciate the extra time.

Mr. GRAVES OF MISSOURI. Thank you.

Mr. Graves from Louisiana.

Mr. GRAVES OF LOUISIANA. The other Mr. Graves. Thank you, Mr. Chairman. I appreciate it, and I want to thank you very much for having this hearing.

I want to thank you all for being here today. I apologize I had to step out for a good bit of the hearing, but I did hear your testimony earlier.

As we move forward in building an infrastructure package, I think something that is really important is for us to look at where we are spending infrastructure dollars today, as a Federal Government. And I can go through and name various programs through, obviously, agencies like Department of Transportation, the Corps of Engineers, but many other agencies that are spending billions of dollars that I think are perhaps a bit off the radar, agencies like Department of Agriculture, FEMA, Department of Commerce, Department of the Interior, HUD, and many others.

Do any of you have experience in using multiple funding streams in advancing an infrastructure solution that you are working on? Does that question make sense? Meaning integrating various Federal funding streams to build a transportation project in your State.

Mr. MCKENNA. Yes, Representative. We actually use multiple funding streams for almost every construction project we do, large or small. So a combination of Federal, State, and local funds. We have a cost-share program that can leverage local transportation development district sales taxes.

Mr. GRAVES OF LOUISIANA. Let me see if I can clarify my question. Certainly you are going to be integrating State and local funding streams with Federal, because there is a cost share on many of these programs. Have you brought other Federal streams to the table?

Mr. MCKENNA. We do try to work with resource agencies. I can't think of any specific ones right now, but I know we have done that, and I could provide some for the record.

Mr. GRAVES OF LOUISIANA. I would appreciate it. Could anyone else——

Mr. ROGOFF. Sure. We certainly have combined dollars from the Federal Transit Administration with things like CMAQ dollars, congestion mitigation air quality——

Mr. GRAVES OF LOUISIANA. Sure.

Mr. ROGOFF [continuing]. Dollars from the Federal Highway Administration.

I think what you will often see is dollars from other agencies pay for some of the augmentation that surrounds our projects like CDBG [Community Development Block Grant] through HUD, and the kind of redevelopment a community might do around a rail station. It is part of an overall build-out of a structure, but they might be considered segmented projects.

Mr. GRAVES OF LOUISIANA. Yes, thank you. And, Mr. Chairman, as we move forward and continue having discussions about infrastructure, I just think it is critical that we have a clear inventory of various Federal efforts that are underway now, under all these different agencies, that are advancing different infrastructure objectives and, in many cases, I think perhaps objectives that aren't as high priority as others. If we are spending money and making up something, if we are building recreational opportunities in some States using an infrastructure pot, is that really advancing a Federal objective?

A lot of people, when you talk infrastructure package, I think are expecting to see this rain of Federal dollars that are going to come in to States. I think one of the first things we need to do is get an inventory of where we are spending dollars now, and a better understanding of how those dollars are being spent, if they are truly advancing a Federal priority or not, and doing a better job at truly funding projects, or funding initiatives within the Federal Government, as opposed to taking more of a shotgun approach, where we sprinkle dollars out in insufficient amounts all over the United States.

Let me ask another question. Mr. Rogoff, you obviously have a strong transit background. I have ridden on a number of your rail vehicles in the Seattle area. How do you do your planning? You talked about how you are able to project the number of cars coming off roads, and things like that, as a result of different investments you are making. How do you integrate your planning with your State DOT to make sure that you are making complementary investments with your transit dollars as compared to other highway dollars?

Mr. ROGOFF. It is a great question, and we are, frankly, rather proud of our record and how we come at this.

So, first, as I said, we have to go to the legislature to get authority to go to the voters to ask for a revenue increase and a system plan. That was effectively the State highway bill, so we knew what the State's plans were before we then went out to the voters.

We have the added benefit that the State transportation secretary is a member of my board. We work hand-in-glove with them, in part, because a lot of the projects we are running—new rail extensions are actually happening over interstate right-of-way adjacent to either I–5—we are also, literally, building light rail over a floating bridge that is Interstate 90.

So we are working together. In fact, a number of the State DOT staff will now be collocated in our office spaces so we can work even better together. So there are always improvements to make on the integration, but we only want the taxpayers to pay for the benefit once, and we are working very hard to make sure that takes place.

Mr. GRAVES OF LOUISIANA. Thank you.

Mr. Chairman, I have a couple other questions I am going to submit in writing. Thank you very much. I yield back.

Mr. GRAVES OF MISSOURI. Absolutely.

Seeing no other questions, I want to thank all of our witnesses for being here today and for your testimony.

I would also ask unanimous consent that the record of today's hearing remain open until such time as our witnesses have provided answers to the questions that have been submitted to them.

And I would also ask unanimous consent that the record remain open for 15 days for additional comments and information submitted by Members and witnesses to be included in today's record.

And, without objection, that is so ordered.

And if no other Members have anything to add, the committee stands adjourned. Thank you.

[Whereupon, at 12:35 p.m., the subcommittee was adjourned.]

AMERICAN ASSOCIATION OF STATE HIGHWAY AND TRANSPORTATION OFFICIALS

AASHTO

TESTIMONY OF

Patrick K. McKenna

Director, Missouri Department of Transportation;
Member, AASHTO Board of Directors;
President, Mid America Association of State Transportation Officials (MAASTO)

REGARDING

Building a 21st Century Infrastructure for America: Highways and Transit Stakeholders' Perspectives

BEFORE THE

Subcommittee on Highways and Transit of the Committee on Transportation and Infrastructure of the United States House of Representatives

ON

Wednesday, October 11, 2017

American Association of State Highway and Transportation Officials
444 North Capitol Street, N.W., Suite 249
Washington, D.C., 20001
202-624-5800
www.transportation.org
info@aashto.org

INTRODUCTION

Chairman Graves, Ranking Member Norton, and Members of the Subcommittee, thank you for the opportunity to provide the perspective of the nation's state departments of transportation (state DOTs) on building a 21st-century transportation infrastructure for America through the proposed infrastructure package from President Donald Trump and Congress.

My name is Patrick McKenna, and I serve as Director of the Missouri Department of Transportation (MoDOT), and on the Board of Directors of the American Association of State Highway and Transportation Officials (AASHTO), and President of the Mid-America Association of State Highway and Transportation Officials (MAASTO). Today it is my honor to testify on behalf of the great State of Missouri and AASHTO, which represents the transportation departments of all 50 States, Washington, DC, and Puerto Rico.

Appointed by the Missouri Highways and Transportation Commission, I began serving as MoDOT Director in December 2015. My responsibility is to oversee all operations for the Department. Prior to my current role, I served as Deputy Commissioner of the New Hampshire Department of Transportation, a role that is chief financial, operating, and legislative officer for the organization.

AASHTO and its member DOTs, like many in the transportation industry, recognize a special opportunity this year to enact a major infrastructure investment initiative given the high degree of interest from the Trump Administration and strong bipartisan support in Congress. As you and the President consider the design of this package for transportation infrastructure, we offer the following recommendations:

- Federal government should look to build upon substantial state and local investment in transportation;
- Future of the federal Highway Trust Fund (HTF) must be secured through a long-term and sustainable revenue solution;
- Infrastructure package must focus its budgetary support on transportation infrastructure given the essential nature of federal funding and oversight compared to other asset classes;
- Direct federal funding is needed instead of only incentives that encourage use of private capital or borrowing;
- Wherever possible, traditional federal authorities should be assigned to states to expedite and streamline project delivery without sacrificing fundamental principles associated with current federal requirements;

- Priority should be given to transportation investments that secure our nation's economic future for the long-term through multi-decade improvements in productivity and quality of life, instead of "shovel-ready" projects which are best suited for a recessionary economic environment, and;

- The existing federal program structure—including highways, transit, and rail—should be utilized since it would enable investments to flow to every area of the country.

FEDERAL GOVERNMENT SHOULD LOOK TO BUILD UPON SUBSTANTIAL STATE AND LOCAL INVESTMENT IN TRANSPORTATION

I would like to first express appreciation to you on behalf of the state DOTs for your leadership, along with your Senate and House colleagues in partner committees, in shepherding the FAST Act in December 2015. The FAST Act represented the first comprehensive, long-term surface transportation legislation since the Safe Accountable Flexible Efficient Transportation Equity Act: A Legacy for Users Act in 2005.

The FAST Act continues to fulfill the Constitutional directive to federal government to investment in transportation as one of its core responsibilities. Yet at the same time, we see ample evidence for ever-growing transportation investment needs from growing population and aging infrastructure stock. According to the US Department of Transportation's (USDOT) *2015 Conditions and Performance Report* to Congress, highway and bridge backlog reached $836 billion and transit backlog reached $122 billion. Similarly, the American Society of Civil Engineers has identified a $1.1 trillion funding gap for surface transportation between 2016 and 2025.

States are answering to this call for action on transportation investment, signified by successful enactment of transportation revenue packages in 29 states since 2012. Many more states, like Missouri, have been and continue to carefully discuss and explore similar measures. Furthermore, USDOT notes in their 2015 report that state and local governments provided 80 percent of $217 billion invested in highway and bridge programs and 74 percent of $43 billion invested in transit programs, compared to 20 percent and 26 percent, respectively, contributed by the federal government.

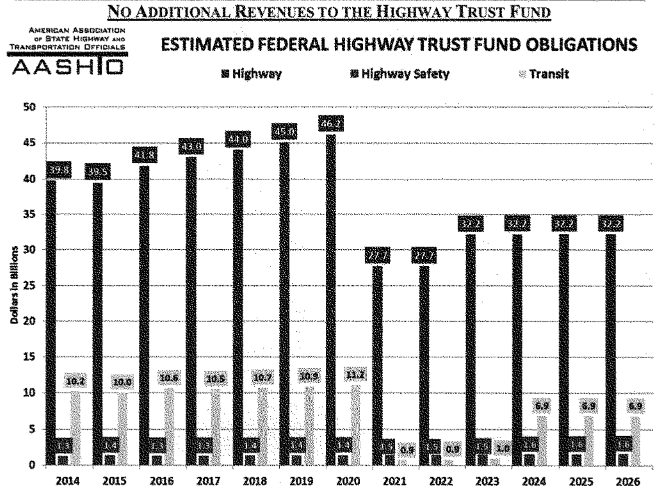
I mention this because AASHTO and its members vehemently disagree with any notion that federal transportation funding displaces or discourages state and local investment. In fact, as evidenced by significant transportation infrastructure investment needs, further strengthening and reaffirmation of the federally-assisted, state-implemented foundation of the national program is even more critical now than in the past. The best way for the federal government to lead is to augment substantial state and local transportation investment by ensuring long-term, sustainable federal funding from the Highway Trust Fund, and provide robust direct funding to address highway and transit backlog as part of the major infrastructure package currently under consideration.

FUTURE OF THE FEDERAL HIGHWAY TRUST FUND MUST BE SECURED THROUGH A LONG-TERM AND SUSTAINABLE REVENUE SOLUTION

The FAST Act's authorization of $305 billion for federal highway, highway safety, transit, and passenger rail programs from 2016 to 2020 could not have been timelier in supporting our economic growth and maintaining our multimodal transportation infrastructure. However, it should be recognized that the FAST Act provides only a near-term, though absolutely necessary, reprieve when it comes to federal surface transportation funding. That is because the HTF continues to remain at a crossroads. The HTF has provided stable, reliable, and substantial highway and transit funding for decades since its inception in 1956, but this is no longer the case. Since 2008, the HTF has been sustained through a series of General Fund transfers now amounting to $140 billion. According to the June 2017 projection of the Congressional Budget Office, annual HTF spending is estimated to exceed receipts by about $16 billion in FY 2021, growing to about $23 billion by FY 2027. Furthermore, the HTF is expected to experience a significant cash shortfall in FY 2021, since it cannot incur a negative balance.

Framing this HTF "cliff" in terms of federal highway obligations, AASHTO estimates that states may see a 40 percent drop from FY 2020 to the following year—from $46.2 billion to $27.7 billion in FY 2021. In the past, such similar shortfall situations have led to the possibility of reduction in federal reimbursements to states on existing obligations, leading to serious cash flow problems for states and resulting in project delays. More alarmingly, due to a steeper projected shortfall in the Mass Transit Account, new federal transit obligations are expected to be zeroed out between FY 2021 and FY 2023 excluding any "flex" of highway dollars to transit. Simply put, this is a devastating scenario that we must do all we can to avoid.

ESTIMATED FEDERAL HIGHWAY AND TRANSIT OBLIGATIONS BEYOND FY 2020 WITH NO ADDITIONAL REVENUES TO THE HIGHWAY TRUST FUND



If federal obligations are sharply reduced starting in fiscal year 2021, MoDOT could see a 40 percent reduction in funds which equates to approximately $400 million less for the state. This means Missouri's estimated federal funding in 2020 of $1 billion would be reduced to $600 million in 2021.

To put in context, $600 million was Missouri's average annual federal funding for the Transportation Equity Act for the 21st Century (TEA-21), the surface transportation law from 1998 to 2003. In other words, Missouri's federal funding would be reduced to what it was 15-20 years ago.

While AASHTO is grateful for past efforts to provide General Fund transfers into the HTF, we do not believe that is a viable long-term solution upon expiration of the FAST Act. Given the national policy momentum and support for infrastructure investment and tax reform, now may be that rare and opportune time to finally resolve the structural fiscal imbalance in the HTF.

In order to provide additional HTF receipts to maintain or increase current highway and transit investment levels, there is no shortage of technically feasible tax and user fee options that Congress could consider. We see three general revenue categories for the HTF:

- Raising the rate of taxation or fee rates of existing federal revenue streams into the HTF. Examples include motor fuel taxes on gasoline and diesel (including indexing), user fee on heavy vehicles, and sales tax on trucks, trailers, and truck tires.
- Identifying and creating new federal revenue sources into the HTF. Examples include mileage-based user fee, container tax, driver's license surcharge, vehicle registration fee, imported oil fee, sales tax on fuel, carbon tax, vehicle sales tax, sales tax on auto-related components, and a tire tax on light-duty vehicles.
- Diverting current revenues (and possibly increasing the rates) from other federal sources into the HTF. Examples include customs duties, the Harbor Maintenance Tax, income taxes, and other revenues from the General Fund.

Following is a matrix that demonstrates the breadth of potential HTF revenue mechanisms, including a column that shows an illustrative rate or percentage increase and the associated revenue yield estimated.

MATRIX OF ILLUSTRATIVE SURFACE TRANSPORTATION REVENUE OPTIONS

Existing Highway Trust Fund Revenue Mechanisms	Illustrative Rate or Percentage Increase	Definition of Mechanism/Increase	$ in Billions: Assumed 2014 Yield	$ in Billions: Total Forecast Yield 2015–2020
Motor Fuel Tax—Diesel	15.0¢	¢/gal increase in current rate (approx. 10% increase in total rate)	$6.54	$41.79
Motor Fuel Tax—Gas	10.0¢	¢/gal increase in current rate (approx. 10% increase in total rate)	$13.21	$78.12
Heavy Vehicle Use Tax	50%	Increase in current revenues, structure not defined	$0.55	$3.42
Sales Tax—Trucks and Trailers	10%	Increase in current revenues, structure not defined	$0.33	$2.19
Tire Tax—Trucks	10%	Increase in current revenues, structure not defined	$0.04	$0.23
Potential Highway Trust Fund Revenue Mechanisms	**Illustrative Rate or Percentage Increase**	**Definition of Mechanism/Increase**	**Assumed 2014 Yield***	**Total Escalated Yield 2015–2020***
Container Tax	$15.00	Dollar per TEU	$0.66	$4.26
Customs Revenues	5.0%	Increase in/reallocation of current revenues, structure not defined	$1.80	$11.66
Drivers License Surcharge	$5.00	Dollar annually	$1.08	$6.98
Freight Bill—Truck Only	0.5%	Percent of gross freight revenues (primary shipments only)	$3.07	$19.90
Freight Bill—All Modes	0.5%	Percent of gross freight revenues (primary shipments only)	$3.80	$24.60
Freight Charge—Ton (Truck Only)	10.0¢	¢/ton of domestic shipments	$1.17	$7.54
Freight Charge—Ton (All Modes)	10.0¢	¢/ton of domestic shipments	$1.44	$9.29
Freight Charge—Ton-Mile (Truck Only)	0.10¢	¢/ton–mile of domestic shipments	$1.41	$9.15
Freight Charge—Ton-Mile (All Modes)	0.10¢	¢/ton–mile of domestic shipments	$3.48	$22.52
Harbor Maintenance Tax	25.0%	Increase in/reallocation of current revenues, structure not defined	$0.43	$2.79
Imported Oil Tax	$2.50	Dollar/barrel	$5.76	$37.28
Income Tax—Business	1.0%	Increase in/reallocation of current revenues, structure not defined	$2.79	$18.06
Income Tax—Personal	0.5%	Increase in/reallocation of current revenues, structure not defined	$6.70	$43.36
Motor Fuel Tax Indexing to CPI—Diesel	–	¢/gal excise tax	–	$5.22
Motor Fuel Tax Indexing to CPI—Gas	–	¢/gal excise tax	–	$10.87
Oil, Gas, and Minerals Receipts	25.0%	Increase in/reallocation of current revenues, structure not defined	$2.20	$14.25
Registration Fee—Electric LDVs	$100.00	Dollar annually	$0.01	$0.06
Registration Fee—Hybrid LDVs	$50.00	Dollar annually	$0.17	$1.12
Registration Fee—Light Duty Vehicles	$15.00	Dollar annually	$3.57	$23.11
Registration Fee—Trucks	$150.00	Dollar annually	$1.63	$10.54
Registration Fee—All vehicles	$20.00	Dollar annually	$4.98	$32.21
Sales Tax—Auto-related Parts & Services	1.0%	Percent of sales	$2.32	$15.04
Sales Tax—Bicycles	1.0%	Percent of sales	$0.06	$0.38
Sales Tax—Diesel	7.6%	Percent of sales (excl. excise taxes)	$9.65	$62.50
Sales Tax—Gas	5.6%	Percent of sales (excl. excise taxes)	$24.05	$155.66
Sales Tax—New Light Duty Vehicles	1.0%	Percent of sales	$2.41	$15.61
Sales Tax—New and Used Light Duty Vehicles	1.0%	Percent of sales	$3.46	$22.40
Tire Tax—Bicycles	$2.50	Dollar per bicycle tire	$0.08	$0.53
Tire Tax—Light Duty Vehicles	1.0%	Of sales of LDV tires	$0.33	$2.12
Transit Passenger Miles Traveled Fee	1.5¢	¢/passenger mile traveled on all transit modes	$0.84	$5.45
Vehicle Miles Traveled Fee—Light Duty Vehicles	1.0¢	¢/LDV vehicle mile traveled on all roads	$27.12	$175.58
Vehicle Miles Traveled Fee—Trucks	4.0¢	¢/truck vehicle mile traveled on all roads	$10.93	$70.73
Vehicle Miles Traveled Fee—All Vehicles	–	¢/vehicle mile traveled on all roads	$38.05	$246.31

** Base annual yield escalated using CPI-U.*

Testimony of Patrick K. McKenna
Director, Missouri Department of Transportation
Member, Board of Directors of the American Association of State Highway and Transportation Officials
President, Mid America Association of State Transportation Officials

INFRASTRUCTURE PACKAGE FUNDING SHOULD FOCUS ON TRANSPORTATION ASSETS GIVEN THE ESSENTIAL NATURE OF FEDERAL FUNDING AND OVERSIGHT COMPARED TO OTHER ASSET CLASSES

Our nation's economic competitiveness and vitality can only be achieved when every piece of physical infrastructure works as intended and for the long term. In other words, AASHTO fully recognizes the inherent value and vital nature of assets across a multitude of categories ranging from aviation, dams and levees, ground and water transportation, water treatment, public housing, telecommunications, energy generation and transmission, and social infrastructure.

In framing the future vision for our nation's infrastructure, we support the expansive scope of the assessment currently being undertaken by the Trump Administration. In any cross-cutting policy sphere such as infrastructure, there is no question that successful implementation depends on efficient coordination among many departments and agencies in the federal executive branch. As such, bringing 15 cabinet-level departments under a National Economic Council interagency committee should provide both the necessary breadth and depth to the Administration's infrastructure policy.

Beyond the policy framework, the Administration has also proposed to commit $200 billion in direct federal funding over ten years to provide the fiscal underpinning of the infrastructure package, covering all asset classes. However, the Administration has not yet defined each asset class's share of the promised federal funding support. In answering this question, we believe the ownership structure and existing financing dynamic for various infrastructure asset types must be taken into account.

According to the Bureau of Economic Analysis, in 2015, the private sector owned $40.7 trillion of non-defense infrastructure in the form of fixed assets, while state and local assets totaled $10.1 trillion and federal assets amounted to $1.5 trillion. Of privately-owned assets, $22 trillion in nonresidential assets were composed of pipelines, power stations, railways, factories, satellites, and telecommunications networks. State and local infrastructure included assets such as highways, roads, bridges, schools, and prisons. Federal nondefense infrastructure included assets such as dams, postal buildings, and the air traffic control system. Beyond ownership, we note that certain assets such as telecommunication networks tend to be self-financing whereas the vast share of our nation's roadway miles—especially in rural areas serving as their lifelines—depends on motor fuel tax and other revenues raised throughout the transportation system.

Though the infrastructure package can and should address policy shortfalls relating to regulatory burdens for all asset classes, AASHTO urges both the Administration and Congress to focuses its federal budgetary support on transportation infrastructure given the essential nature of public funding and oversight compared to other asset classes.

DIRECT FEDERAL FUNDING IS NEEDED INSTEAD OF ONLY INCENTIVES THAT ENCOURAGE USE OF PRIVATE CAPITAL OR BORROWING

In further defining federal budgetary support, AASHTO strongly believes that the infrastructure package must focus on direct grant funding rather than federal financing support. This is because financing tools that leverage existing revenue streams—such as user fees and taxes—are typically not viable for most individual transportation projects in the United States. AASHTO's member DOTs appreciate the ability to access capital markets to help speed up the delivery of much-needed transportation improvements, and many states already rely on various forms of financing and procurement ranging from bonding, TIFIA credit assistance, state infrastructure banks, and public-private partnerships, among other tools.

That being said, states also fully recognize the inherent limitations of financing for the vast spectrum of publicly-valuable transportation projects. The reality is that most transportation projects simply cannot generate a sufficient revenue stream through tolls, fares, or other user fees to service debt or provide return on investment to private-sector equity holders. In 2014, such non-direct funding sources amounted to less than 18 percent of total capital outlays.

The state DOTs continue to support a role for financing and procurement tools such as public-private partnerships given their ability to not only leverage scarce dollars, but to also better optimize project risks between public and private sector partners best suited to handle them. But we also maintain that financing instruments in the form of subsidized loans like TIFIA, tax-exempt municipal and private activity bonds, infrastructure banks, and tax code incentives are insufficient in and of themselves to meet most types of transportation infrastructure investment needs we face.

I also would like to draw your attention to the immediate crisis of deteriorating rural infrastructure, including highways, local roads, bridges, railroads, locks and dams, and harbors and port facilities. The lack of attention and underfunding of the nation's rural infrastructure—over many decades—has created a void in the heartland, where access and connectivity for 60 million Americans is in critical need of investment and renewal.

A reinvigoration of investment in rural infrastructure is essential to improving both mobility and quality of life for residents. Rural infrastructure provides individuals the access they need to health care facilities, educational opportunities, and jobs. In addition to moving people, this infrastructure is also critical to moving goods and connecting rural communities to national and global markets. Rural areas remain critical to the nation's economic success through the production and movement of goods such as in agriculture, forestry, energy, manufacturing, fishing, and mining. Improving rural infrastructure connections will ensure these goods can travel efficiently to national and international markets.

The health of our rural communities is inextricably linked to the overall prosperity and continued success of our nation's economy and its ability to compete globally. Therefore, any new infrastructure initiative should focus on the needs of rural America to not only meet the needs of these communities, but to realize its full potential as the economic engine of the nation.

EXPEDITE AND STREAMLINE PROJECT DELIVERY THROUGH ASSIGNMENT OF FEDERAL AUTHORITIES TO STATES

After decades of adding layers upon layers of legislative and regulatory oversight to transportation project delivery, both the FAST Act and the Moving Ahead for Progress in the 21st Century Act (MAP-21) have instituted major programmatic and policy reforms. However, there exists still further opportunity to improve the efficiency and effectiveness of transportation programs and project delivery while remaining responsible stewards of taxpayer resources and both human and natural environments.

AASHTO believes that tremendous benefit can be unleashed by assigning decision-making authorities traditionally assumed by the federal government to those states that both desire them and are willing to be held responsible. Currently, California, Florida, Ohio, Texas, and Utah are participating in the National Environmental Policy Act (NEPA) assignment program made available to all states in MAP-21. Based on our collective experience, specific changes that will make this program both more efficient and attractive to interested states include:

- Simplifying the assignment application and audit process;
- Allowing states to assume all of the responsibilities of the USDOT with respect to engineering and other activities related to environmental review, consultation, permitting or other action required under any federal environmental law for project review or approval, and;
- Allowing states in this program to be solely responsible for the development of their policies, guidance and procedures so long as federal laws and the USDOT requirements and guidance are met.

Beyond NEPA, AASHTO has identified a number of touchpoints where states can make determinations in lieu of seeking Federal Highway Administration (FHWA) approval, including federal funds obligation management, project agreements, right-of-way acquisition, preventive maintenance, repayment of preliminary engineering and right-of-way costs, and credits toward non-federal share, among many other possible areas of current federal oversight.

A recent and highly illustrative example from Missouri is the U.S. Route 54 Mississippi River Bridge replacement. To enable the bridge replacement, this project proposes to fill the "notch" in a federally authorized levee. A provision of the Section 408 permission process requires a written statement from the non-federal sponsor, in this case a levee district, endorsing the proposed alteration. To offset the hydraulic impact of filling the "notch", MoDOT along with the Illinois Department of Transportation committed to provide an opening under the bridge that would convey a 500-year flood event without raising the flood levels. MoDOT eventually negotiated with the levee district to reach agreement on the design flood frequency as proposed.

Without the letter of permission from the levee district, the United States Army Corp of Engineers will not grant the Section 408 permission (the approval process to ensure any alteration proposed will not be injurious to the public interest and will not affect the Corp project's ability to meet its authorized purpose), and subsequently won't issue the Section 404 permit associated with the Clean Water Act.

MoDOT met with representatives from the levee district numerous times in an attempt to resolve the issues, because the cost of additional conveyance would result in a longer bridge and would make it financially difficult to replace. While MoDOT managed to avoid project delays in this case, letting was very close to being delayed. MoDOT's suggested solution to address this problem would be for the Corp not to allow the letter of permission from the entity that has an interest in the federal levee to wholly dictate whether the applicant can complete the Section 408 permission process. The letter of permission should be a consideration in the Corp's decision making process, but it should not be the item that ultimately determines the permission can be issue.

Finally, to foster the development and testing of new, innovative practices and approaches aimed at expediting project delivery while maintaining environmental protections, we ask Congress to consider establishing a project delivery innovation pilot program. This pilot program would allow USDOT's modal administrations and federal environmental agencies to waive or otherwise modify their own requirements to develop innovative practices to streamline project delivery and achieve positive environmental outcomes.

The flexibility provided under this framework would include appropriate safeguards to ensure adherence to federal environmental policy goals. For example, all federal agencies required to consult on a project would need to agree to the inclusion of the project in the pilot program, consulting resource agencies would need to determine that equal or improved environmental outcomes would be achieved, and no agency would be allowed to override or modify requirements that fall within another agency's authority. This program would require a new legislative authority for federal transportation and regulatory agencies to allow them to modify their own requirements to develop innovative practices that streamline project delivery and achieve positive environmental outcomes.

PRIORITIZE PROJECTS THAT WILL BRING A MULTI-DECADE RETURN ON INVESTMENT INSTEAD OF "SHOVEL-READY" PROJECTS

Though certainly significant, benefits from investment in transportation infrastructure go well beyond short-term construction jobs created. A well-performing transportation network allows businesses to manage inventories and move goods more cheaply, access a variety of suppliers and markets for their products, and get employees reliably to work. American families benefit both as consumers from lower priced goods and as workers by gaining better access to jobs.

The FHWA estimates that each dollar spent on road, highway and bridge improvements results in an average benefit of $5.20 in the form of reduced vehicle maintenance costs, reduced delays, reduced fuel consumption, improved safety, reduced road and bridge maintenance costs, and reduced emissions as a result of improved traffic flow. Similarly, the American Public Transportation Association estimates that in the long term, a program of enhanced investment sustained over 20 years can have a total effect on the economy in the range of 3.7 times the amount being spent annually.

In Missouri, examples of rate-of-return investments made in the state include:

- Every dollar invested in transportation in Missouri results in $4 of new economic activity.
- Missouri has more than 1,000 miles of the Mississippi and Missouri Rivers bordering and bisecting our state. Some $12.5 billion in cargo travels up and down those waterways each year. A little investment in ports can spur a great deal of private investment. For example, in the past 5 years, $13 million in state investment in ports has led to $53 million in investment from the private sector.
- Missouri has 123 public-use airports that generate $11 billion in annual economic activity.
- Missouri's cost-share program enables us to leverage contributions from local communities with state funds to advance projects of regional importance. Since the program's inception, more than $450 million in state participation has led to the delivery of more than $1 billion in projects.

When we as a nation make significant investments in our transportation infrastructure, it generates a multi-decade return on that investment to all sectors of the economy in the form of improved productivity and quality of life. The current fiscal environment does not require a rapid deployment of public dollars to resuscitate the national and global economy like what we saw in 2008. Rather, right now is the opportune time to secure our economic future for the long-term based on a thorough modernization of the public capital stock in transportation. As such, the infrastructure package must focus on programs and projects that generate most benefits through the entire lifecycle, rather than mandating short spending deadlines which will lead to less efficient use of taxpayer dollars due to project sponsors' inability to address longer-term needs.

BUILD ON THE FAST ACT'S FOUNDATION BY USING THE EXISTING FEDERAL PROGRAM STRUCTURE TO FUND INVESTMENTS

For over one hundred years—and as exemplified by the FAST Act—we as a nation have enjoyed the fruits of the federal government's highly successful partnership with state DOTs to build and maintain our nation's surface transportation system. From the Federal-aid Road Act of 1916 establishing the foundation of a federally-funded, state-administered highway program that has been well-suited to a growing and geographically diverse nation like ours, federal investment in all modes of transportation enabled states and their local partners to fund a wide range of projects that serve the interest of the nation as a whole.

Thanks to the federal surface transportation program's flexibility that defers project selection and investment decision-making to state and local governments based on extensive public input, diverse communities in rural, suburban, and urban areas of the country have all been able to help people get to and from work, and help goods get access to a larger market than ever before in a way that best meet their unique needs.

Based on the federal surface transportation program's long track record of efficiency and flexibility, we recommend that any increase in federal funds should flow through the existing FAST Act formula-based program structure rather than through untested new approaches that will require more time and oversight. Any effort that does not rely on the existing federal surface transportation program, such as an approach that chooses only certain projects based on a priority list, would leave most of the country behind no matter the size of such a list. In addition, we believe this type of a top-down approach from Washington will not only undermine the state and local prerogatives honored in the FAST Act, but also impede timely and successful delivery of the new infrastructure package.

Putting the program framework that built the Interstate Highway System and the National Highway System—the backbone of our national network of roads and bridges that drive our national economy—into work again to deploy additional federal resources across multiple modes of transportation represents the optimal approach to improve mobility and quality of life in all corners of our great nation whether they are urban, suburban, or rural.

CONCLUSION

Two weeks ago, I had the opportunity to engage with my peer state DOT CEOs at the AASHTO Annual Meeting in Phoenix, Arizona. In addition to a very robust conversation on the infrastructure package, the state DOT leaders reaffirmed our collective commitment to assist you and the Administration in any way we can to ensure successfully enactment of a robust multimodal transportation investment package.

I want to thank you again for the opportunity to testify today, and I am happy to answer any questions that you may have.

American Association of State Highway and Transportation Officials
Response to Representative Larsen
Highways & Transit Subcommittee Hearing Question
October 11, 2017

For national scale emergency events (like bridge collapses), federal resource agencies are engaged and work cooperatively with the Federal Highway Administration to proactively find and implement solutions. This level of cooperation and involvement from resource agencies on day-to-day projects would greatly expedite project delivery. Currently, it is difficult to get federal resource agencies engaged early in project development. As a result of input received late in project development, major project changes may be needed, requiring additional time and resources. Early agency engagement would streamline project delivery and reduce the costs of environmental reviews.

Although the NEPA categorical exclusion works well for emergency events, we need a more holistic approach for environmental reviews for emergencies. Substantive environmental laws like the Clean Water Act, the National Historic Preservation Act and the Endangered Species Act do not have similar exemptions for emergencies. Although there are expedited processes for emergency events, states still need to go through lengthy processes and obtain permits.

"Building a 21st Century Infrastructure for America:
Highways and Transit Stakeholders' Perspectives"
Subcommittee on Highways and Transit Hearing
Wednesday, October 11, 2017, 10:00 a.m.
2167 Rayburn House Office Building
Washington, D.C.

Questions for the Record

Submitted on behalf of Congressman Bob Gibbs (OH-07)

1. We will need to enhance and maintain our existing roads and infrastructure to allow for connected and self-driving vehicles. Vehicles will be connected to each other (V2V) and can be connected to infrastructure (V2I) to achieve safety, capacity and emissions improvement. Adapting infrastructure to be smart infrastructure for the future requires the integration of multiple technologies and communications and networking systems.

At Ohio's Transportation Research Center (TRC), they will be testing multiple connectivity methods including Direct Short Range Communication (DSRC units), 4G, LTE and soon, 5G. In addition, TRC will utilize autonomous vehicle (AV) sensors that use technology such as radar and cameras. The Ohio Turnpike will be placing DSRC unites on the Turnpike so Ohio can help lead the transition to these technologies.

How can Congress help promote these technologies to ensure cost effective investments in Connected and AV infrastructure?

AASHTO Response

AASHTO appreciates your leadership in ensuring successful deployment of connected and automated vehicle (CAV) infrastructure as foundations for a smarter, automated highway infrastructure that has potential to bring significant improvements in safety and mobility.

Under the US Department of Transportation's (USDOT) guidance, the transportation industry has been proactively engaging in discussions about the need for a unified approach to research, test, and deploy Vehicle to Infrastructure (V2I) applications and technologies. In 2014, USDOT requested AASHTO to partner with the Institute of Transportation Engineers (ITE) and ITS America to develop a forum that would enable the stakeholder collaboration needed to address V2I deployment issues. As such, these three associations organized and managed the Vehicle to Infrastructure Deployment Coalition (V2I DC), which aimed to prepare the stakeholders to deploy and operate a functioning V2I infrastructure.

Through outreach and engagement, the V2I DC has grown to more than 200 members, representing state and local transportation agencies, automobile manufacturers, equipment vendors, academia and other research institutions, and a variety of additional public and private sector members. These members volunteered their time to participate in monthly webinars and in-person meetings for thousands of hours of volunteer time, collectively. Initial activities of the V2I DC identified 16 high priority issues facing V2I deployment, which include, but are not limited to, accessibility of, security of, ownership of, and business models for data; industry standards to ensure interoperability, vendor independence, and scalability of V2I systems and applications; and V2I deployment guidance.

In September 2015, the V2I DC Executive Committee identified four initial focus areas of the V2I DC to include intersections, work zones, queue warnings, and curve warnings. While this direction in no way limited deployment in other areas, this focus allowed the individual working groups of the V2I DC to focus their activities around a more specific group of V2I applications. To achieve progress in these areas, we believe the appropriate near-term communications technology is DSRC, which you had noted in your question. Since this is technology that uses a radio frequency that was set aside for transportation safety purposes and is operational today, safety and mobility benefits of V2I can be realized sooner in the four initial focus areas.

In response to the focus on intersections, the V2I DC members initiated the *SPaT Challenge*, a challenge to each state to deploy V2I systems to broadcast Signal Phase and Timing (SPaT) data at approximately 20 signalized intersections in each state by 2020 using DSRC. Applications for SPaT include providing signal priority to transit vehicles and alerting drivers of red lights. This challenge, which was adopted by AASHTO and is supported by ITE, has already led to the planning or installation of SPaT broadcasts in more than 20 states, and momentum continues to increase. The V2I DC has developed a series of resources to support agencies accepting the challenge and will conduct a series of workshop webinars to support deployment. The V2I DC is also engaging the automobile manufacturers to facilitate discussion regarding a verification process to ensure compatibility between the roadside equipment broadcasts and intersection-related vehicle applications.

Phase 2 of the V2I DC is a 5-year agreement, expected to run late 2017-2022. Activities are expected to continue to advance V2I solutions through continued support of the SPaT Challenge and the introduction of the *Connected Fleet Challenge.* This initiative will encourage public and private sector fleets to deploy V2I capabilities on at least one vehicle to interact with the SPaT data being broadcast from an increasing number of intersections throughout the country. The Connected Fleet Challenge is only a concept today, but an early focus of Phase 2 of the V2I DC will be to advance this into a full activity.

The future of CAV offers promising and exciting opportunities to overcome many of today's transportation safety and mobility challenges, and the V2I DC has proven to be an effective forum for transportation agencies to work with automobile manufacturers, equipment vendors, academia and other public and private sector groups to understand paths toward CAV deployment. There has been some debate about making the DSRC spectrum available for non-transportation safety purposes, which presents a significant threat to the dedicated DSRC spectrum being encroached upon to the detriment of transportation safety.

In order to ensure uninterrupted deployment of investments already made in the proven DSRC technology, we request Congressional support to preserve the DSRC spectrum for transportation safety purposes, and to provide continued funding for efforts such as the V2I DC which assists transportation agencies with understanding and making cost-effective investments in CAV infrastructure to realize safety and mobility benefits in the near term.

TRANSPORTATION
CONSTRUCTION
COALITION

Testimony of the Transportation Construction Coalition
Delivered by:

Jim Roberts
President & CEO
Granite Construction, Inc.

"Building a 21st Century Infrastructure for America: Highways and Transit Stakeholders' Perspectives"

Wednesday, October 11, 2017
10:00 a.m.
2167 Rayburn House Office Building

Established in 1996 and co-chaired by the American Road and Transportation Builders Association (ARTBA) and the Associated General Contractors of America (AGC), the 31 associations and labor unions that make up the TCC have a direct market interest in the federal transportation program. TCC members include:

American Road & Transportation Builders Association (co-chair); Associated General Contractors of America (co-chair); American Coal Ash Association; American Concrete Pavement Association; American Concrete Pipe Association; American Council of Engineering Companies; American Subcontractors Association; American Iron and Steel Institute; American Society of Civil Engineers; American Traffic Safety Services Association; Asphalt Emulsion Manufacturers Association; Asphalt Recycling & Reclaiming Association; Associated Equipment Distributors; Association of Equipment Manufacturers; Concrete Reinforcing Steel Institute; International Slurry Surfacing Association; International Association of Bridge, Structural, Ornamental and Reinforcing Iron Workers; International Union of Operating Engineers; Laborers-Employers Cooperation and Education Trust; Laborers' International Union of North America; National Asphalt Pavement Association; National Association of Surety Bond Producers; National Electrical Contractors Association; National Ready Mixed Concrete Association; National Steel Bridge Alliance; National Stone, Sand and Gravel Association; National Utility Contractors Association; Portland Cement Association; Precast/Prestressed Concrete Institute; The Road Information Program; and United Brotherhood of Carpenters and Joiners of America.

"Building a 21st Century for America: Highways and Transit Stakeholders' Perspectives"

Testimony of James Roberts, President and Chief Executive Officer, Granite Construction Incorporated on Behalf of the Transportation Construction Coalition

October 11, 2017

Chairman Graves, Ranking member Holmes-Norton, and all members of the subcommittee, thank you for holding today's hearing to review the important role highways and public transportation improvements will play in Building a 21st Century Infrastructure for America.

My name is Jim Roberts and I am the President and Chief Executive Officer of Granite Construction Incorporated. We are a full-service infrastructure solutions provider performing as a general contractor, construction management firm and construction materials producer headquartered in Watsonville, California. Granite specializes in complex infrastructure projects, while also building many of the standard day to day roads across America. We are one of the largest transportation contractors in the nation.

I am pleased to appear before you today representing the Transportation Construction Coalition (TCC). The TCC is a partnership of 31 national associations and construction unions representing hundreds of thousands of individuals with a direct market interest in federal transportation programs. The TCC was initiated in July 1996 to focus on the federal budget and surface transportation program reauthorization debates. TCC activists can be found in virtually every congressional district and provide a vital service to their communities by helping to improve the efficiency and safety of our nation's transportation infrastructure. The TCC's unique membership enables the coalition to articulate the impact of federal policies and investment levels on all aspects of the transportation construction industry. TCC member organizations represent contractors, planning and design firms, materials and manufacturing firms and the construction trade unions that represent many of their employees. In addition to being able to speak with one voice for our industry, the TCC's wide-ranging expertise and shared resources allow the coalition to be involved in a variety of issues of importance to our member organizations.

We thank President Trump and the bipartisan leaders in Congress for continuing to include an infrastructure package as a key priority for the 115th Congress. The dialogue to date clearly demonstrates that the president's interest in improving the U.S. infrastructure is more than just campaign rhetoric. Infrastructure investment and reforms are among the few areas in the federal policy arena that have the potential to quickly deliver tangible and meaningful improvements across the nation. TCC members are eager to begin and advance this important debate.

The federal government's role in delivering infrastructure solutions has been an essential component of our nation's history. From President Lincoln and the Transcontinental Railroad to President Roosevelt's New Deal Programs that produced projects like the Hoover Dam to President Eisenhower and the Interstate Highway System, leaders of both parties have routinely embarked on bold, infrastructure initiatives and delivered.

Some 60 years after the visionary investment in our Interstate Highway System that still supports our economy today, the country once again is ready to rally behind a bold federal infrastructure vision backed by a significant commitment to fund this vision. Taking the cue after decades of chronic federal inaction, more than half of the states in our country have increased funding commitments to their transportation programs in the past few years. Now is the perfect time for leadership to re-emerge at the federal level.

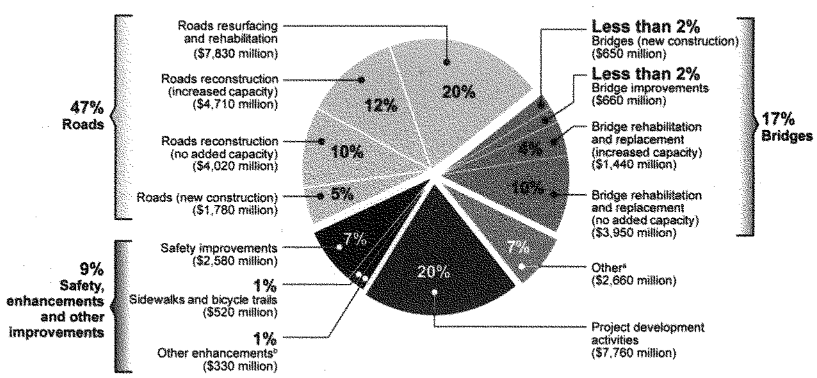
In my testimony today, I will articulate the infrastructure investment and environmental streamlining needs and options Congress must consider when crafting an infrastructure package.

I. Federal Infrastructure Investment

a. Continued Federal Leadership Is Essential

The partnership between local, state and federal governments is one of great importance, on many levels, to the 241-year success of the nation. The partnership has lasted nearly as long when it comes to investment in our nation's infrastructure. Investments in canals, ports, railroads, highways and aviation systems have all been partnerships among all levels of government for generations. That cooperation is still as important as ever.

By law, virtually all federal highway program funds provided to the states must be used to improve the state's major highways and bridges, and most of it must be devoted to capital investments—including construction activity, right-of-way acquisition and planning and design. In fact, the U.S. Government Accountability Office documented that in FY 2013, 98 percent of federal highway funds were spent for road and bridge activities.



Source: GAO analysis of Federal Highway Administration data. | GAO-15-33

Due to the focus of the federal highway program, federal funds, on average, provide 51 percent of annual state department of transportation capital outlays for highway and bridge projects. This reliance ranges from 29 percent in New Jersey to over 75 percent in Alaska, Hawaii, New Mexico, South Carolina, Montana, Vermont and Rhode Island.

Federal investment is crucial to ensuring that state departments of transportation (DOTs) are making needed investments in the major freight corridors that drive national and regional economic growth. The one million miles of roadways eligible for the federal aid highway program account for 25 percent of total miles, but carry 84 percent of all traffic.[1] The 48,000 miles of the Interstate Highway System, which is the backbone of the U.S. economy, carries 25 percent of all traffic, including over half of the miles driven by freight trucks delivering goods across the country. Federal investment also accounts for 82 percent of rural and 64 percent of urban transit agency capital outlays, in infrastructure and rolling stock.

With traditional federal highway user fee rates static for nearly 25 years, federal highway and transit program investment growth has failed to keep up with inflation as well as labor and materials cost increases. State and local governments have begun to augment their own programs. However, recent research by TCC members shows the growth in state and local investments is not nearly enough to keep our transportation infrastructure in a state of good repair, let alone improve the system for 21st century needs and growth.

Roads earned a "D" in the American Society of Civil Engineers' 2017 Infrastructure Report Card. The U.S. has an $836 billion backlog of highway and bridge capital needs, $420 billion of which is in repairing existing highways. An additional $123 billion is needed for bridge repair, $167 billion for system expansion, and $126 billion for system enhancement, which includes safety enhancements, operational improvements, and environmental projects. Due to congestion and worsening conditions, the average American wastes 43 hours a year stuck in traffic. As a country, traffic delays cost us $160 billion and more than two out of every five miles of America's urban interstates are congested.

ASCE's Report Card assigned transit a "D-", the lowest of the 16 grades assigned in 2017. While transit ridership is high – 10.5 billion trips in 2015 – the sector is grappling with overdue maintenance, chronic underinvestment, and aging infrastructure. It's estimated that the country faces a $90 billion rehabilitation backlog; this number is projected to grow to $122 billion by 2032. When examining the physical transit infrastructure, 17 percent of power, signal, communications and fare collection systems are not in a state of good repair. Thirty-five percent of guideway elements (such as tracks) and 37 percent of stations are also not in a state of good repair.

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.

b. Economic Importance of the U.S. Highway, Bridge & Transit System

[1] U.S. Federal Highway Administration, Highway Statistics

An improved highway, bridge and transit network results in lower operating costs, allowing business to increase investment in other capital outlays and expand their operations. Commuters spend less time in traffic and congestion as mobility increases, and safety enhancements help save lives and reduce injuries.

The positive relationship between transportation capital investment, economic output and private sector productivity has been well documented for decades by business analysts, economists and the research community. [2] A safe, reliable and efficient transportation network helps businesses increase access to labor and materials, increase market share and expand their customer base, reduce production costs, access global markets and foster innovation.

Several recent reports underscore the significant return on transportation investment:

- A study commissioned by the U.S. Treasury Department found that for every **$1 in capital spent on select projects, the net economic benefit ranged between $3.50 and $7.00.**[3] Released in December 2016, "40 Proposed U.S. Transportation and Water Infrastructure Projects of Major Economic Significance" also explores some of the challenges of completing the work. The report found that a lack of public funding was "by far the most common factor hindering the completion" of the projects. A complete recapitalization of the Interstate Highway System would yield net economic benefits of $1.6 trillion.

- A 2005 report by Dr. Robert Shapiro and Dr. Kevin Hassett found that the U.S. transportation network provides more than **$4 in direct benefits for every $1 in direct costs** that taxpayers pay to build, operate and maintain this system.[4] These economic benefits include lower costs and higher productivity for businesses, and time savings and additional income for workers. The authors noted that the estimate substantially understates the full net benefits of the U.S. transportation network and does not take into account the increased benefit from better access to schools and hospitals, or other ways these investments support economic growth and allow American workers and companies to compete successfully on the global stage.

- Academic studies on the long-run benefits of transit investment estimate that every $1 spent provides economic returns from $1.60 to over $4.00.[5] Some of the benefits include the cost of foregone medical and work trips, emissions, crashes, travel time and vehicle ownership and operation expenses.

Consider the benefits to a business when the state makes transportation improvements. The increase in construction activity will mean more demand for products and services in the area. A local business would sell more of its products and may even hire additional employees to increase output. With an

---

[2] A review of major studies is available in: Weisbrod, Glen, Donald Vary and George Treyz. Economic Implications of Congestion. NCHRP Report #463.

[3] Report available at https://www.treasury.gov/connect/blog/Pages/Importance-of-Infrastructure-Investment-for-Spurring-Growth-.aspx as of Feb 2017.

[4] Shapiro, R., PhD., & Hassett, K., PhD. (2005). *Healthy Returns: The Economic Impact of Public Investment in Surface Transportation.*

[5] Ranhjit Doavarthy, Jeremy Mattson & Elvis Ndembe, "Cost-Benefit Analysis of Rural and Small Urban Transit," National Center for Transit Research, North Dakota State University. Prepared for the U.S. DOT, October 2014

improved transportation network, local business on the many main streets across the country would thrive.

The business will also have lower distribution costs because of the improved highways, bridges and transit in the area. More customers will be able to reach the business, and the owner may be able to hire more talented, educated and skilled workers that live further away.

The increase in demand may also lead the business to expand, opening another store, plant or business location. Finally, the business will demand more inputs and raw materials from their own suppliers, creating economic ripple effects throughout the economy. It could also be the case that the business owner is able to purchase cheaper inputs because they have greater access to more markets.

Transportation capital investments trigger immediate economic activity that creates and sustains jobs and tax revenue, yet yields long-lived capital assets that facilitate economic activity for many decades to come by providing access to jobs, services, materials and markets.

c. 253 House Members Are Correct: Highway Trust Fund Revenue Fix ASAP

Any federal infrastructure effort, however, will be diluted unless the fiscal chaos surrounding the Highway Trust Fund (HTF) is addressed once and for all. The trust fund currently supports $50 billion per year in transportation infrastructure spending. To put the importance of the HTF in context, maintaining that level of investment for 10 years would produce a level of investment that is 250 percent more in direct federal spending than the Trump Administration has called for as part of its $1 trillion infrastructure package.

While recent laws authorizing federal highway and surface transportation programs have greatly improved the effectiveness and efficiency of these programs, they made no progress towards ensuring the long-run solvency of the trust fund. Instead, Congress and the past two administrations made a series of last-minute transfers from the U.S. Treasury General Fund to the HTF to the tune of $140 billion since 2008. Additionally, these laws failed to create any new sustainable revenue sources for the HTF or increase the federal excise taxes on gasoline and diesel fuel, currently the main revenue source for federal highway and transit investment.

The resulting uncertainty has had dramatic negative effects on the ability of state and local governments to plan, fund, and construct transportation projects.[6] 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.

---

[6] Several state departments of transportation (DOT) delayed transportation construction projects amid federal funding uncertainty over the last several years. These include, but are not limited to the Tennessee DOT delaying $400 million; the Georgia DOT delaying $123 million; the Arkansas DOT cancelling $112 million; the Utah DOT delaying $65 million; the Kansas DOT delaying $32 million; and New Hampshire DOT delaying $25 million worth of federal construction projects.

Failure to resolve the issues facing the trust fund prior to the expiration of the current law in 2020 will require either additional short-term stopgap measures or find a $110 billion offset to pass a long-term bill that will at best maintain current funding levels that do not meet our transportation infrastructure needs. It would be nonsensical to advance an infrastructure package and then face either of these alternatives shortly thereafter.

The TCC strongly agrees with the 253 members of the House of Representatives that June 12 called on the House Ways and Means Committee to include a Highway Trust Fund revenue solution in any tax reform package. I want to commend the leadership of Chairman Graves and Ranking Member Holmes-Norton for championing this letter and thank all the members of this subcommittee that joined this important effort.

As your letter notes, virtually all HTF revenue enhancements have occurred as part of broader tax and budget measures. I would also like to point out that addressing the trust fund's revenue shortfall as part of tax reform does not necessarily mean an infrastructure package has to be included in tax reform legislation. In fact, increasing HTF revenues as part of tax reform could certainly be a meaningful down payment for an infrastructure package and could ease its development and passage subsequent to tax reform.

While there are a wide variety of revenue solutions available, contrasting the last 10 years of trust fund instability with the previous pay-as-you go model is instructive in evaluating potential options. Increasing the federal motor fuels tax is the simplest and most effective way to achieve this goal, but several other viable revenue alternatives exist.

The following are key attributes for any HTF revenue construct:

- Permanent, recurring revenue stream(s);
- Revenue generation sufficient to eliminate the shortfall AND support increased investment;
- Based on surface transportation system use;
- Dedicated solely to surface transportation improvements.

Adhering to these principles would assure a meaningful outcome that would continue the federal government's constitutionally directed role in developing and maintaining a safe and efficient national surface transportation network well into the 21st Century.

d. Infrastructure Package Structure

An infrastructure initiative 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. It is easy to say the nation needs a bold infrastructure package, but past experience demonstrates such a measure must combine substantial resources with a structure targeted to achieve specific goals. The TCC believes economic competitiveness and upgrading infrastructure conditions should be the overriding objectives of any infrastructure initiative.

The 2015 "Fixing America's Surface Transportation (FAST) Act" surface transportation program reauthorization law reformed the structure of the federal highway and public transportation programs in a manner that emphasized national goals and provided states additional flexibility. Specifically, the measure created two new dedicated programs to focus federal resources on easing the movement of freight throughout the nation. In doing so, the measure reinforced the constitutionally-dictated role of the federal government to regulate and promote interstate commerce. At the same time, the FAST Act expanded the ability of states to use federal funds in a manner that best meets their unique needs.

Given this admirable combination of policy objectives and the broad-based, bipartisan support the FAST Act earned in 2015, I do not think we need to reinvent the wheel. I do, however, think it is appropriate for Congress to use its discretion to allocate any new highway and public transportation resources among existing FAST Act programs in a manner that emphasizes certain outcome objectives, such as economic competitiveness. There are a number of programs that would be appropriate recipients if that is a goal and other programs that clearly have other outcomes intended.

The TCC, however, believes the FAST Act's overall ratio of highway to public transportation spending should be maintained in any infrastructure package. The FAST Act was a carefully negotiated piece of legislation and attempting to advantage one mode disproportionately threatens to upend that balance. For example, the transportation component of the infrastructure spending blueprint released by Senate Democrats earlier this year is heavily tilted toward transit and rail. As I noted at the outset, I think we can save a lot of time by not attempting to reinvent the wheel.

We certainly agree with Trump Administration officials that private sector capital and public-private partnerships can and should play an important role in any infrastructure plan. That role, however, must be complementary to direct federal investment. While the private sector certainly has the ability to help advance projects—particularly those capable of generating a revenue stream—there is a difference between project financing and public funding. We must also acknowledge the private capital is not a viable option in many states, particularly those with large land areas and sparse populations.

Granite has first-hand experience in many public-private partnerships and I can tell you they are an invaluable tool. In the transportation arena, however, direct public sector investment is always going to be the majority of the marketplace.

The TCC strongly supports the Administration's proposals to liberalize tolling, increase TIFIA program funding and eligibility and lift the cap on Private Activity Bonds. Each of these policy actions are tangible proposals that would help certain projects move forward. The combination of these actions with a robust Highway Trust Fund revenue plan that would grow core highway and public transportation investment in the future should be a foundation of any infrastructure package.

II. The Continued Need for and Recommendations to Improve Environmental Review and Permitting for Infrastructure Projects

TCC members know first-hand how to build infrastructure in a safe, effective and efficient manner. Similarly, they know the many challenges to doing just that. The federal environmental review and permitting process is such a challenge, repeatedly echoed by TCC members across the country; it's a process that is circuitous, costly and time-intensive for many infrastructure projects.

The TCC and its members appreciate the legislative efforts of this Committee in the enactment of both the Moving Ahead for Progress in the 21st Century Act (MAP-21) and Title 41 of the Fixing America's Surface Transportation (FAST-41). However, there remain opportunities to build upon MAP-21 and FAST-41 as well as reduce duplication in and improve the efficiency of the federal environmental review and permitting process. Improving environmental approval processes alone while maintaining the integrity of those processes to mitigate environmental impacts could generate project cost savings. In addition, such improvements could allow the public to receive and benefit from infrastructure projects in a timelier fashion.

a. Why Further Improving the Environmental Review and Permitting Process is Necessary

Again, the TCC must note its appreciation for the work this Committee has undertaken in helping enact environmental reforms in MAP-21 and FAST-41. But, more work can to be done and improvements upon those enacted reforms can be made.

TCC members have pointed to a host of technical and procedural problems that government agencies face, in general, during document preparation and interagency reviews: they inevitably lead to inconsistencies in the environmental approval process, schedule delays and costs overruns. Such uncertainty spurs legal challenges, which can ultimately threaten the viability of the project.

Based on TCC members' first-hand experiences, technical and procedural risks typically stem from:

- Poor interagency communication (leads to missed deadlines and conflicting agency requests and responses);
- Inability of the lead agency to make timely decisions, particularly where projects are "political" or controversial;
- Lack of qualified government staff to conduct reviews (leads to delays in document review/publication and resource-agency comments that are conflicting, redundant, repetitive, or inconsistent);
- Confusion during National Environmental Policy Act (NEPA) reviews with joint lead agencies (federal and state) because not all agencies have the same directives/thresholds;
- Disagreement over the project's "Purpose and Need;"
- Insufficient "Alternative Analysis;"
- Ineffective stakeholder outreach and engagement;
- Uncertainty over the level of analytical scrutiny to apply in reviewing projects (agencies are risk averse and often choose not to pursue streamlined options out of concern that such "short-cuts" will increase litigation); and
- Complex overlay of laws and regulations that apply to infrastructure projects – *in addition to NEPA* – complicates the permitting process (e.g., number of species listed and the breadth of critical habitat identified under the Endangered Species Act grows every year).

Current law provides steps for the lead agency of a project to coordinate and establish schedules with participating agencies and other interested stakeholders. But, importantly, as the "deficiencies" column on TCC's Current Environmental Streamlining Programs & Deficiencies Chart (see Appendix A) shows, the lead agency must consult with, and obtain the concurrence of, each participating agency before establishing or shortening a "schedule for completion of the environmental review process" AND there is no deadline for the government to complete the NEPA review process, from start to finish. In addition, where current law does set deadlines for agency actions under NEPA, or for issuing permits and permissions, those deadlines are missed because the list of exceptions is as long as the list of approvals you need to be in compliance with the 30-plus federal environmental statutes that may apply to any given project (see Federal Environmental Review and Permitting Flowchart at Appendix B).

Current law (per MAP-21) does go so far as to impose penalties on federal agencies that fail to meet deadlines. Even so, these deadlines are not being met and the fines have never been levied. It is not happening because the lead agency can certify, for example, the permit application was not complete – or that the participating agency is waiting on another entity to make "some" decision before it can move forward with its permit, license or approval; and there is apparently a reluctance to elevate disputes. This also is clearly shown on the "deficiencies" column on TCC's Current Environmental Streamlining Programs & Deficiencies Chart (see Appendix A).

In addition, the "deficiencies" column on TCC's Environmental Streamlining brings to light the following missed opportunities:

- The government also is not conducting federal and state permitting reviews concurrently, and together with NEPA. It is not happening because the law states that agencies do not need to carry out their obligations concurrently if it would impact their ability to conduct any analysis or meet any obligation;
- Current law requires the lead agency to provide the participating agencies and public the opportunity for "involvement" in determining the project's Purpose and Need and Range of Alternatives; however, the participating agencies are not required to engage in any meaningful way or to ensure these procedural steps produce information to satisfy other federal approvals and/or permits required for the project;
- The "Planning and Environmental Linkages" provisions in current law intend to use the information, analysis, and products developed during transportation planning to inform the environmental review process. But there are 10 conditions spelled out in statute -- and participating agencies, the lead agency, and project sponsors must all concur that these conditions have been met; and
- The lead agency must develop an "environmental document" sufficient to satisfy federal permits, approvals or other federal action required for the project, but only "to the maximum extent practicable," per the current law.

In the face of this statutory and regulatory reality, the delays add up and it's clear that Congress can do more. For example, a National Association of Environmental Professionals (NAEP) review of the 194 Environmental Impact Statements (EIS) published in 2015 found that the average time to complete an EIS was five years and only 16 percent were prepared in two years or less. Meanwhile, 2015 report by

Common Good, a non-profit government watchdog, finds that a six-year delay in starting construction on public projects costs the nation more than $3.7 trillion in lost employment and economic gain, inefficiency, and unnecessary pollution. That is a staggering amount of statutory and regulatory inefficiency that needs to be addressed.

b. Opportunities for Improving Efficiency, While Maintaining Process Integrity

The ripe, high-level opportunities for improving the efficiency of the environmental review and permitting processes rest in the ability of Congress to: (A) merge sequential and duplicative federal environmental reviews; (B) mandate the use of previously completed environmental review and study information to avoid duplicative reviews; and (C) consider a reasonable and measured approach to citizen suit reform designed to prevent misuse of environmental laws.[7]

i. Sequential and Duplicative Reviews Add Hurdles to Infrastructure Approvals

The current process of performing sequential and often duplicative environmental reviews and permits on the same project – performed by all levels of government following the NEPA approval process – is presenting massive legal hurdles to infrastructure approvals (see Federal Environmental Review and Permitting Flowchart in Appendix B). A builder of infrastructure—whether a contractor or government agency—must seek approval not from "the government," but from a dozen or more different arms of the government. According to bonding companies that finance large public works projects, two environmental approvals are critical in rating a project's risk for bond financing. Those are the NEPA review (1,679 days, on average, to complete an EIS) and Clean Water Act (CWA) Section 404 permit authorization (788 days, on average, to obtain an individual permit). Obtaining these approvals prior to bonding greatly reduces risk and achieves a higher bond rating to the benefit of the project sponsor.

Due to the inability of project owners (e.g., state departments of transportation or private developers) to obtain Section 404 permits quickly following NEPA approval, 404 permitting risk is often transferred to the construction contractor.

REFORM: Several states have merged their NEPA and CWA Section 404 permitting processes; this should be the national standard and the U.S. Army Corps of Engineers' (USACE) current regulations already point in this direction but do not go far enough. Across the nation there is considerable variation in the usage and emphasis of merger processes. In an integrated process, the project sponsor would submit the 404-permit application to USACE simultaneously with the publication of the draft EIS. USACE would be required to issue the 404 permit at the end of the NEPA process based on the information generated by NEPA.

---

[7] For a complete list of environmental review and permitting reform recommendations, see: http://newsmanager.commpartners.com/agcleg/downloads/AGC%20HSGAC%20Statement%20on%20Permitting%209.7.17.compressed.pdf

Both the NEPA and Section 404 processes involve the evaluation of alternatives, the assessment of impacts to resources, and the balancing of resource impacts and project need. Conducting two processes simultaneously (or allowing the former to satisfy the latter) would greatly expedite project decision-making and avoid duplication and process inefficiencies. The federal funding agency should assume a lead role in shaping the project "purpose and need" and "range of alternatives" during the NEPA review. To simplify the review process, and reduce the potential for impasses over minor changes, Congress should modify any existing requirements for lead agencies to obtain participating agencies' "concurrence" in project schedules or the adoption/use of "planning products."

More generally, it should be a requirement for all government agencies involved in the issuance of a federal permit for any given project to complete concurrent reviews (in conjunction with the NEPA review process) within established time periods. From the perspective of the permit applicant, a coordinated concurrent review under all major federal and state authorities avoids duplication and delays and helps to avoid potentially conflicting permit conditions or limitations (e.g. differing mitigation requirements). There must be timelines and deadlines for completing the environmental permitting process as well as NEPA review deadlines.

ii. Redoing Permit Documentation and Analyses Wastes Time and Money

Time and money is wasted on redoing project analyses and reviews and on collecting duplicative information from permit applicants. Challenges with environmental documentation and permitting processes are root causes for delays on infrastructure projects. The environmental permit approval process generally entails sequential reviews by multiple agencies and various requests for project-specific information. Even though each agency has slightly different forms and different information requirements, some of the information (like project descriptions) is duplicated across applications. This means that there can be multiple forms requesting the same information in different ways.

To reduce paperwork, MAP-21 allows the use of errata sheets, rather than rewriting the draft Environmental Impact Statement (EIS), when minor modifications are needed in a final EIS. Also, under current law the lead agency should use one document for the final EIS and Record of Decision (ROD), as much as possible, unless there are substantial changes or there are significant new circumstances or information changes. By preventing the needless production of multiple additional documents, MAP-21 significantly reduces the amount of time involved in EISs. MAP-21 also encourages the use of "programmatic" mitigation plans and makes it somewhat easier to use previous planning work to meet NEPA requirements. Notably, the FAST Act also calls for the lead agency to develop a NEPA ROD that is sufficient to satisfy any other federal approvals/permits that the project may require; however, the duty to use a "single document" is void if its use would be impracticable, e.g., impair the ability of any federal agency to conduct needed analyses or meet any obligations.

REFORMS: The monitoring, mitigation and other environmental planning work performed during the NEPA process, and included in the final EIS/ROD, must satisfy federal environmental permitting requirements, unless there is a material change in the project.

- Implement an integrated "one-stop" permitting system by creating a single form that collects all information needed for major permits. That way, applicants only need to provide information once (and to fill out one long form and file it once);
- Also, build an online database of technical information (e.g., on distributions of endangered species, critical habitat, or previous permit requirements) so that new information does not have to be gathered anew for every project operating in a similar watershed or geographic area;
- Allow environmental reviews to adopt material from previously completed environmental reviews from the same geographic area; and
- Require federal agencies to use regional- or national-level programmatic approaches for authorizations and environmental reviews, for frequently occurring activities as well as those activities with minor impacts to communities and the environment.

To cite a program worthy of replication: Once a natural gas infrastructure project under the Federal Energy Regulatory Commission (FERC) jurisdiction is authorized, project sponsors can request changes as "variances." FERC will consider approval of variances upon the project sponsor's written request, if it agrees that a variance:

- provides equal or better environmental protection;
- is necessary because a portion of this Plan is infeasible or unworkable based on project specific conditions; or
- is specifically required in writing by another federal, state, or Native American land management agency for the portion of the project on its land or under its jurisdiction.[8]

TCC recommends that all federal and state agencies regulating approved publicly-needed infrastructure have a clearly defined variance process to follow to efficiently make project changes while maintaining environmental protection.

[8] Variances are not specifically mentioned in FERC's regulations but rather in its standard best management practices for operators found in the "UPLAND EROSION CONTROL, REVEGETATION, AND MAINTENANCE PLAN" and "WETLAND AND WATERBODY CONSTRUCTION AND MITIGATION PROCEDURES." Note that these plans are referenced in the regulations at 18 C.F.R. 380.12(i)(5) and 380.12(d)(2) – but not the details of the plans. Both plans were updated in 2013, but the variance process has been in place since at least 2003. *See* Sections I.A., *Applicability* in these online documents: https://www.ferc.gov/industries/gas/enviro/plan.pdf; https://www.ferc.gov/industries/gas/enviro/procedures.pdf.

iii. Judicial Review Reforms in Current Law Are Limited and Not Likely To Provide Significant Relief

The citizen suit provisions in 20 environmental statutes are being used to challenge all types of projects, land restrictions and permit requirements relating to the projects. These lawsuits can take years to resolve and the delay not only impacts the ability to secure the necessary environmental approvals and the financing of the project, but – in far too many cases – impedes projects that are vital to the renovation and improvement of our nation's municipal water supplies, wastewater treatment facilities, highway and transit systems, bridges and dams.

As currently written, the FAST Act's judicial review changes are limited and not likely to provide significant relief. FAST-41 reduced the statute of limitations (SOL) for NEPA challenges from six to two years; however, most NEPA lawsuits already are filed well within two years. FAST-41 also provides that in any action seeking a temporary restraining order or preliminary injunction of a covered project, the court shall "consider the potential effects on public health, safety, and the environment, and the potential for significant negative effects on jobs resulting from an order or injunction" and shall not presume that such harms are reparable. However, most courts already consider an injunction's negative impact when balancing the harms and equities. Another FAST-41 provision dictates that NEPA challenges can only be brought by those who commented on an EIS and did so with sufficient detail to put the lead agency on notice of the claims. With regard to standing, many courts have limited NEPA challenges to comments raised within the public review period on the EIS (others allow plaintiffs to file suit as long as they can show "injury in fact").

MAP-21 reduced the time limit to 150 days after publication of a notice in the *Federal Register* announcing that a permit, license or approval is final, for parties to file lawsuits that challenge agency environmental decisions regarding surface transportation projects. However, the preparation and announcement of a "supplemental" EIS, when required, restarts the 150-day clock.

<u>REFORMS:</u> Citizen suit reforms are necessary to prevent their abuse.

- Further shorten and standardize the SOL for challenges to final NEPA RODs or claims seeking judicial review of an environmental permit, license or approval issued by a Federal agency for an infrastructure project;
- Require interested parties to get involved early in a project's review process to maintain standing to sue later;
- Require bonds be posted by plaintiffs seeking to block activities to reduce abuse and delay tactics that harm private parties and taxpayers; and
- Require that the enforcement of federal environmental rules on a construction site be enforced only by trained staff of government agencies -or-
    - Limit citizen suit penalties to violations of objective, numeric limitations rather than subjective, narrative standards;
    - Extend "notice period" beyond the current 60 days (giving regulatory agencies more time to review notice of intent letters and initiate formal actions);

- Clarify definition of "diligent prosecution" of alleged violations, thereby allowing federal/state authorities to exercise their primacy in enforcement and preventing unnecessary citizen suit intervention.

III. Conclusion

Mr. Chairman, thank you again for convening today's hearing and for allowing the TCC to participate. The linkage between a reliable, efficient and safe national infrastructure network to the competitiveness of the U.S. economy cannot be overstated. Unfortunately, given the years of underinvestment at all levels of government, there is no such thing as a quick fix. The sooner we get started, however, the faster we will be able to deliver results for the American people and the first right step would be to fix the Highway Trust Fund now and identify additional tools for the tool box.

A powerful first right step would be to fix the Highway Trust Fund now. I want reiterate that a true trust fund fix is not simply dedicating more one-time resources to simply preserve existing levels of highway and public transportation investment. We need a permanent and robust, user-based, revenue solution that once and for all stabilizes the Highway Trust Fund and ensures surface transportation funding will grow to the levels necessary to deliver a 21st century infrastructure network.

I want to be clear that despite what some may think, we do not have the luxury of ample time to address this dilemma. If states follow past practices, we will begin to see project delays well over a year in advance of the shortfall projected to begin October 2020. Similarly, experience teaches us that if Congress again waits until the next trust fund crisis is upon us to act, we will be looking at more one-time emergency bailouts and a new round of short-term program extensions.

I should also point out that the timing of the next HTF shortfall will coincide with the 2020 presidential election. I think we can all agree that getting out ahead of that dynamic would be in all of our best interests.

For all these reasons, a permanent HTF revenue solution as part tax reform is an opportunity we cannot afford to pass up. In addition to the synergy of generating new trust fund revenue while other taxes are reduced and simplified, increased surface transportation investment contributes to economic growth and competitiveness. This outcome also happens to be the stated goal of reforming the nation's tax code and we should pursue both.

The infrastructure conversations taking place on Capitol Hill and at the White House as well as those in states across the nation are very encouraging. While the task ahead may seem daunting, the members of the transportation construction industry stand ready to work with you to achieve the goals you and President Trump have identified.

Thank you again for allowing me to appear before you today and I look forward to your questions.

APPENDIX A

Current Environmental Streamlining Programs & Deficiencies Chart

	MAP-21 + Title I FAST ACT 23 U.S. Code Chapter 1, §139, 168-69[9]		FAST-41 42 U.S.C. Chapter 55, SubCh. IV §§4370m – 4370m-12[10]	
CATEGORY	**WHAT'S IN THE LAW**	**DEFICIENCIES**	**WHAT'S IN THE LAW**	**DEFICIENCIES**
Early Coordination/ Collaboration	**FAST Act §1304** AFTER NOI, LEAD MUST: • Identify other agencies w/in 45d • Coordination plan w/in 90d; incl NEPA completion schedule • Dev chklist w/ partic. agencies to help proj sponsor identify all resources • Respond comments from partic. agencies • Dev enviro doc sufficient to satisfy all proj permits/approvals PARTIC AGENCIES MUST: • Provide updates in "searchable internet website" ... connect to Fed Permitting Dashbd **MAP-21 §1305** Requires **concurrence** of partic. agencies for enviro review schedules	*No increased authority of lead agency over other partic. agencies* *Partic. agencies must "concur" on proj. schedule in coordination plan and modifications to shorten it; can lengthen schedule for "good cause"* *Obtaining concurrence is a challenge, esp for controversial projects* *Lead agency can extend deadline for agencies/public to comment NEPA docs for "good cause"*	Project sponsor applies to be "covered project" Federal Permitting Improvement Council Early consultation (w/in 60d proj sponsor request), coordinated project plans (w/in 60d entry on Dashbd), project timetables, public Dashbd tracking...	*Def of "covered proj" excl MAP-21 + WRRDA projects* *Limited application – MORE THAN $200M* *Proj sponsor must "opt in"* *President must appoint ED; each of 13 agencies must appoint member to council (Deputy Sec. or higher) ... positions remain vacant*

[9] Provisions apply to all federally aid surface transportation projects for which an environmental impact statement is prepared under NEPA and may apply to other projects reviewed under the National Environmental Policy Act (NEPA), as determined by the Secretary.

[10] Projects *may* be eligible for coverage under FAST-41 if they: involve construction of infrastructure; require authorization or environmental review by a Federal agency; are subject to NEPA; are likely to require a total investment of more than $200 million; and do not qualify for an abbreviated environmental review and authorization process.

	MAP-21 + Title I FAST ACT ***23 U.S. Code Chapter 1, §139, 168-69***[9]		**FAST-41** ***42 U.S.C. Chapter 55, SubCh. IV*** ***§§4370m – 4370m-12*** [10]	
CATEGORY	**WHAT'S IN THE LAW**	**DEFICIENCIES**	**WHAT'S IN THE LAW**	**DEFICIENCIES**
Deadlines **Conflict Resolution**	**MAP-21 §1306** • 30d after DEIS – lead <u>may</u> convene schedule check • *POST-NEPA* 180-day deadline – for permits, licenses, & other approval decisions (clock starts aft applic complete) • Disputes – Go to head disputing agency, CEQ, then President <u>Penalty if Miss Deadline</u>: 180 days after (1) lead agency has issued final decision + (2) complete permit app filed... Funds rescinded from office of head of agency, or head of office to which permit decision was delegated. <u>Amount</u>: per week after 180-day deadline passes – $20k if project requires a financial plan (Major Project) / $10k for all other projects <u>Exceptions</u>: No funds rescinded if lead agency concurs that delay is not the fault of the permitting agency. **MAP-21 §1309** If EIS underway 2+ yrs, USDOT provide addt'l assistance, establish permitting/approval schedule .... need **concurrence** – FINISH w/in 4 years of start date	***NEPA:*** *No deadlines* ***PERMITTING:*** *No increased authority of lead over partic. agencies – agencies decide when applic. "complete"* *Partic. agencies can say* ***application not complete*** *or can't move ahead until another entity makes a decision...* *Eg, Federal permit, license, or approval dependent on:* ✓ *401 CWA Water Qual Cert;* ✓ *NHPA - no effect;* ✓ *CZMA determination;* ✓ *NPDES sw permit;* ✓ *Floodplain permit by the local floodplain mgmt. administrator;* ✓ *FWS/NMFS Section 7 consult; and* ✓ *Tribal concurrence* *Reluctance to elevate dispute or exercise penalties – Partic. agency self-polices* *Concurrence*	180-day window for fed agency decision on enviro review or authorization – starts from date agency has all info needed **Disputes re: Timeline** Go to ExDir Fed Perm Impr Council – if 30d pass then OMB + CEQ facilitate a resolution by day 60. Action taken by Dir. OMB is final and conclusive and not subject to judicial review	*Does not set specific NEPA review or permitting schedule* *Completion date in recommended performance schedule for each category cannot exceed the avg time to complete an environmental review or authorization for projects within that category. Calculation based on analysis of time req'd to complete item (for projects within the relevant category of covered projects) during the preceding two calendar years.*

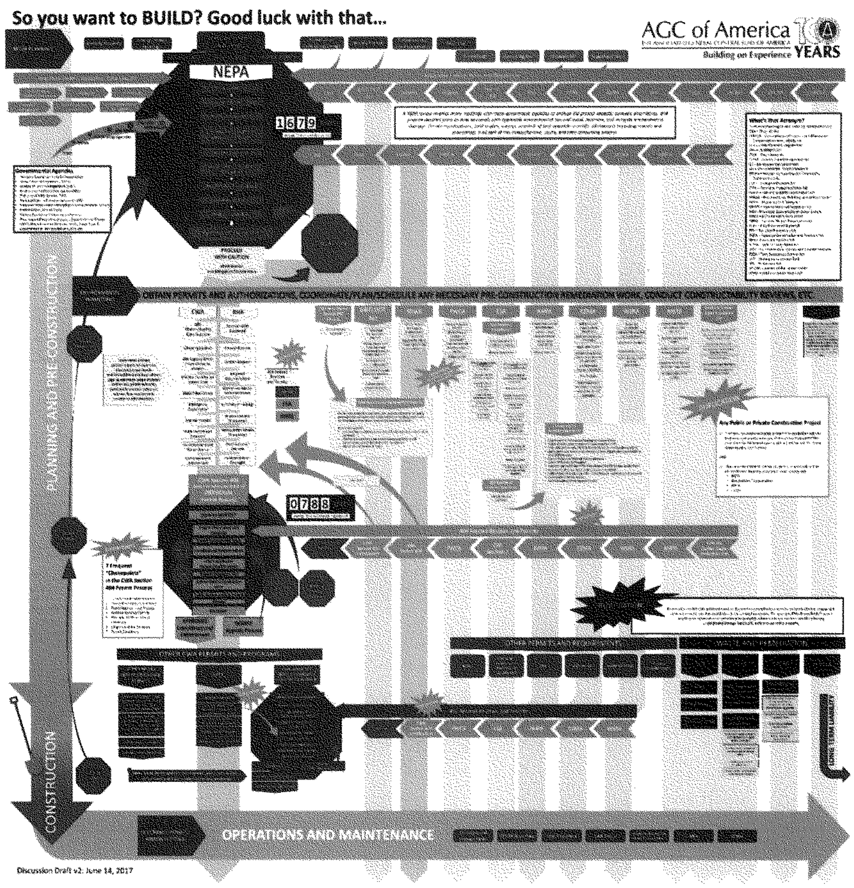
	MAP-21 + Title I FAST ACT 23 U.S. Code Chapter 1, §139, 168-69[9]		FAST-41 42 U.S.C. Chapter 55, SubCh. IV §§4370m – 4370m-12[10]	
CATEGORY	**WHAT'S IN THE LAW**	**DEFICIENCIES**	**WHAT'S IN THE LAW**	**DEFICIENCIES**
Concurrent Reviews	**MAP-21 §1305** Agencies coordinate and carry out activities concurrently, instead of sequentially, and in conjunction with the NEPA review **FAST Act §1313** Coordinated/concurrent reviews + permitting for **Title 49 projects**, ALSO • Purpose and Need (P&N) and Range of Alternatives must be suff to provide resource agencies w/ needed info • P&N issues must be resolved during scoping – all other "issues" resolved expeditiously	*Waived if it "would impair the ability" of any agency to meet obligations*	Requires that state/federal permitting reviews run concurrently for a "covered project"	*So long as doing so does not impair a federal agency's ability to review the project*
Alternatives Analysis	**FAST Act §1304** Lead agency must provide partic. agencies and public opportunity for "involvement" in defining P&N and determining Range of Alternatives – used for fed enviro reviews/permits req'd for project	*As early as practicable in the review process* *Partic agencies not required* *To the max extent practicable ... unless alternatives must be modified to address sign new info/ circumstances or to do NEPA in timely manner*	N/A	N/A
Use of Planning Products in Enviro Reviews **Programmatic Approaches**	**MAP-21 §1310; FAST Act §1305** USDOT integrate "planning products" in NEPA (e.g., mitigation needs) ... narrows **concurrence** reqm't **MAP-21 §1305** Use programmatic approaches for enviro reviews, eliminate repetition **MAP-21 §1318; FAST Act**	*"Planning & environmental linkages" – far from simple: 10 conditions and need concurrence*	Adoption, incorporation by reference, and use of state documents	*Must meet complex process/procedural standards*

	MAP-21 + Title I FAST ACT 23 U.S. Code Chapter 1, §139, 168-69[9]		FAST-41 42 U.S.C. Chapter 55, SubCh. IV §§4370m – 4370m-12 [10]	
CATEGORY	**WHAT'S IN THE LAW**	**DEFICIENCIES**	**WHAT'S IN THE LAW**	**DEFICIENCIES**
	§1315 Programmatic Agreement (PA) Template • PA w/ States – state can make NEPA categorical exclusion (CE) determinations **FAST Act §1303; 1311** • Waive case-by-case Section 106 + 4(f) review certain bridges/culverts • Adopt/incorp. by ref another Federal or state agency's docs **MAP-21 §1311** Allows "programmatic mitigation plans" to be developed in transp planning process (by state or MPO).			
Accelerate Review **Reduce Paperwork**	**MAP-21 §§1319; FAST Act §1304** Codifies use of errata sheets and FEIS/ROD as single document **FAST Act §1311** Expanded provision to **Title 49 projects**	*Unless FEIS makes substantial changes to proposed action or significant new circumstances*	N/A	N/A
Single Enviro Document	**FAST Act §1304** LEAD AGENCY MUST: Develop "enviro document" sufficient to satisfy fed permits, approvals, etc.	*Only to the maximum extent practicable*	N/A	N/A
Modernize NEPA	**FAST Act §1317** Explore electronic and other innovative technology options	Report to Congress in one year	N/A	N/A
Limits on Lawsuits	**MAP-21 §1308** 150 days after notice in *Fed. Reg.* announcing permit, license or approval is final, for	*Most NEPA challenges brought well before deadline* *Prep + announcement*	• Two (2)-year SOL • NEPA – "get in or get out" Prelim Inj – consider harmful economy	*NEPA challenges brought well before deadline* *Prep + announcement*

	MAP-21 + Title I FAST ACT 23 U.S. Code Chapter 1, §139, 168-69[9]		FAST-41 42 U.S.C. Chapter 55, SubCh. IV §§4370m – 4370m-12 [10]	
CATEGORY	**WHAT'S IN THE LAW**	**DEFICIENCIES**	**WHAT'S IN THE LAW**	**DEFICIENCIES**
	parties to file lawsuits that challenge agency enviro decisions re: surface transportation projects	*of a "supplemental" EIS, when required, restarts the 150-day clock*	impacts (already was done when "balance equities")	*of a "supplemental" EIS, when required, restarts clock*

APPENDIX B

Federal Environmental Review and Permitting Flowchart



Transportation Construction Coalition
Response to Representative Larsen
Highways & Transit Subcommittee Hearing Question
October 11, 2017

The "Moving Ahead for Progress in the 21st Century" created multiple new classes of categorical exclusions (CEs). One of these was a CE for transportation facilities damaged in an emergency situation. Months after the CE was promulgated by the U.S. Department of Transportation (U.S. DOT), it was put to use in May 2013 when a truck hit the I-5 Skagit River Bridge in Mount Vernon, Washington. Application of the CE allowed repairs to the bridge to begin swiftly, and correctly recognized that in times of emergency, the focus should be on responding as promptly and effectively as possible. Specifically, in this instance repairs began within 24 hours after the accident and the bridge was re-opened to traffic in just 27 days and fully repaired within 115 days. It is also important to note that the repairs were made without sacrificing existing environmental protections.

The success of the CE used on the Skagit River Bridge demonstrates the importance of focusing on reforming the CE process as a whole. While reforms are also needed to the environmental impact statement (EIS) review for large-scale projects, expanding and streamlining the use of CEs (which are used for the majority of transportation construction work) is also necessary to improve the permitting process.

Currently, the transportation planning process allows projects which neither individually nor cumulatively have a significant environmental impact, to be treated as a CE. State agencies must provide sufficient information on a case-by-case basis to demonstrate the environmental impacts associated with a project will not rise above the CE threshold. The CE process is typically used for projects where no real alternatives analysis is necessary, such as rehabilitation or replacement projects.

In its current state, NEPA is ambiguous on whether a CE or environmental assessment (EA) would be required for a specific project. This can, and often does, cause project sponsors to opt for the more time consuming EA in order to avoid potential litigation at a later time. For this reason, reforms to the permitting process should focus on the creation of unambiguous environmental review criteria that would clarify the CE process (over a far more time consuming EA or EIS) where environmental impacts are clearly minimal unless there is "compelling" evidence warranting a different course of action. Creation of specific criteria would allow planners to know what type of review is most appropriate for their project. Such criteria would also reduce the threat of litigation by groups pressing for a more comprehensive review regardless of whether or not it is needed.

Providing set time limits for the completion of CEs would also go a long way towards reducing the delay inherent in the current NEPA review process. Once a project qualifies for CE status, its impacts are, by definition, minimal. Therefore, timelines for CEs should be thought of in days or weeks (as opposed to months, or even, years). If a project cannot meet the established timeline for a CE, the sponsor should have the opportunity to explain the circumstances why the deadline cannot be met and provide an alternate schedule.

Once an event is determined to qualify for CE status, this decision should be treated as permanent and not subject to subsequent reconsideration. The overall purpose of expanding the use of CEs is to allow those projects which have demonstrated minimal impacts to proceed quickly. Allowing additional after-the-fact reviews for CE projects only serves to undermine the goal of advancing necessary repairs as soon as possible. For example, multi-phase infrastructure projects can be brought to a standstill when it's time to perform the bridgework (even if the work has been previously cleared with a Categorical Exclusion for upgrade and improvements) if "listed" species are discovered – or new species are "listed." Under this scenario, the construction site operator also would need to re-evaluate the project's Clean Water Act 404 permit conditions, which may impose new construction windows (i.e., timing restrictions) due to species spawning/migration seasons. The construction window may be open only during extreme cold or when the river is flowing at highest rate/capacity. This puts the project at a standstill and the contractor is presented with schedule restrictions that make work impossible. NEPA was never meant to be a statute enabling delay, but rather a vehicle to promote balance. While the centerpiece of such a balancing is the environmental impacts of a project, other factors must be considered as well, such as the economic, safety, and mobility needs of the affected area and how a transportation project or any identified alternative will affect those needs. Encouraging further modifications the CE process will help NEPA to achieve this balance.

Finally, in specific reference to the CE used on the Skagit River Bridge, the objective should be not simply to help an area replace transportation facilities damaged in emergency situations, but to build new transportation facilities that will not be damaged in the future. If such a CE is applied in an overly restrictive manner where states and localities are only allowed to rebuild transportation facilities exactly as they were, there will be no opportunity for improvement. For example, if a bridge is damaged in a "Category One" hurricane, it makes little sense to require more intensive reviews for an improved facility that could withstand future extreme weather events. Using such foresight ensures areas rebuilding after emergency situations will not have the opportunity only regain lost transportation capabilities, but also improve upon them.

North America's Building Trades Unions

Statement of Brent Booker
Secretary-Treasurer, North America's Building Trades Unions

Before the
Subcommittee on Highways and Transit
Committee on Transportation and Infrastructure
United States House of Representatives

Hearing on
Building a 21st Century Infrastructure for America: Highways and Transit Stakeholders' Perspectives

October 11, 2017

Good morning. Chairman Graves, Ranking Member Norton, and distinguished members of this subcommittee:

My name is Brent Booker, Secretary-Treasurer of North America's Building Trades Unions (NABTU). On behalf of the nearly two million skilled craft construction professionals that I am proud to represent across the United States, I would like to thank you for allowing me to testify before this subcommittee.

Building America's infrastructure is literally what our members do every day. Whether it is roads and bridges, airports, waterways, power plants and other energy infrastructure, municipal water systems, public buildings, or skyscrapers, our members apply their unique skill sets to building infrastructure in every corner of our great nation.

The construction industry accounts for more than 8% of America's total gross domestic product, and no industry was hit harder by the Great Recession. For those of us in the construction industry, it was not a recession, it was a depression, and unemployment in our industry is just now returning to pre-recession levels. As the vast majority of construction firms are relatively small, local businesses, the strength or weakness of the construction industry has a significant impact on the economic health of communities across this great nation.

For many of our members, the strength of the construction industry, and the strength of their job opportunities, is directly tied to the strength of public policy in advancing the building of public infrastructure.

As such, I would like to thank the leadership of this subcommittee in helping move the most recent highway bill, the FAST Act. Highway bills, from a public investment standpoint, are the single largest job creating piece of legislation affecting our members. Furthermore, they provide certainty to our members that opportunities will be available for years to come.

While the FAST Act made important strides in improving our nation's surface transportation, I believe no one can argue that more can, and must be done to further repair our nation's infrastructure. As long as workers cannot commute rapidly from the suburbs into dense city centers, the nation's most dynamic labor markets will stagnate. As long as finished goods cannot be transported quickly to customers, shipping bottlenecks will impose drags on manufacturers. As long as more people are driving to work, the carrying capacity of the nation's roads will increasingly come under duress. And as long as projects are stalled, through either a lack of funding or other reasons, our members lose an opportunity to not only build, but to feed their families.

North America's Building Trades Unions believes a big, broad, bold infrastructure plan is the necessary step our country must take in order to solidify economic opportunities for workers and businesses across the United States. The question before this subcommittee, and the Congress as a whole, is what should such a plan include?

For our members, a big infrastructure plan will reflect the overall investment level consistently reiterated by President Trump of $1 trillion. We believe such an investment will not only allow us as a nation to meet many of our pressing infrastructure needs, but will lay the foundation for sustained economic growth in communities large and small. In spurring this growth, a plan of this magnitude should, and I say must, increase the standard of living for Americans across the nation. In order to do so, the immense buying power of the federal government must not be used as leverage to depress wages in local communities – especially construction wages which, adjusted for inflation, have actually been in decline since the late 1970s. Therefore, North America's Building Trades Unions members remain insistent that such a plan include the prevailing wage standards enshrined in the Davis-Bacon and Related Acts that our members have fought for over the course of generations.

For our members, a broad infrastructure plan will encompass not only surface transportation infrastructure, but all modes of infrastructure. While we must use this opportunity to make additional investments in our roads, bridges, and public transit systems, our nation must also invest in schools and other public buildings, municipal water systems, aviation, rail, waterways, broadband, and our energy infrastructure through new, modern power generation facilities, grid upgrades, and investments in energy transportation and distribution.

To address the wide variety of infrastructure needs effectively, we must address them efficiently. In order to do so, we believe it prudent to address our challenges through currently existing programs. Efficiency should not breed duplicative programs designed to achieve the same goal. However, federal programs should be created to meet infrastructure needs that do not have existing public mechanisms to deliver projects.

For our members, a bold infrastructure plan is one that tackles the tough challenges and lays out a vision for a brighter future. I would argue, and I am sure most if not all members of the panel, and the subcommittee would agree, that there is no greater challenge facing surface transportation than the long term solvency of the Highway Trust Fund.

We support a variety of measures to fix the Trust Fund. In our infrastructure policy, which was crafted in collaboration with our 14 affiliated unions, we advocate for increasing the highway user fee and indexing the fee to inflation. We also advocate for the transition to a vehicle miles traveled based system. We also advocate for using repatriated tax dollars from overseas corporate profits to fund infrastructure investment. We are open to a variety of proposals to ensure the solvency of the Trust Fund, and we believe Congress should not squander such an important opportunity to address this issue.

A bold infrastructure plan should also continue to tackle the challenge of major projects that have regional and national economic impacts. One such project that 700 of our members are currently at work on is the roughly $4 billion Tappan Zee Bridge replacement in New York. With 220 million pounds of U.S. steel and 300 thousand cubic yards of concrete, the sheer size and scope of this construction project is awe inspiring. At its peak, this project employed 1,200 building trades members, and to date, this project is responsible for roughly seven million hours of work.

What those numbers do not tell you is that projects such as these, and in fact all public infrastructure projects, are critical to ensuring a consistent pipeline of skills training that North America's Building Trades Unions, in conjunction with our industry partners, provide through our privately funded registered apprenticeship programs. Spread out over our 1,600 formal, joint labor-management training centers across the country, as well as over 120 "apprenticeship-readiness" programs, our unions and our contractor partners invest roughly $1.2 billion of our own capital into training our current and future members, ensuring they have the skills to meet the technological and safety demands of the modern construction industry. Industry and labor, as well as community partners like the National Urban League and YouthBuild, are working in partnership in order to meet the workforce challenges presented by a large investment in infrastructure, and the time to act on such an investment is now.

It is time to start setting goals and solving this problem, because if we do not, American families will ultimately pay the price for inaction. Right now, there are skilled trades men and women -- as well as people who are unemployed or underemployed -- who need the work, as well as opportunities for career skills training. The pipeline of projects resulting from a massive public infrastructure investment will lead to a multitude of opportunities for skilled career training and education.

Former President Ronald Reagan once said, and I quote: "the bridges and highways we fail to repair today will have to be rebuilt tomorrow at many times the cost." He went on to say that rebuilding our infrastructure is simple common sense, and that it represents an investment in tomorrow that we must make today.

President Reagan was correct in his assessment over 30 years ago. Unfortunately, his words are just as prominent today, due to continued inaction when it comes to substantive investments in our infrastructure. Continued inaction will only exacerbate our challenges, and placed unneeded negative pressures on the American economy. It is time once again for the infrastructure of the United States to be the envy of the world, and the men and women of North America's Building Trades Unions are ready, willing, able, and anxious to begin building as soon as possible.

NATIONAL ASSOCIATION OF
Manufacturers

Leading Innovation. Creating Opportunity. Pursuing Progress.

Statement for the Record

of Ray McCarty
President and Chief Executive Officer
Associated Industries of Missouri
and
Executive Director
Missouri Transportation and Development Council

On Behalf of the National Association of Manufacturers
733 10th Street NW, Suite 700, Washington, DC 20001

For the House Transportation and Infrastructure Committee
Subcommittee on Highways and Transit Hearing

on "Building a 21st Century Infrastructure for America:
Highways and Transit Stakeholders' Perspectives"

October 11, 2017

TESTIMONY OF RAY MCCARTY, PRESIDENT AND CEO, ASSOCIATED INDUSTRIES OF MISSOURI, AND EXECUTIVE DIRECTOR OF THE MISSOURI TRANSPORTATION AND DEVELOPMENT COUNCIL

ON BEHALF OF THE NATIONAL ASSOCIATION OF MANUFACTURERS

BEFORE THE U.S. HOUSE TRANSPORTATION AND INFRASTRUCTURE COMMITTEE SUBCOMMITTEE ON HIGHWAYS AND TRANSIT

Building a 21st-Century Infrastructure for America: Highways and Transit Stakeholders' Perspectives

OCTOBER 11, 2017

Good morning Chairman Graves, Ranking Member Norton and distinguished members of the committee. Thank you for the opportunity to testify on behalf of the National Association of Manufacturers (NAM) on such an important topic to Missourians and manufacturers.

My name is Ray McCarty, and I am president and CEO of the Associated Industries of Missouri (AIM). Established in 1919, we are Missouri's oldest business association, and our mission is to promote a favorable business climate for manufacturing and industry in Missouri. The AIM supports the Missouri Transportation and Development Council (MTD), a non-profit organization of private citizens, public officials, companies and associations. We believe the transportation system in Missouri demands continuing care and attention because it is vital to the state's economic welfare and quality of life. The AIM is also the official state partner of the NAM in Missouri. As the lead representative of manufacturers in all 50 states and Puerto Rico, members of the NAM's State Associations Group (SAG) serve as the manufacturing industry's grassroots arm. As the NAM's official state partners, SAG members work collaboratively to advance policies that help manufacturers succeed at the local level. From cutting regulations to promoting job growth, members of SAG are champions for manufacturing from the state level.

The NAM is the nation's largest industrial trade association and the unified voice for more than 12 million men and women who make things in America. The NAM is committed to achieving a policy agenda that helps manufacturers grow and create jobs. Manufacturers appreciate your focus on building a 21st-century infrastructure system because modern transportation and infrastructure systems are necessary to support modern manufacturing. We applaud your bipartisan work in 2015 to successfully reauthorize surface transportation programs for five years in the Fixing American Surface Transportation Act.

In October 2016, the NAM released its infrastructure blueprint, *Building to Win*, and urged bipartisan action to revolutionize the infrastructure that makes the American dream possible. For too long, our nation has relied on the transportation, water and energy infrastructure we inherited from previous generations — weakening our economy, threatening our communities and putting the safety of our families at risk. For example, in Missouri, we rely on Interstate 70, the first highway to be built in the interstate system in 1956. Interstate 70, along with Interstates 44 and 55, provide a critical conduit for raw materials and manufactured goods for manufacturers across the nation because of Missouri's location in the heart of America. Safe and reliable highway transportation is critical for American manufacturers and families.

There is no excuse for delay. Manufacturers believe the nation must undertake an infrastructure effort that seeks to modernize our aging systems and makes a long-term public commitment to infrastructure not witnessed since the era of President Eisenhower and the development of the interstate system. The infrastructure investments of the 1950s and 1960s brought tremendous economic benefits, improved productivity and competitiveness, and allowed manufacturing to grow and put people to work in solid middle-class jobs.

A targeted, substantial investment in modernizing our nation's infrastructure would create jobs, boost economic growth, save lives and help secure America's mantle of economic leadership in the world. As modern manufacturing evolves and becomes even more productive, manufacturers rely on complex supply chains and just-in-time principles where parts are ordered, made and delivered, sometimes within hours. A large manufacturing company in Missouri recently lost an afternoon shift of production due to an accident on I-70 that closed that highway for just a couple of hours. The cost to that manufacturer was more than $1 million. Such delays can be devastating, especially for smaller manufacturers.

Manufacturers' ability to compete and grow depends on superior infrastructure. We believe highways, bridges, waterways, ports, passenger rail, freight rail, drinking and wastewater systems, broadband, pipelines, electric grid, transit and airports are all types of infrastructure that should be included in an infrastructure package.

As we focus on our highways and transit needs, this Committee should be concerned about the effect of increasing freight and population levels on our outdated infrastructure systems. It's no secret that freight movements are expected to almost double in the next 20 years. Trucks are carrying 11.5 billion tons of freight on our highways every year and this number is expected to increase by 44 percent to 16.5 billion tons in 2045.

To manufacturers, this freight is component parts and raw materials being transported to a shopfloor and finished goods being shipped to a retailer or customer. Already, traffic is increasing the cost of moving freight on our nation's highways by $63.4 billion a year. This makes manufacturers less competitive. It is completely unacceptable that 65 percent of major roads in the United States are rated "less than good condition" and 55,000 bridges are structurally deficient. That takes a toll on manufacturers' production operations through unreliable delivery times and increased fleet maintenance costs.

At the same time, many of the most congested highways are in urban areas facing exploding population growth such as Atlanta, Houston and Los Angeles. We need highway and transit policy to mitigate congestion that includes helping transit agencies repair and replace aging fleets and help ensure that transit systems remain a safe and reliable transportation option for all passengers, including manufacturers and their employees. In Los Angeles, transit riders were forced to find alternate forms of transportation during an October 2003 strike. The National Bureau of Economic Research released a 2013 report demonstrating that highway congestion increased by 47 percent during that strike. Their estimates suggest that the total congestion relief resulting from the Los Angeles transit system is $1.2 billion to $4.1 billion per year. And if you think transit systems only exist in urban areas, remember transit systems (like OATS in Missouri) provide vital services to rural Americans: taking toddlers to pre-school, patients to medical appointments, allowing seniors to get out and shop and allowing workers to get to their jobs.

Manufacturers rely on more than just transit to get our employees to work every day. In Indiana, an Interstate 65 bridge closure led to drastic delays and detours for employees and hundreds of millions of tons of freight moving across Indiana highways. For one Indiana manufacturer, the first emergency bridge closure prevented employees from getting to work causing an entire production shift to be delayed. Manufacturers rely on quality infrastructure.

Manufacturers believe federal and executive branch leadership are needed to address bottlenecks in both rural and metropolitan areas that will improve the systemwide movement of freight throughout this country. Many of the bridges that are priorities for manufacturers are located at either a federal or state border, where states must collaborate and agree on funding parity and design approach. Absent federal leadership, decades of delay continue to plague proposals like the Brent Spence Bridge replacement, where each day of inaction increases the project cost by more than $220,000. The communities that surround these key transportation links — and the manufacturing jobs that rely on critical interstate commerce — are diminished by insufficient bridge and tunnel infrastructure. The Constitution enumerates federal authority for Congress to regulate interstate commerce. The federal government has a responsibility to lead the rebuilding of these gaps in interstate commerce.

Manufacturers need federal policymakers to preserve and grow the funding and financing tools for states and localities. States and local government officials have repeatedly called tax-exempt municipal bonds one of the most vital tools for maintaining their infrastructure. This tool should be protected as policymakers consider ways to expand the funding and financing toolbox with public--private partnership and leveraging opportunities.

Addressing the long-term solvency of the Highway Trust Fund is vital to ensuring the preservation of the most important federal highway and transit investment tool. The NAM urges Congress to shore up the Fund with a reliable, user-based, long-term funding stream. In 2015, the average congestion cost per truck vehicle miles traveled was 23 cents — up 25 percent from 2014. This is a hidden tax paid everyday by truckers, manufacturers and everyday consumers. The only problem is we aren't investing in this hidden congestion tax. It's being wasted on idle labor hours and unnecessary vehicle wear and tear, instead of being invested in the Highway Trust Fund to help build a 21st-century infrastructure system to improve America's economic competitiveness.

Twenty-first-century manufacturers are creating the technology of tomorrow and we need 21st-century infrastructure to support it. Autonomous cars and trucks will create significant opportunities for manufacturers and their workforce in the future, but as highly autonomous vehicles are deployed on today's roads they will need basic pavement markings and clear signage on our highways to operate. Innovative manufacturers need technology-neutral regulatory policy that emphasizes safety, allows for the development of both commercial and passenger autonomous vehicle technology and preempts conflicting, duplicative and patchwork rules from federal agencies or state legislatures.

Similarly, federal policies should be clarified and modernized to prevent excessive litigation costs from increasing the cost to move goods in the United States. Manufacturers support the clarification of federal preemption of a trucking statute in the Federal Aviation Administration Authorization Act of 1994 to ensure motor carriers can operate under one standard, not a patchwork of different state laws. Manufacturers must be able to quickly and cost effectively move goods across state borders within a uniform set of rules. Additionally, shippers and their intermediaries are vulnerable to negligent selection lawsuits for not properly vetting trucking companies based on outdated, unclear safety metrics. The NAM supports legislative efforts led by Rep. John J. Duncan Jr. (R-TN-2) to develop a national hiring standard. Because of the vast amount of data collected by the Federal Motor Carrier Safety Administration and made public, manufacturers are increasingly being drawn into lawsuits asking them to second guess Department of Transportation decisions regarding which carriers should be on the road. One clear hiring standard would resolve this inconsistency and reduce the unnecessary lawsuits that drive up shipping costs.

Of equal concern, a pro-manufacturing infrastructure package should improve the project delivery process. Good governance improvements to better deliver 21st-century infrastructure, such as expedited environmental reviews, are critical to the success of any infrastructure effort. The NAM supports good governance measures to stretch the value of federal dollars.

For decades, this Committee has modeled bipartisan governing that puts solutions and progress before politics. That bipartisan leadership is needed now more than ever to deliver a pro-manufacturing infrastructure package that will include a vision for modern 21st-century infrastructure. This is the right opportunity to address neglected projects that make a system-wide difference and improve manufacturers' supply chains as well as develop long-term solutions to chronic funding issues in infrastructure programs such as the Highway Trust Fund.

"Building A 21st Century Infrastructure for America: Highway and Transit Stakeholders' Perspectives"
Subcommittee on Highways and Transit Hearing
Wednesday, October 11, 2017, 10:00 a.m.
2167 Rayburn House Office Building
Washington, D.C.

Question for the Record

Submitted on behalf of Congressman Bob Gibbs (OH-07)

1. Do you believe U.S. manufacturing would benefit from ensuring there is a competitive procurement process for transportation materials? If so, how? In addition, do you believe this would result in a more efficient use of our federal transportation dollars?

Ray McCarty, President and CEO of the Associated Industries of Missouri, on behalf of the National Association of Manufacturers:

> "Manufacturers recognize that competition in a free marketplace is the best regulator of prices and services. Federal dollars allocated to Missouri require strict competitive bidding requirements to enhance competition and state funded transportation projects also require a competitive bidding process that also covers the purchasing of materials."

SOUNDTRANSIT

Testimony of Peter M. Rogoff
Chief Executive Officer
Sound Transit

Building a 21st Century Infrastructure for America
Subcommittee on Highways and Transit
Committee on Transportation and Infrastructure
U.S. House of Representatives
October 11, 2017

Chairman Graves, Ranking Member Norton, Members of the Subcommittee, my name is Peter Rogoff and I have the privilege of serving as Chief Executive Officer of Sound Transit. While I have appeared before the subcommittee in the past in other roles, I'm particularly pleased to appear before you today to bring the perspective from one of the nation's fastest growing economic engines to discuss how we build a national infrastructure for the 21st Century.

Sound Transit provides commuter rail, light rail and express bus services throughout the Puget Sound region. We already rank as the number one commuter bus operator in the United States and we are now, through the vision, votes, and self-sacrifice of the region's taxpayers, poised to expand over the next 25 years into a regional network spanning 116 miles of light rail as well as expanded commuter rail and bus rapid transit lines.

In just the last five years, our overall ridership has increased 68 percent while our light rail ridership has increased 150 percent, taking more than a hundred thousand cars off of our ever worsening congested highways each day. By the end of our 25-year capital program just approved by voters, our ridership is expected to grow to an estimated 500,000 riders per weekday, triple what our system ridership is today.

Building a 21st Century Infrastructure

Any discussion of building a 21st Century Infrastructure must begin by conceding that nationally we are on a trajectory where conditions in both the highway and transit modes will only worsen as the century progresses. Due to inadequate funding from all levels – federal, state and local – conditions can be expected to deteriorate even while the nation struggles to absorb rapid increases in population and congestion, as well as changing settlement patterns.

For this and many other reasons, we are heartened by the discussion of a major new infrastructure initiative coming through Congress that holds the hope of reversing these trends and addressing the infrastructure needs of a changing nation.

In his first address before a Joint Session of Congress back in February of this year, President Trump put forward a vision where,

> "Crumbling infrastructure will be replaced with new roads, bridges, tunnels, airports and railways gleaming across our very, very beautiful land."

We at Sound Transit, and rail transit agencies across the nation very much want to deliver on his vision for new gleaming railways. In fact, at Sound Transit, today we are constructing light rail extensions as well as commuter rail improvements – some with modest levels of Federal assistance and some without.

While we are encouraged by the President's stated goals, we have been disappointed by budget proposals from the Administration that appear to undermine them. Most notably, the Administration's amended Budget for 2017 as well as its Budget for 2018 seek to completely terminate the Federal program which, for half a century, has allowed us to seek Federal partnership in expanding transit capacity in metropolitan areas across the nation. This is precisely the kind of investment that provides the rapidly growing number of residents flocking to our economic centers a path out of ever-worsening highway traffic. The budget proposals appear to ignore the benefits that transit projects bring to the national highway network. By removing millions of cars from the roads each day, public transit makes our highways work better. Eliminating transit expansion means more congested highways and less efficient movement of people and freight. Absent a mix of solutions that include transit expansions, worsening road congestion threatens to choke off our nation's needed economic growth.

At the same time, the Administration has made other statements regarding its infrastructure initiative that we can applaud and endorse – statements about the value of overmatching Federal funds; statements about the opportunities presented by an expanded TIFIA program; and statements about the importance of apprenticeship programs to ensure that we have a skilled workforce to rebuild the nation.

The Administration has made it clear it will not be submitting a detailed legislative proposal on infrastructure and will instead submit a set of principles. If that's the case, then this Committee and others in Congress will very much have the pen in charting the course of this important effort. For that reason, I commend you for having these hearings to hear from practitioners on the ground as to what is truly needed. And in that spirit, I would offer the following recommendations for any comprehensive multi-modal infrastructure.

New Initiative Should Supplement, Not Supplant, Base Funding

If we are to truly make progress on the deferred maintenance and expansion needs of our surface transportation infrastructure, then funds provided through the initiative must not just substitute for the base level of funding authorized through the FAST Act and provided through Appropriations Acts.

While this may seem self-evident, it is particularly important for rail transit agencies who must expand to meet current and expected population surges. Under the Administration's budget request for 2018, the funding level sought for major transit expansions not already covered by a Full Funding Grant Agreement (FFGA) with the Federal Transit Administration (FTA) is effectively zero.

At Sound Transit, we have been working with the FTA for years to secure Full Funding Grant Agreements for two extensions of our light rail spine – one running north from Seattle to the City of Lynnwood and one running south to the City of Federal Way. We are on track to receive an FFGA for our Lynnwood Link Extension project in 2018 and for our Federal Way Link Extension in 2019. Federal funding to our region for those two projects alone – not to mention others we are prepared to bring forward in the next ten years – would amount to about $1.4 billion.

It is hard to imagine that any broad federal infrastructure program will be large enough to deliver an equivalent amount of money to our region for transit expansion in that period. So even if Congress passes an infrastructure package, we will be worse off in terms of our federal partnership if current capital grant programs are not retained.

We are joined by several similar projects in states and regions around the country that seek to meet expanded demand, and we are relying on a strong federal partner in those efforts.

Together with those regions, we in the Puget Sound were heartened to see bipartisan and bicameral support for rejecting the Administration's proposed reductions in the Capital Investment Grant program for fiscal 2017. We are hopeful for a similar outcome in the fiscal 2018 process.

In addition to rejecting the Administration's budget proposals, Congress can also take a positive step that will help improve the flow of funds for transit expansion.

I would ask the Committee to consider reversing a decision that was made in SAFETEA-LU to fund the entire Capital Investment Grants program out of the General Fund while funding transit formula grants entirely out of the Mass Transit Account of the Highway Trust Fund. At present, major transit expansion projects must compete against all other domestic discretionary functions under a very tight funding cap while highway expansions financed under the Federal-aid Highway program do not. Returning to the pre-SAFETEA-LU structure where all transit capital accounts were jointly funded between the trust fund and general fund would help alleviate this stress currently burdening the base program, while doing no harm to the highway program.

That said, any funding made available for either highways or transit through a new infrastructure initiative should surely be focused on allowing agencies to expand beyond their current capital plans and either tackle long deferred maintenance, take on new expansion projects or deliver their planned expansions more quickly to the taxpayer. New funding must not just serve as a substitute for current authorized and appropriated base levels.

New Initiative Should Augment Base Funding for Transit Expansions in Rapidly Growing Megaregions – The Economy Demands It

While it is important that public transit continue to grow nationwide, given the recent and expected changes in population growth and settlement patterns, any new infrastructure plan should focus transit expansion funding on the major metro areas that are so essential to our national economic health. The most recent census tells us the nation will see 70 million additional Americans by 2045. But unlike past population surges where new Americans were spread across rural and urban America, the overwhelming majority of the 70 million new Americans will be located in just 11 major urban megaregions of which the Puget Sound region is one.

It must also be recognized that these major urban megaregions will increasingly serve as the economic engine of our national prosperity. Today, in 47 out of 50 states, Metro areas produce the majority of the state's entire economic output. In 15 of those states, the majority of the state's economic output comes from a single metropolitan area (such as Seattle). In 16 of those states (e.g. California, Texas) just two metro areas account for more than half of the state's GDP. That trend is likely to only accelerate in the future.

In our region alone, we are expecting a million more citizens by 2040, 80 percent of whom will be located within the Sound Transit taxing district. A million more citizens in our region means taking the entire population of Seattle and the entire population of Tacoma and dropping it on top of the density and congestion that we already have.

And the congestion we already have is bad and getting worse. Congestion in the Puget Sound region has almost doubled in just the last five years. And congestion on I-5, our principal highway connector between our major urban centers of Everett, Lynnwood, Seattle, Federal Way and Tacoma, has worsened by 128 percent over that same time period.

In the state of Washington, there is widespread recognition that deteriorating mobility in our major metropolitan areas has a deleterious impact on the entire state's economy, including manufacturing centers and agricultural communities in other parts of the state. Trucks seeking to move crops and manufactured goods to or from the Asian gateway ports of Seattle and Tacoma must inevitably travel through the dense highways of our taxing district where we are working aggressively to get cars off the road and out of the way.

Any new infrastructure initiative, given the population surges we are expecting in our most productive regions, must recognize the importance of expanded transit networks within them.

New Initiative Should Reward Self-Help and "Overmatch" by States and Localities

One area where we do believe the Administration may be on the right track is in highlighting the importance of states and localities providing robust matching funds to access new Federal dollars above the base level of funding. In our capital plan for the projects approved by our voters, the federal share of our major expansion projects is about 16 percent. We have already undertaken two light rail expansion projects with zero FTA Capital Investment Grant dollars.

Most recently, as part of the 2016 election, the voters of our region dug deep into their pockets again and voted to increase their own taxes to greatly expand the regional transit network to get out of the worsening congestion on the Puget Sounds' streets and roads. The personal sacrifice by our region's voters was not small. The Sound Transit 3 ballot measure called on the median voter to increase their own taxes by $169 per year. A two parent household voted to increase their taxes well more than $300 per year on average. And that expansion of our capital plan assumed a Federal contribution of only 13 percent – because we didn't believe it was reasonable to expect the Federal contributions to grow as quickly as our own.

The same piece of legislation that authorized Sound Transit to go to the voters for approval of these transit taxes also raised the state's gas tax by just under 12 cents a gallon to address the state's many highway needs. That brought our state's gas tax to the second highest in the nation, second only to Pennsylvania. The picture here is clear. The taxpayers of Washington State have demonstrated remarkable levels of self-help to meet their surface transportation needs. Any Federal infrastructure policy should reward this level of local effort, not penalize it.

While the Administration has suggested it wants to reward states and regions that overmatch federal dollars, its budget punishes regions that have already done just that. We at Sound Transit were deeply dismayed when the President's budget was released to see the self-sacrifice by our voters called out by the Office of Management and Budget as a reason to **terminate** Federal assistance for transit expansions. That budget document specifically called out our successful ballot measure in the Puget Sound region as well as successful ballot measures in Los Angeles and Denver as a reason why Federal funding for transit expansions wasn't necessary. In fact, all three of those ballot measures put forth capital plans to the voters that assumed the continuation of the existing Federal program to match local contributions.

In the case of Sound Transit, we are seeking roughly a 40 percent Federal share to expand our light rail network to Lynnwood and only a 25 percent Federal share to expand to Federal Way. Please know that, by comparison, Federal-aid Highway funds can and most often do pay for 80 percent of highway projects. By 2030, once we complete the voter approved projects that expand our light rail network to Lynnwood and Federal Way, as well as Bellevue and Northgate (the two expansions currently under construction without Capital Investment Grant funds), our total light rail ridership is expected to be 280,000 riders every weekday. With the expansions approved last year, our weekday ridership will triple from what it is today. The overwhelming majority of those riders will represent passengers we are taking off of either I-5 or I-90 – two of the busiest interstate trucking highways and international trade corridors in the United States. As such, we vociferously reject representations from the Office of Management and Budget that these investments are somehow only local in nature and don't benefit interstate mobility, international trade or our national economy.

It is our hope that the Administration's stated support for states and municipalities that engage in extensive self-help will translate into a new infrastructure initiative that rewards large local contributions, no matter what mode of travel the communities have chosen to finance themselves.

Environmental Streamlining Efforts Should Progress and Expand – With Care

Transit investments that give commuters options to get out of their cars are inherently environmentally beneficial. The sooner transit agencies like us can get shovels in the ground and deploy a new rail segment or bus rapid transit line, the sooner our community will enjoy the environmental benefits. For this reason, we are supportive of efforts to streamline the Federal Environmental process.

That said, these efforts must be done thoughtfully and with great respect for the core environmental protections guaranteed in Federal law. In the Pacific Northwest, the economic health of the region and our quality of life go hand-in-hand with the protection of our environment. And we have no interest in advancing transportation improvements at the expense of the environment.

Moreover, the environmental process is an important one through which we consult with impacted communities to arrive at consensus around projects we will build. We have work to do to arrive at that consensus more quickly but those conversations and negotiations must be held locally. They can't and shouldn't be shunted aside through national legislation.

Both MAP-21 and the FAST Act included thoughtful environmental streamlining measures and this Committee should insist that they be implemented promptly. One provision in the FAST Act provides the opportunity for project sponsors to finance the augmentation of Federal agency staff to handle the workload necessary to process their environmental approvals. We at Sound Transit are already seeking to utilize this authority. We have used similar authorities in years past that were specific to the FTA.

Streamlining the environmental review process by improving federal reviews should not mean short circuiting the process. Putting an artificial timeline on these reviews could actually end up delaying projects. Both President Trump and Secretary Chao have spoken of the goal of reducing the time needed for major multi-year environmental reviews to one or two years. If the effort to meet these timelines results in cursory or cavalier reviews, the result may be lengthy litigation delays. We only have to look as far as Suburban Maryland, where the Purple Line was delayed for over a year by an environmental lawsuit, to see how litigation can slow down a project.

Should we do everything we can to speed up this process – absolutely! Especially for projects that are inherently environmentally beneficial. But please know that the Federal agencies will do us no favor if hastily produced documents give project opponents an opening to delay the project in the courts. As this Subcommittee knows, these opponents sometimes care little for the environment. They are frequently using the environmental process as a cover for NIMBY-ism or to extract concessions from project sponsors.

In fact, a great many of these lawsuits are brought by parties who don't care one whit for the environment. They often come from parties who want to extract something from the project sponsor. They either want you to avoid their property or purchase their property or purchase their property for more than its worth. They may, in fact, want changes to the project that will be less, not more, beneficial for the environment. In some cases, plaintiffs will use the environmental process to slow or kill a project because it is their best and last legal shot at thwarting the will of the voters or reversing the plans of local municipal governments. And that is why it is imperative that the environmental documents produced and overseen by the Federal agencies are thorough and complete.

In addition to procedural changes to streamline the environmental process, the federal government needs to pay attention to its own capabilities to conduct reviews. Toward that end I would encourage the Subcommittee to pay close attention to the adequacy of staffing levels both at the modal Administrations at the DOT and at the natural resource agencies integral to the necessary approval and permitting process to move these projects forward. These include:

- The Environmental Protection Agency
- The Army Corps of Engineers
- NOAA Fisheries
- The Fish and Wildlife Service
- The National Forest Service
- The National Park Service

A cornerstone of a successful environmental streamlining effort is bringing all Federal agencies involved in the process to the table at the earliest possible opportunity to chart a path to completing the necessary approvals. It is just not reasonable to expect that these agencies can endure continuing staffing cuts and simultaneously expedite environmental approval and permitting in a thorough manner.

Similarly, our efforts to advance major transit expansions with Federal partnership involve a lengthy, meritocratic, and risk-based review and approval process with the Federal Transit Administration. Here again, we have processes that could be streamlined. But it is equally imperative that the FTA have adequate staff both in Headquarters and the Regions to participate fully in the process and review all documentation in a timely way to enable transit agencies to get environmentally beneficial projects under construction.

We are pleased that the Administration plans to continue to advance the Federal permitting dashboard that was launched by the Obama Administration to expedite the process. Sound Transit's Lynnwood Link Extension and our Federal Way Extension both have been included on the dashboard, and we appreciate the cooperation of all the participating agencies in moving the projects forward.

Sound Transit is following up on this model by launching our own regional dashboard to monitor and hopefully expedite the actions by our local municipalities from which we must obtain permits. That is another important factor for the subcommittee to be aware. Not all the action allowing us to get shovels in the ground rests with the Federal government. Please know that for a great many Federally-funded projects, State environmental compliance and local permitting processes are important factors in our progress.

Public Private Partnerships Should Have a Role – But Not a Preferential One

At Sound Transit, we agree with a great many of our transit and highway partners across the nation that Public-Private Partnerships, or "P3s", can provide value to those agencies that are positioned to benefit from them. Our agency already contracts out almost all of our bus and rail operation and maintenance activities to third parties. We also of course competitively bid out our design, engineering and construction to the private sector. And we are currently in an evaluation process as to whether P3s can be helpful to us as we tackle the many projects that are part of our capital expansion program. But it must be recognized that P3s are not a panacea that can bypass the usual hurdles that burden most capital projects.

There are many reasons why a public highway or transit agency might consider delivering a project through a P3. They may gain access to more affordable credit through a private partner. They may gain access to necessary expertise to help them deliver a particularly complex project. They may benefit from being relieved of the burden of deploying a project while they are busy with other priorities. They may succeed in passing schedule risk and revenue risk onto a private partner. But the decision to use a private partner must be left to the project sponsor. There should be no legislated leg-up that prioritizes the use of P3s over any other delivery method. If the private partners are adding real value to the project or absorbing real risk, there should be no problem demonstrating that to the project sponsor. A new initiative to address our infrastructure needs should not be a goldmine for private investors who wish to skim public money off the top while adding little to no value to the taxpayer, the highway user, or the transit commuter. Quality P3s will be able to demonstrate their value by convincing project sponsors that they are the right choice.

Boosting TIFIA – A Valuable Tool

We are encouraged by the Administration's strong support for the TIFIA program, which serves as a very valuable tool for agencies like ours with strong credit. The flexibilities that come with TIFIA enhanced borrowing provide real savings to our taxpayers at very little cost to the Federal government. Until recently, our $1.3 billion TIFIA loan for our East Link extension ranked as one of the largest loans in the TIFIA portfolio.

At this time, Sound Transit is the only agency of any kind that has secured a TIFIA Master Credit Agreement as authorized under MAP-21. This agreement has already allowed us to close on the first two loans under the agreement with two more to come in the next two years. In the aggregate, this agreement is expected to save our regional taxpayers between $200 and $300 million in borrowing costs.

I can tell you from my experience serving on the DOT Credit Council that the TIFIA program has served as an important tool to facilitate successful public private partnerships and its popularity is now demonstrating itself in the growing number of agencies that are submitting letters of interest to participate in the program. While enhanced grant assistance should be the cornerstone of any new infrastructure initiative, an enhanced TIFIA program should be part of the mix.

Securing the Workforce to Modernize our Infrastructure

We also agree with the Administration on the importance of putting the mechanisms and funding in place to boost the number of skilled craftspeople who are fully trained and ready to rebuild our infrastructure. An initiative to double the number of apprenticeships began under the Obama Administration and we are pleased to see the Trump Administration also embrace that goal. In our region, the red-hot construction market is causing a shortage of skilled labor in positions that are absolutely critical to the successful completion of our projects. These include electricians, welders, iron workers, and other skilled crafts. The cost growth that we are seeing due to labor shortages is not limited to the Puget Sound Region. I'm hearing anecdotal reports of the same challenges in other fast growing cities including Los Angeles, Denver, Dallas and Salt Lake City.

At Sound Transit, we have worked closely with our Labor partners and state and local agencies to expand the number of available apprenticeships to increase the supply of these needed craftspeople. To organize and sustain our efforts, we have formed the Regional Public Owners Collaborative. Through this and other efforts, we have worked hard to boost job training opportunities with the expansion of our capital plan, including opportunities for women and people of color. Any national infrastructure initiative should seek to do the same thing. A new infrastructure initiative in many of our cities will already be buying into a very hot construction market. To ensure the availability of skilled craftspeople, this Committee should work with other Committees of jurisdiction to make sure we have the Workforce of the 21st Century needed to build the Infrastructure of the 21st Century.

Thank you for the opportunity to appear before you today. I would be happy to answer any questions you may have.

ACEC
American Council of Engineering Companies
100 Years of Excellence

Testimony of the American Council of Engineering Companies

Before the House Subcommittee on Highways & Transit
hearing on
Building a 21st Century Infrastructure for America: Highways and Transit Stakeholder Perspectives

October 11, 2017

Chairman Graves, Ranking Member Norton, and Members of the Subcommittee, thank you for holding this important hearing and for the opportunity to submit testimony.

ACEC – the voice of America's engineering industry – is a national federation of 52 state and regional councils representing the great breadth of America's engineering industry. Member firms employ more than 600,000 engineers, architects, land surveyors, scientists, and other specialists, responsible for more than $200 billion of private and public works annually. Our mission is to strengthen the business environment for our member firms through government advocacy, political action, and business education.

Now is the time to enact a robust infrastructure package

Investing in the nation's critical infrastructure has attracted strong, bipartisan support in Congress over the years. The President's support for infrastructure as a key piece of his agenda has created a unique opportunity in 2017 to pass legislation that will enhance the nation's transportation, water, energy, and communications infrastructure, while creating jobs and boosting competitiveness in the global marketplace.

ACEC urges Congress to enact a bold infrastructure package that includes:
(1) robust funding for core federal programs, including highways, bridges, transit, airport, water and wastewater programs;
(2) innovative financing mechanisms to promote additional private investment and Public-Private Partnerships (P3s), particularly through an expansion of TIFIA and Private Activity Bond financing;
(3) a long-term, sustainable solution for the Highway Trust Fund; and
(4) responsible regulatory reforms to facilitate efficient project delivery.

Massive infrastructure needs still go unmet despite recent initiatives

Congress has enacted a series of bipartisan infrastructure bills in recent years – including the FAST Act, WRRDA, and the WIIN Act – to reauthorize and expand federal programs and funding for the nation's transportation and water systems. Despite these successes, our nation's infrastructure remains severely deficient and underfunded across all sectors. According to the U.S. Department of Transportation, improving the condition and performance of highways and bridges requires $142 billion annually from all levels of government. We currently invest approximately $105 billion. For public transit, current investment totals $17 billion per year, while the cost of preservation and expansion needs is 50% higher. Airports have identified $100 billion in capital needs over the next 5 years, while current funding sources only provide for half of that total. For water and wastewater, the EPA and the Government Accountability Office (GAO) have documented over $500 billion in funding shortfalls over the next 20 years.

Challenges in the movement of freight and the impact on our national economy typify these funding concerns. According to the Bureau of Transportation Statistics, in 2015 our national transportation system moved 18.1 billion tons of goods worth $19.2 trillion. The amount of freight traveling on the network is projected to grow by 40 percent over the next 40 years. These goods move over every mode, including by truck, rail, water, and air. However, those trucks are moving across a system that includes over 55,000 structurally deficient bridges, including 13,000 bridges on Interstates that need replacement or major reconstruction to accommodate traffic demands. Those intermodal containers sit stuck in ports that cannot handle growing demand.

The average driver spends 43 hours stuck in traffic each year. Last year, delays exacted a $160 billion cost to the economy due to wasted fuel and lost productivity.

Problems with inadequate funding are compounded by regulatory uncertainties which drive up costs, deter private investment, and delay the safety, environmental, and economic benefits of investment. Congress has made progress in passing bipartisan reforms in recent years to streamline regulatory reviews for projects – due in large part to the leadership of this committee – but more can be done to advance responsible reforms to promote more efficient project delivery. ACEC submitted an extensive list of potential regulatory and legislative actions to the Administration and to this committee earlier this year.

<u>Congress can leverage existing programs for efficiency and success</u>

ACEC believes that the most effective infrastructure investment will be funneled primarily through existing programs. New mechanisms may be necessary to address certain areas of need; however, any effort to renegotiate funding formulas and allocations, or to establish a complex new bureaucracy for administering funds, is unnecessary and could delay the delivery of vital funds. MAP-21 and the FAST Act were carefully crafted laws that advanced critical reforms to highway and transit programs, targeting funds to national priorities while giving state and local governments significant flexibility to identify their needs. These existing programs are well established and well suited to get funds out the door and into projects on the ground.

Moreover, lawmakers should not view an infrastructure package as a "stimulus" bill. The legislation should focus on programs and projects that generate long-term economic growth, not "shovel ready" quick hits that have little impact on economic development.

Existing programs are also available to spur private investment and facilitate public-private partnerships, a clear priority for the Administration. The TIFIA, WIFIA, and RRIF programs for transportation, water, and rail, respectively, can be grown and expanded to accommodate additional projects at very little risk or expense to the federal budget. The federal cost of the loans provides an approximately 30:1 leverage ratio. In addition, Private Activity Bonds are an essential tool for fostering additional investment. PABs allow private sponsors to issue tax-exempt bonds when financing projects with a public benefit. The existing $15 billion cap on such issuances should be raised to allow additional private investment.

Any infrastructure package must address the Highway Trust Fund

One of the most effective means for fostering state, local, and private investment in transportation infrastructure is to ensure a strong and stable federal partner. No single action would do more to unlock long-term investment than to permanently address the structural revenue deficit of the Highway Trust Fund and support robust, long-term funding increases for surface transportation programs. Conversely, failure to fix the Trust Fund would only undermine the anticipated benefits from an infrastructure investment package.

We were encouraged that 253 House members – including a majority of both Republican (119) and Democrat (134) members – signed the letter you circulated, Chairman Graves and Ranking Member Norton, earlier this year urging the Ways & Means Committee to include a long-term fix for the Highway Trust Fund in the context of tax reform. ACEC applauds the members of this committee that signed that letter and who have shown consistently strong leadership on this issue.

As every Member of this committee and of this Congress knows, the gas and diesel tax have been flat since 1993. The purchasing power of this user fee has been diminished by 40 percent over that time. Congress has lurched through a series of short-term patches totaling $140 billion, and scraped for every budget gimmick in existence to offset General Fund transfers to keep the Trust Fund solvent. While it is encouraging that lawmakers understand the importance of maintaining the solvency of the Fund so much that they are willing to raid other parts of the federal budget to do so, the time has come for a more responsible and long-term solution. The simplest and most efficient fix is to restore the lost buying power of the gas and diesel taxes and index them to inflation going forward.

ACEC has endorsed a wide array of other existing revenue options, and supports a transition to a direct mileage-based user fee over the long term. Pilot programs created by this committee in the FAST Act to study and accelerate those options are vital. Nevertheless, we cannot wait for those programs to come to fruition. For the foreseeable future, the existing excise taxes are the foundation for federal investment and must be increased.

Private sector engineering firms deliver value

Lastly, in order to promote the effective and efficient use of additional funding, the infrastructure package should promote the utilization of private sector engineering and design firms to deliver projects. Engineering firms play an important role in partnering with state and local agencies to deliver transportation projects. Agencies rely on the specialized skills and technical expertise that firms provide to solve complex design challenges in creative ways. They also use local firms to meet tight project deadlines and identify better and more efficient ways to get projects done.

The FAST Act recognized the value of these partnerships. Section 1443 of the law states that the engineering industry "continues to provide critical technical expertise, innovation, and local knowledge to Federal and State agencies," and urges the Secretary of Transportation "to reinforce those partnerships by encouraging State and local agencies to take full advantage of engineering industry capabilities to strengthen project performance, improve domestic competitiveness, and create jobs."

While many state and local agencies partner very effectively with engineering firms, there are some that do not take advantage of the services available. Local firms, many of them small businesses, are essentially shut out from competing for federally funded projects.

A recent funding initiative in California is illustrative. The state legislature approved a 10-year, $52 billion road repair bill and constitutional protection bill earlier this year, with a bi-partisan, two-thirds majority vote. ACEC and its member firms were strongly supportive of this effort, which will fix unsafe bridges and overpasses, improve road safety and reduce traffic congestion. The California Department of Transportation (Caltrans) will start receiving revenue from SB 1 in January 2018 and in anticipation, has already jump-started state road projects. With SB 1 money being split equally between state and local projects, ACEC is cautiously optimistic at the additional opportunities for the private sector. Caltrans already performs more than 90 percent of engineering work in-house, but with such a historic funding package being implemented, they cannot go alone. Caltrans cannot simply add to their staff in anticipation of the additional funds but must rely on available, private sector firms to perform the necessary engineering, design and inspection services. Otherwise the value and efficiency available through partnerships with the private sector diminishes.

A federal infrastructure package should encourage this type of approach. Funding increases should go to fund projects, not grow state bureaucracies.

Legislation enacted in the State of Washington provides another example. For many years, the Washington DOT insourced the vast majority of its engineering and design work, even during peak funding periods. In 2015, the Washington state legislature passed a bipartisan 11.7 cent/gallon gas tax increase to fund a $15 billion transportation package. That package included a provision that specifically limits the Washington State Department of Transportation (WSDOT) from ramping up its internal engineering and technical staffing levels for the additional work funded under the bill, and recognizes that outside consultants will be utilized to handle the increased demands. A separate, related bill mandated that WSDOT work with industry to create a business plan for the Department that includes how it will be a strong owner in the future, how it will maintain sustainable staffing levels going forward, and how best to utilize outside consultants.

Washington still performs a large amount of engineering work in-house, but the Department is slowly being right-sized and more firms are being contracted for work.

A recent academic study from New York University (NYU) underscores the value of this partnership approach. NYU researchers examined cost data from a total of 28 State DOTs, as well as corresponding data from a sample of firms in each state, to present an accurate picture of the total cost of doing engineering work with in-house staff versus contracting with a local firm. Aggregating the data from those 28 states, NYU found that the average cost of a DOT engineer was $272,684, which includes salary, benefits and overhead costs, while the average for engineers in the firms was $217,020, which included the same costs as well as a 10.5% average profit margin.

The study was conducted because State DOTs are at times criticized for contracting out services on the presumed basis that it's "cheaper" to perform the work in-house. Lawmakers at the state and federal level have also debated the relative merits of in-sourcing versus contracting out engineering services, where once again the most common metric cited is cost. The intent of the study is to inform policy makers and the public of how the true costs compare, with the goal of bringing the discussion back to the real value measures for strong partnership between public agencies and the nation's engineering industry, such as promoting innovation, efficient and timely project delivery, and project success (including cost).

The NYU study also documented a number of additional benefits for public agencies to consider in making the decision to contract out work to the private sector:

- *Staffing capacity* - The public cannot afford to staff an agency to handle peak workloads. If the DOT staffed up to handle peak workloads, it is liable to pay those employees in lean times even if they have nothing to work on. If a project is contracted out, firm employees are only paid for the time they work on a project; they leave a project once it is over.

- *Schedule constraints* - Firms typically have more capacity, flexibility, and incentive to meet fast-track deadlines than government agencies.

- *Lack of special expertise* - Often the DOT has no choice but to contract out the design if it lacks the required expertise in-house.

- *Need for innovation* - The private sector has more means to encourage innovation than government agencies, including bonus programs and the sharing of intellectual properties. Most government agencies cannot by regulation provide these types of incentives.

- *Better management of risks* - Contracting out is an effective risk management tool that enables agencies to shift risk to the firm and away from the taxpayer.

- *Improved quality* - Since firms compete against one another for work, they cannot submit a poor-quality design and expect to be selected again by the same agency. This is the core principle of the Qualifications-Based Selection (QBS) procurement process, which is used by federal and state agencies to acquire engineering services for public projects. Past performance and project success is a major gatekeeper in the selection of consultants.

- *Cost-effectiveness* - The cost savings demonstrated by this study when State DOTs contract out design services, coupled with the other factors referenced above that drive the decision-making to engage the private sector, builds a convincing narrative supporting a robust partnership between the DOTs and the nation's engineering industry.

These many benefits should be reflected in a federal infrastructure package to make sure that any additional federal dollars are put to the most effective use through innovation and efficiency.

ACEC thanks you for your consideration of our views, and for your leadership and support for a robust federal role in infrastructure investment. We stand ready to help you deliver on the promise of a substantial legislative package that finally begins to address this most pressing economic need.

STATEMENT FOR THE RECORD

THE AMERICAN PUBLIC TRANSPORTATION ASSOCIATION (APTA)

BEFORE THE

HOUSE TRANSPORTATION AND INFRASTRUCTURE SUBCOMMITTEE ON HIGHWAYS AND TRANSIT

Regarding

Building a 21st Century Infrastructure for America: Highways and Transit Stakeholders' Perspective

October 11, 2017

INTRODUCTION

The American Public Transportation Association (APTA) is pleased to provide comments as part of the House Transportation and Infrastructure Subcommittee on Highways and Transit hearing entitled "Building a 21st Century Infrastructure for America: Highway and Transit Stakeholders' Perspectives." APTA again thanks this Subcommittee and Congress for passage of the Fixing America's Surface Transportation Act (FAST Act) in 2015.

APTA is an international association of more than 1,500 public and private sector organizations, engaged in the areas of bus, paratransit, light rail, commuter rail, subways, waterborne services and intercity and high-speed passenger rail. This includes transit systems; planning, design, construction, and finance firms; product and service providers; academic institutions; transit associations and state departments of transportation. APTA is the only association in North America that represents all modes of public transportation. APTA members serve the public interest by providing safe, efficient and economical transit services and products.

INDUSTRY PRINCIPLES

In an effort to support the efforts of Congress and the Administration as they work to develop new proposals to reinvest and rebuild our nation's infrastructure, APTA convened its members last fall to develop consensus industry recommendations.

APTA continues to advocate for increased investment in public transportation from all levels of government, but the federal partnership remains absolutely critical. We believe that public transportation should be a significant part of any federal initiative investing in the nation's infrastructure. Any new infrastructure initiative should build on the existing FAST Act programs to ensure that the best and most useful projects get funded. Funding should go to communities throughout the nation, including urban, rural, and suburban areas. Investments must address unmet needs associated with buses and bus facilities; aging rail systems under the state of good repair program; new capacity projects; urban, rural, and other formula programs; intercity passenger rail, including eligibility for costs associated with the installation of Positive Train Control (PTC) technology required by Congress; and workforce development and research programs.

Most importantly, it is paramount that Congress take advantage of the opportunities before them, with significant momentum building for both an infrastructure bill and comprehensive tax reform, to address the long-term solvency of the Highway Trust Fund (HTF). APTA is very grateful for the work that Congress did to pay for the FAST Act in 2015. However, with no increase in dedicated revenue, the federal surface transportation program faces another funding crisis in FY 2020. It has been more than two decades since Congress last raised the federal fuel taxes that primarily support the HTF, and the purchasing power of this revenue has decreased by nearly 40 percent over that time. Current revenues deposited into the HTF are insufficient to support the existing federal highway and transit programs without significant general fund contributions. This status quo is unsustainable. States and public transportation agencies need predictable federal funding to support long-term planning and multi-year capital projects. It would be a tremendous missed opportunity to enact a new initiative to rebuild our infrastructure without addressing the fundamental and structural challenges that will render the HTF insolvent by 2020.

INFRASTRUCTURE INITIATIVE

APTA urges Congress to dramatically increase current federal investment levels in support of public transportation and intercity passenger rail systems. Americans recognize that increased investment in public transportation infrastructure across the nation would help produce economic growth and make the United States more competitive in international markets. Public transportation supports economic development, produces a safer, more efficient transportation system, connects people with jobs and employers with potential workers, and supports national priorities.

The U.S. Department of Transportation has identified a backlog of $90 billion in capital investments needed to bring bus and rail systems into a state of good repair. Increased investment should support the replacement of aging and over-age equipment with more modern buses, trains, and facilities, and address growing demand in communities of all sizes throughout the country, for new and expanded rail, ferryboat, and bus capacity. Dedicated and sustained federal funding for public transportation complements the unprecedented contributions already made by states and local governments to operate and maintain these services.

APTA's funding recommendations for public transportation and intercity passenger rail systems support an essential strategy to sustain and enhance our national transportation network and the United States' global economic competitiveness. We must rehabilitate, revitalize and expand the nation's public transportation infrastructure and improve transportation options for all Americans.

APTA believes that any federal infrastructure initiative should complement and utilize programs authorized under the Fixing America's Surface Transportation Act (FAST Act) and must ensure the long-term solvency of the Highway Trust Fund. Investment should also include funds for innovative mobility, workforce development, and research that will encourage utilizing advanced technologies to position the nation's transportation infrastructure for the future. Investments should create new jobs, inclusion, shared prosperity, and private sector growth.

APTA Infrastructure Initiative Recommendations

- Provide increased funding for existing rail state of good repair program;
- Provide increased funding for existing bus and bus facilities program (with distribution under current formula and discretionary programs);
- Provide increased funding for all existing transit formula programs based on current proportions to meet needs in every community;
- Provide increased funding for new capacity projects;
- Provide increased funding for Intercity Passenger Rail (including Positive Train Control eligibility);
- Provide increased funding for Workforce Development & Research; and
- Create a new competitive grant program for capital Bus and Rail State of Good Repair, and other capacity expansion projects.
- Increase dedicated revenues into the Highway Trust Fund to ensure its long-term solvency and provide a sustainable funding source for federal public transportation programs.

Additionally, Congress and the Administration should pursue commonsense reforms to allow for accelerated review and approval processes to speed project delivery and better leverage federal resources. APTA has submitted recommendations across a number of areas to reform federal statutes and regulations to enhance our industry's ability to deliver high-quality, safe, and efficient public transportation services. Our members are continuing to work to develop further recommendations. APTA's members pride themselves on serving communities of all sizes across the country, and we believe it is important that any regulatory reform not come at the expense of transparent and open communication including sound community engagement and continuation of the protections afforded under environmental justice and other civil rights requirements.

APTA supports public and private finance tools and welcomes the opportunity to work with Congress and the Administration to foster private participation in project financing and delivery in the public interest. We have developed recommendations to improve existing financing tools to be more effective for the public transportation industry. To be clear, however, increased federal funding must be the foundation of an infrastructure initiative, with financing options serving as additional tools. The public transportation industry has taken advantage of Transportation Infrastructure Finance and Innovation Act (TIFIA) bonds, Railroad Rehabilitation and Improvement Financing (RRIF) loans, Private Activity Bonds, tax credits, and municipal debt. Finally, it must be emphasized that these financing tools are not effective without a dedicated and stable funding stream to back them up.

MOVING FORWARD TOGETHER

As we look to the future of public transportation, and Congress and the administration work to develop proposals for an infrastructure initiative, we urge the Committee to keep in mind the important economic benefits of public transportation, the strong public support for public transportation investments, and the significant unmet needs that remain.

Public transportation is an essential part of the nation's surface transportation system. It provides access to jobs and personal mobility. Public transportation helps reduce congestion, makes the entire transportation system work more efficiently, and spurs economic growth in communities. Every $1 invested in transit generates approximately $4 in economic returns[1]. A recent study released by APTA found that nearly 90 percent of public transportation trips directly impact the economy either through work commute or consumer spending[2]. In addition, 70 percent of government public transportation funding flows directly into the private sector, supporting millions of jobs[3].

In recent years, several states have raised motor fuels taxes and localities have raised other taxes that help pay for surface transportation, including public transit. During the most recent elections,

[1] *Economic Impact of Public Transportation Investment* http://www.apta.com/resources/reportsandpublications/Documents/Economic-Impact-Public-Transportation-Investment-APTA.pdf

[2] *Who Rides Public Transportation* http://www.apta.com/mediacenter/pressreleases/2017/Pages/Who-Rides-Public-Transportation.aspx

[3] *2016 Public Transportation Fact Book* http://www.apta.com/resources/statistics/Documents/FactBook/2016-APTA-Fact-Book.pdf

voters approved nearly 70 percent of transit-related ballot initiatives, raising almost $170 billion in future revenues for public transportation. However, it is important to keep in mind that the success of these local initiatives depends on a strong federal partnership. The most important issue continues to be the long-term solvency of the HTF, and we stand ready to work with Congress to advance this essential priority.

Our transportation mobility challenges are difficult, but can be solved. We have before us a unique opportunity to tackle these challenges in a meaningful way. People in communities everywhere are working on solutions that meet their unique needs. They have the vision and the desire, but require federal leadership and support. We believe there is a role for local communities and the federal government to work together to support those visions with substantial, sustainable, and predictable funding.

CONCLUSION

We are grateful for the efforts of this Subcommittee in working with us to improve federal public transportation programs and advance our mutual objectives. Thank you again for the opportunity to provide comments and recommendations related to an infrastructure initiative and the important role of public transportation.

Committee on Transportation and Infrastructure

Subcommittee on Highways and Transit

Hon. Sam Graves, Chairman

Hon. Eleanor Holmes Norton, Ranking Member

Testimony of:
Ms. Debra Lee Ricker, Chair, Board of Directors
American Traffic Safety Services Association (ATSSA)

October 11, 2017

Chairman Graves, Ranking Member Holmes Norton and members of the Subcommittee, thank you for the opportunity to submit written testimony on behalf of the American Traffic Safety Services Association (ATSSA). My name is Debra Ricker, and I serve as Chair of ATSSA's Board of Directors. ATSSA is an international trade association which represents 1,400 members who manufacture, distribute and install roadway safety infrastructure devices such as guardrail/cable barrier, pavement markings, rumble strips, signs and work zone safety devices.

In addition, I am the President of a traffic control company, Worksafe Traffic Control Industries Inc, based in Barre, Vermont. My company manufactures construction, highway and commercial signs and distributes traffic control devices throughout northern New England. I am especially excited that the Subcommittee is holding a hearing on building a 21st century infrastructure for America, because my company specializes in using smart, innovative technologies to enhance the safety and mobility of roadway users in work zones.

Nearly two years ago, Congress passed the Fixing America's Surface Transportation (FAST) Act which was signed into law by President Barack Obama. This five-year commitment to investing in America's transportation infrastructure was a significant step forward in combatting a multitude of challenges on our Nation's roadways. However, as many users of the system know, more and smarter investments are critically needed. The most recent Report Card for America's Infrastructure (2017) from the American Society of Civil Engineers indicated that the overall grade for infrastructure was a D+, with roads and bridges receiving a grade of D and C+ respectively.[1]

It is critical that we not only increase our investments to the system, but just as importantly, we must use our investments wisely to ensure the best return on investment. In 2015, 35,092 individuals were killed on U.S. roads.

In order to tackle the challenge of roadway fatalities, states and local governments must not only continue to invest in roadway safety infrastructure projects, but they also must think about how best to utilize their limited resources. In addition, Congress must address the looming challenge of transportation funding for both a one-time infrastructure package and to address the solvency of the Highway Trust Fund for future surface transportation authorizations. ATSSA strongly supports increasing and indexing the federal motor fuel user fees. As a nation, we cannot be serious about investing in our future infrastructure without taking action to fund this investment.

As an industry, ATSSA is committed to moving Toward Zero Deaths on all U.S. roads. Although this is an ambitious goal, a goal of anything less is unacceptable. Quite simply, when it comes to our own personal family's lives, zero deaths is the only acceptable goal. In order to achieve this, stakeholders, road users and elected officials must work together to deploy countermeasures that save lives, reduce serious injuries and make the best possible use of resources.

The FAST Act continued a tradition laid forth by SAFETEA-LU in establishing a dedicated program for roadway safety infrastructure. Named the Highway Safety Improvement Program (HSIP), this core Federal-aid highway program is committed to reducing fatalities and serious injuries through roadway safety infrastructure countermeasures.

---

[1] ASCE's 2017 Report Card for America's Infrastructure - https://www.infrastructurereportcard.org/americas-grades/

ATSSA firmly believes in the Highway Safety Improvement Program specifically and the federal transportation program generally. While financing tools can be very helpful in parts of the country - they most likely would not work in my state of Vermont or other rural states or rural areas. We know that more than 50 percent of roadway fatalities happen on rural roadways – while less than 20 percent of the American people live in rural areas. ATSSA would ask this Subcommittee and Congress to help ensure that rural areas can participate in any new infrastructure initiative.

As Congress and the new Administration work on an infrastructure initiative, it is important to remember that direct federal funding is the best and quickest way to ensure increased investments across the country. This is especially true when it comes to roadway safety infrastructure projects.

To this end, ATSSA believes that at least 10 percent of any new federal funds for highway projects should be dedicated to roadway safety infrastructure projects through HSIP and that funds within HSIP should remain focused on roadway safety infrastructure projects and not be flexed to other programs. As American workers rebuild our nation's transportation infrastructure with investments from this package, safety must be a core principle of that investment. We have a unique opportunity to supplement our safety work from the FAST Act with a laser focus on saving lives and reducing injuries on America's roadways.

Chairman Graves and Ranking Member Holmes Norton, thank you for the opportunity to submit testimony as the Subcommittee begins discussions on how best to invest and modernize America's infrastructure.

Associated Equipment Distributors

AED Government Affairs Office
1201 15th St., NW
Suite 220
Washington, DC 20005
Telephone: 202-897-8799

October 11, 2017

The Honorable Sam Graves
Chairman
Subcommittee on Highway & Transit
2251 Rayburn House Office Building
Washington, DC 20515

The Honorable Eleanor Holmes Norton
Ranking Member
Subcommittee on Highway & Transit
592 Ford House Office Building
Washington, DC 20515

Re: Statement for the Record for Hearing on "Building a 21st Century Infrastructure for America: Highways &Transit Stakeholders' Perspectives"

Dear Chairman Graves and Ranking Member Norton:

I am writing on behalf of Associated Equipment Distributors (AED) to express our organization's gratitude for holding this important hearing on building a 21st century infrastructure and offer our strong support for robust, long-term investment in our nation's crumbling roads and bridges.

AED is the international trade association representing companies involved in the sale, rental, and servicing of construction, mining, farm, energy, forestry and industrial equipment. Our more than 500 member companies, which are predominantly small-medium-sized, family-owned businesses, have over 3,000 locations throughout North America, employing 40,000 people and accounting for $15 billion in annual sales of construction equipment and related supplies.

The Highway Trust Fund (HTF) is at a breaking point. Gas taxes and other highway user fee revenues are insufficient to support even the current inadequate levels of transportation investment, let alone the additional construction needed to rebuild America's crumbling infrastructure. Put simply—the federal highway program is in jeopardy.

The HTF's dire situation puts highway and transit investment at risk, creates enormous uncertainty for transportation planners, and threatens economic growth. Our infrastructure is the lifeblood of our economy. It impacts our quality of life, the competitiveness of our businesses, and the safety and security of our country. All while spurring growth and creating well-paying jobs. While many states have raised their fuel taxes in the past five years to make up for a substantial funding shortfall (with several more considering it), the federal government continues to shirk its constitutional responsibility in rebuilding the country's infrastructure.

Congress must take the hint from outside the Beltway and raise revenues to fund long-term infrastructure projects. The positive impact on the economy will be felt for decades to come and there is no better time to make bold decisions to position our country for long-term economic growth, job creation, competitiveness and security. It's time for action.

The construction equipment industry is ready to rebuild the country. We commend you for your efforts and look forward to working with you to solve the nation's infrastructure crisis.

Sincerely,

Brian P. McGuire

Brian P. McGuire
President and CEO

NATIONAL PARKS CONSERVATION ASSOCIATION

National Parks Conservation Association Statement for Record for House Highways and Transit Subcommittee Hearing on "Building a 21st Century Infrastructure for America: Highways and Transit Stakeholders' Perspectives"

Wednesday, October 11, 2017

Since 1919, the National Parks Conservation Association (NPCA) has been the leading voice of the American people in protecting and enhancing our National Park System. On behalf of our more than 1.3 million members and supporters nationwide, I write to urge that any legislative proposal to restore this nation's infrastructure include the national parks and other public lands.

The National Park System, second only to the Department of Defense in the amount of infrastructure it manages, is at the pinnacle of this country's tourist attractions with their popularity soaring. In 2016 there were more than 330 million park visits, a 7.7% increase over the previous year, that translated into nearly $35 billion in economic activity and 318,000 private-sector jobs. For every dollar Congress invests in the National Park Service, $10 is returned to the American economy, with much of that money directly benefiting parks' gateway communities.

Unfortunately, the national park infrastructure is deteriorating and is a microcosm of the larger challenges this country faces in trying to revitalize its infrastructure. Currently there is an $11.3 billion backlog of overdue repairs facing the national parks. More than half of the backlog is in park transportation systems—such as roads, bridges, tunnels, trails and shuttles. One-third of the projects must be completed in the near-term to avoid irreparable damage.

Below are examples of national park sites burdened with serious transportation backlog repairs, many of which are critical to visitor safety:

- **Arlington Memorial Bridge** (Virginia and Washington DC): Built in 1932 as a symbolic link between the North and the South, the Arlington Memorial Bridge crosses the Potomac River between the Lincoln Memorial and Arlington National Cemetery and serves as a vital commuter route. It is in a severely degraded state; it will cost $250 million to completely upgrade the bridge.
- **Delaware Water Gap National Recreation Area** (New Jersey and Pennsylvania): Delaware Water Gap National Recreation Area contains three

main roads (Old Mine Road, River Road, and US Route 209) that connect all major recreational and cultural sites. The roads are overdue for reconstruction after decades of traffic have worn the pavement surface and weakened the substructure. The cost to reconstruct the roads is $92 million.

- **Everglades National Park** (Florida) - The largest component of Everglades National Park's $79 million repairs backlog is $47 million in overdue road repairs. Infrastructure repair needs include improvements to the park's main road, which requires a resurface pavement treatment currently estimated at $12.5 million. Other examples include more than $250,000 for repairs to the Flamingo Visitor Center access road, a beloved site for generations of visitors located 36 miles into the park, and $562,000 is needed for the Pa-hay-okee road that takes visitors to a popular trail and overlook of the surrounding river of grass.
- **Yellowstone National Park** (Wyoming and Montana) – For the past three decades the National Park Service has been working to upgrade the park's 254-mile Grand Loop and entrance roads from 1940's standards that are woefully inadequate for modern day tour busses and recreational vehicles. Due to lack of sufficient funding, only half of the loop and entrance roads have been reconstructed. To complete upgrading of the remainder of the roads in the park will cost anywhere from $800 million to $1.2 billion because the most challenging stretches of road remain to be rebuilt. At the current pace of funding it will take more than 75 years to complete the work.
- **Yosemite National Park** (California) – The loop road through the popular Yosemite Valley, which carries 95 percent of the visitors to the park, needs $19 million in deferred maintenance. Added to that the repair needs of the Tioga, Wawona, Glacier Point, and Hetch Hetchy roads, among others, and the total cost of fixing Yosemite's roads comes to $225 million.

<u>It is critical that the options developed to finance infrastructure revitalization are applicable to national parks and other public lands.</u> Below are the challenges that face national parks with two of the more popular financing options being put forward:

- <u>Public-Private Partnerships</u> – The National Park Service already uses public-private partnerships in its concession management agreements. Some types of PPP agreements, such as leasebacks, are simply not appropriate for national parks because they would allow private entities to own parts of national parks.
- <u>Tolling</u> – Tolling is currently prohibited in national parks through the Federal Lands Recreation Enhancement Act of 1996. With the exception of the five national parkways in the greater Washington, DC area (Baltimore-Washington, George Washington Memorial, Clara Barton, Rock Creek, Suitland) that largely serve as commuter routes, the seasonal and limited volume on most park roads would not make tolling cost-effective.

National park transportation infrastructure is wholly the responsibility of the federal government and should be first in line for any new funding that is generated by the federal government for infrastructure revitalization.

North American Concrete Alliance

September 27, 2017

The Honorable Bill Shuster
Chairman
Committee on Transportation and Infrastructure
2165 Rayburn House Office Building
Washington, DC 20515

The Honorable Peter DeFazio
Ranking Member
Committee on Transportation and Infrastructure
2165 Rayburn House Office Building
Washington, DC 20515

Chairman Shuster and Ranking Member DeFazio,

Members of the North American Concrete Alliance (NACA) are encouraged that the House Committee on Transportation and Infrastructure is continuing its commitment to examining and addressing the challenges facing America's infrastructure.

NACA is a coalition of concrete-related associations dedicated to addressing industry-wide priorities in the areas of research, education and government affairs. NACA places an emphasis on advocating for increased and efficient federal investment in surface transportation and infrastructure funding. As the Committee moves forward on implementing policies to improve the nation's infrastructure and surface transportation networks we encourage you think boldly and look towards the future.

In particular, NACA is concerned that the investment in our surface transportation infrastructure is painfully inadequate to meet our current needs, let alone the needs of future generations. We believe that previous efforts fell short and as a result, the Highway Trust Fund (HTF) is still not adequately funded and Congress is no closer to enacting a permanent, or even long-lasting, solution to address its solvency.

We cannot squander the investments previous generations made by allowing our infrastructure to crumble and collapse. We understand that in our current era of fiscal constraint investment dollars are being squeezed from many directions. But in our view, it is fiscally irresponsible *not* to increase investments that anticipate future needs, expand capacity, and establish a surface transportation network that will truly increase our global competitiveness.

When your Congressional predecessors undertook the building of the interstate highway system they embodied the spirit of taking risks and truly investing in the program. They knew that the approach could be painful and would cost money, but in the end they had built a transportation network that has stood for generations and in turn allowed our nation and economy to become stronger.

By making tough decisions now, you can pave the way for America to move forward into the next generation of commerce and travel. *Now* is the time to make the investments that help ease the congestion and capacity issues that plague our surface transportation network, while simultaneously building highways for the future that can accommodate current and future trends, including autonomous vehicles, business and distribution corridors, and enhanced access for e-commerce.

NACA looks forward to working with you to address our nation's infrastructure needs now and in the future.

Sincerely,

American Concrete Pavement Association
American Concrete Pipe Association
American Concrete Pumping Association
American Concrete Pressure Pipe Association
Concrete Foundations Association
Concrete Reinforcing Steel Institute
National Concrete Masonry Association
National Precast Concrete Association
Precast/Prestressed Concrete Institute
Portland Cement Association
National Ready Mixed Concrete Association
Tilt Up Concrete Association

PROFESSIONAL ENGINEERS
IN CALIFORNIA GOVERNMENT

Testimony for the Record of
The Professional Engineers in
California Government

Subcommittee on Highway and Transit Hearing on
"Building a 21st Century Infrastructure
for America: Highways and Transit
Stakeholders' Perspectives" held on
Wednesday, October 11, 2017

Chairman Graves, Ranking Member Norton, and Members of the Subcommittee, the Professional Engineers in California Government (PECG) appreciates the opportunity to provide testimony for the Subcommittee on Highways and Transit Subcommittee's October 11, 2017 hearing entitled "Building a 21st Century Infrastructure for America: Highways and Transit Stakeholders' Perspectives."

The 10,000 members of PECG are engineers and related professionals who design, build, and inspect the construction of infrastructure, especially transportation and water, necessary for our nation to continue to move forward in the 21st century. PECG members also inspect the design and construction of schools and hospitals, ensure clean air and water, and perform a variety of other functions to protect and improve the lives of all Californians. We are dedicated to ensuring that taxpayers receive safe, high quality transportation services and infrastructure at the best possible price.

As the Subcommittee begins looking at the future of surface transportation, we urge the inclusion of policies that both increase infrastructure investment and ensure that federal infrastructure dollars are invested in projects procured in the most cost-effective, transparent manner available. Specifically, there are several important policies that we believe are critical to building a 21st Century surface transportation network.

- **Increase Infrastructure Investment** — Addressing our nation's infrastructure deficit must be a top priority for Congress. The funding to support our nation's highways and bridges has failed to keep up with the needs of our aging surface transportation infrastructure.

  We thank the Subcommittee members for their work in developing the "Fixing America's Surface Transportation Act" (FAST Act), which provides multiyear funding for investments in surface transportation network. Unfortunately, the investment levels

HEADQUARTERS: 455 Capitol Mall, Suite 501, Sacramento, CA 95814 • (916) 446-0400
LOS ANGELES: 215 N. Marengo Avenue, Suite 185, Pasadena, CA 91101 • (818) 500-9941
SAN FRANCISCO: 100 Pine Street, Suite 750, San Francisco, CA 94111 • (415) 861-5720

contained in the FAST Act are not enough for states to eliminate their large backlog of needed infrastructure repairs and improvements to maintain their networks and reduce congestion. According to American Society of Civil Engineer's latest Report Card on America's Infrastructure, 42% of the nation's urban highways are congested, costing the economy $101 billion annually in wasted time and fuel. The Report Card also identifies a $1.1 trillion funding gap for surface transportation between 2016 and 2025.

Adequate transportation funding is critical to job creation and the country's economic competitiveness. Some have suggested generating the revenue necessary to make infrastructure investments by providing a small amount of Federal seed money to leverage non-Federal and private funding. Private investment and debt financing are no substitutes for direct public investment. Ultimately, infrastructure investments made with revenues generated through these tools must be repaid by the public (whether through tolls or some other revenue source) at much greater cost to the public than if the project was constructed with direct revenue. Therefore, we urge the Subcommittee to dramatically increase direct Federal investment in all aspects of the nation's infrastructure investment programs as part of an infrastructure package to meet the investment needs identified in the Report Card.

- **Address the Highway Trust Fund's (HTF) Structural Deficit** — With a long-term surface transportation authorization in place, Congress must address the structural HTF shortfall. Under the FAST Act, average transportation funding provided to states is about $57.5 billion per year. This is approximately $16 billion more than the HTF brings in per year through gas tax revenues. Congress, to fund levels called for in the FAST Act, transferred $70 billion in non-transportation user revenues into the HTF. To date, Congress has transferred a total of $140 billion in General Fund revenue to cover shortfalls in the HTF.

  This is not sustainable, and a long-term revenue source must be developed to close the shortfall and provide ongoing investments to help repair, rebuild, and improve the nation's surface transportation infrastructure.

- **Cost Comparison for Contracting Out Architectural, Engineering, and Related Services on Surface Transportation Projects Constructed with Federal Funds** – Increasingly, state and local departments of transportation are spending hundreds of millions of federal dollars on private contracts for engineering and related transportation services without competitive bidding and without determining whether these contracts are cost-effective and protect the public interest.

  The U.S. Government Accountability Office (GAO) has concluded that outsourcing is "more expensive than performing the work in-house, particularly for engineering services." In California, for example, according to the 2017-18 State Budget, an outsourced engineer costs the state $246,000 per year compared to $122,000 for a state-employed engineer. Numerous other states have found similar cost increases for outsourcing these activities.

To ensure that taxpayers receive safe, high-quality transportation services at the best price, PECG believes that a government agency considering contracting out architectural, engineering, or related services on surface transportation projects using federal funds, should be required to prepare an estimate of the cost of procuring the services under a private contract and an estimate of having the services performed by employees of a government agency. This common-sense cost estimate will show which alternative is the most cost-effective and will also provide taxpayers with greater transparency and accountability in the procurement process.

- **Public Sector Inspection on Federally-funded Surface Transportation Projects** — To ensure that public safety is protected, transportation funds are not wasted, and projects are delivered in a timely manner, PECG strongly urges you to include policies to require public employees to perform the inspection on all transportation projects as part of future infrastructure legislation.

  On surface transportation projects, construction inspectors are the eyes, ears, and voice of the public. Public inspectors ensure that construction standards are met, that projects meet safety requirements, and that the materials used stand the test of time. Publicly-employed inspectors work for and are loyal to the public. They are there to ensure that the motoring public and taxpayers get what they pay for and public safety and the public interest are protected. This crucial function should not be performed by a private inspector whose primary obligation is the success and profitability of his company or business partners.

  We are particularly concerned about the lack of public inspection and oversight of surface transportation projects procured through Design-Build, which often allows private contractors or other private firms to inspect and sign off on their own work.

Thank you again for the opportunity to submit testimony to the Subcommittee. We appreciate your consideration of policies that would recognize the important role that public employees play in the planning, design, and construction of the nation's surface transportation network. If implemented, these policies would prioritize the public interest in the development and construction of surface transportation projects.

SAFETY SPECTRUM COALITION

October 10, 2017

The Honorable Sam Graves
Chairman
Subcommittee on Highways and Transit
Committee on Transportation and Infrastructure
B376 Rayburn House Office Building
U.S. House of Representatives
Washington, DC 20515

The Honorable Eleanor Holmes Norton
Ranking Member
Subcommittee on Highways and Transit
Committee on Transportation and Infrastructure
B376 Rayburn House Office Building
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Graves and Ranking Member Holmes Norton:

We write to you regarding the upcoming Highways and Transit Subcommittee hearing entitled "Building a 21st Century Infrastructure for America: Highways and Transit Stakeholders' Perspectives." The Safety Spectrum Coalition represents a broad group of industries, highway users, and transportation technology, consumer, and safety advocates that support and promote the need to deploy vehicle-to-vehicle (V2V), vehicle-to-infrastructure (V2I) and vehicle-to-everything (V2X) technologies through Dedicated Short Range Communications (DSRC). DSRC is a revolutionary transportation technology that provides a wireless connection among all vehicles and other road users to communicate in real-time with each other and the surrounding infrastructure to coordinate traffic and avoid collisions in order to save lives and reduce congestion. DSRC technology is readily available, widely deployable, and capable of providing immediate benefits. While several DSRC deployments are already demonstrating the benefits of this technology in both rural and urban environments, we urge the Subcommittee to consider further polices to incentivize greater utilization of DSRC as the Subcommittee examines future infrastructure authorizations.

DSRC is a proven technology that is ready now for mass deployment, and the need for advanced vehicle safety technology has perhaps never been higher. 2016 data from the National Safety Council estimates that as many as 40,000 people died as a result of motor vehicle crashes last year. That marks a 14% increase over 2014, the most dramatic two-year escalation since 1964. An estimated 4.6 million roadway users were injured seriously enough to require medical attention in 2016, and the estimated cost to society was $432.5 billion. According to calculations by the National Highway Traffic Safety Administration, just four V2V applications could avoid or mitigate 89% of light duty vehicle crashes and 85% of their associated costs, saving thousands of lives, avoiding millions of injuries, and yielding billions of dollars in cost savings.

DSRC technology represents the culmination of over a decade of work and millions of dollars of public-private investment to establish a robust, interoperable, and secure communications protocol that allows vehicles to securely and anonymously transmit data, and thereby enabling vehicles and infrastructure to exchange messages and coordinate traffic. DSRC-supported V2V and V2I allows vehicles to effectively see dangerous situations before they encounter them, whether it be a patch of dense fog, an icy bridge, a vehicle stopped suddenly, or moving slowly through a blind intersection, or a work zone. DSRC also allows vehicles to coordinate their movements with the infrastructure, such as traffic lights, to improve safety and efficiency, while reducing congestion. In truck platooning, DSRC communicates acceleration and braking information faster than human reaction so that two or more trucks can travel closely together at highway speeds, taking advantage of the aerodynamic efficiency to lower fuel consumption and emissions. In a conventional vehicle, DSRC provides warnings to the driver, while in an automated vehicle, DSRC can communicate directly with the automated driving system to take action.

As the Subcommittee works to modernize our infrastructure, it is critical to understand the unique role connectivity can play, on both urban and rural roadways, for both commercial and noncommercial vehicles. V2V and V2I communications can augment and support automated driving systems across all levels of automation allowing for smarter decision making within a mixed fleet – where both conventional and automated vehicles will be operating on the same roads. While automated driving systems continue to advance, it is the combination of connected and automated driving that promises the greatest opportunity to dramatically reduce traffic fatalities and injuries, and to improve throughput on the roads we already have. DSRC is the code that can connect a future transportation system where vehicles and infrastructure communicate through one interoperable, nationwide system.

There are three ways that the Subcommittee can support DSRC technology to achieve better efficiency and safety on our highways:

1. **Reauthorize FAST Act Eligibility**
   In 2015, the Fixing America's Surface Transportation Act (FAST Act) made huge strides in promoting the deployment of DSRC equipment to support V2I through explicit funding eligibility for installation of communication equipment within all major highway formula programs including the National Highway Performance Program (NHPP), Surface Transportation Block Grant Program (STP), Highway Safety Improvement Program (HSIP), and Congestion Mitigation and Air Quality (CMAQ) Improvement program. The addition of V2I to these programs underscores the technologies' ability to

make our highways safer, more efficient, and cleaner. We thank the Subcommittee for this step forward, and urge the Subcommittee to continue to provide eligibility for DSRC equipment in any future infrastructure package.

2. **Further Incentivize DSRC Deployments**
   DSRC technology provides a robust platform for innovation and our nation's infrastructure policy should support that innovation. Already, V2I applications such as Red Light Violation Warning; Curve Speed Warning; Reduced Speed/Work Zone Warning, Pedestrian in Crosswalk Warning, and location-specific Weather Impact Warnings are being deployed and evaluated across the country. Programs like the Department of Transportation (DOT) Connected Vehicle Pilots use a wide range of DSRC applications to improve safety and efficiency, such as along the freight corridor in the Wyoming Connected Vehicle Pilot Program. Additionally, the SPaT Challenge is pushing states to develop at least one connected corridor or intersection network in each state by 2020. We urge the Subcommittee to support these efforts and further promote DSRC use through apportioned programs, award programs, and federal designations of connected cities and corridors to incentivize V2X deployment.

3. **Provide Regulatory Certainty & Protect the 5.9 GHz Spectrum**
   To achieve maximum benefits and ensure widespread deployment of V2X, it is important that all vehicles use one interoperable standard, and we ask that the Subcommittee support DOT's work to establish a standard for DSRC in light-duty vehicles. Furthermore, in order to support current and future applications and deployments, DSRC operations across all channels in the 5.9 GHz band must be free from harmful interference. While the 5.9 GHz band is dedicated for the operation of intelligent transportation systems, the Federal Communications Commission (FCC) is currently testing spectrum-sharing proposals to determine if unlicensed devices can safely share the 5.9 GHz band with DSRC. The Safety Spectrum Coalition encourages the Subcommittee to actively oversee FCC and DOT during this testing to ensure that DSRC operations receive the protection they require to function properly to support V2V, V2I and additional DSRC-supported applications.

Thank you for your continued work to advance America's infrastructure as we collectively strive to develop and implement a smarter, more connected approach to transportation in the 21st century. We ask that this letter be entered into the hearing record, and we look forward to working with the Subcommittee to ensure that future infrastructure policies further promote connectivity in our transportation systems.

Sincerely,

AAA
American Highway Users Alliance
American Traffic Safety Services Association
American Trucking Associations
Association of Global Automakers
Commercial Vehicle Training Association
Intelligent Transportation Society of America
Mothers Against Drunk Driving
Motor & Equipment Manufacturers Association
NAFA Fleet Management Association
National Safety Council

cc: Members of the House Transportation and Infrastructure Highways and Transit Subcommittee

TRI-STATE DEVELOPMENT SUMMIT

Support Sufficient User Fees to Meet Federal Transportation Investment

Investing in highways and other transportation infrastructure remains a catalyst for economic development and job creation, while also providing safer travel for American motorists. A robust infrastructure keeps American businesses globally competitive.

While two-thirds of all states have stepped up highway funding over the past five years, the federal government has repeatedly failed to fund federal programs with user fees such as the gas tax.

Many financial analysts project that the recently passed FAST act will merely hold funding flat at best, when accounting for inflation, and that it will fail to address a growing list of critical transportation needs across the country. The U.S. has an $836 billion backlog of needed repairs and improvements to roads and bridges, and an additional $90 billion backlog for public transit systems, according to the Federal Highway Administration.

Notably, Congress has been unwilling to increase the federal user fuel tax of 18.4 cents per gallon since 1993. The money generated by that tax has traditionally been the main source of funding for the federal portion of America's highway transportation expenditures.

Simply put, the purchasing power of the gas tax today is approximately 7 cents compared to 1993. Because the gas tax has not been increased, alternate funding methods beyond user fees have been implemented on a short-term or one-time basis.

States, which rely heavily on these federal transportation funds, have been unable to properly maintain their existing systems, and have not been able to adequately fund the replacement of highways and bridges that have been deemed deficient or have exceeded their life expectancies.

President Donald Trump has proposed a plan to address the nation's pressing infrastructure needs by investing $1 trillion through a number of financing methods, including public-private partnerships. Alternate financing and project procurement methods to increase private capital in transportation are ideas worth discussing and add significant value if coupled with baseline funding support and adjustment in existing user fees.

TRI-STATE DEVELOPMENT SUMMIT

The president has recently suggested that he might support increasing federal fuel taxes to provide additional necessary funding. The fuel tax historically has been the most successful and least expensive way to fund transportation projects and spur economic growth.

The Tri-State Development Summit, a 36-county regional economic development organization covering West-Central Illinois, Northeast Missouri and Southeast Iowa, believes the simplest, least expensive and most effective funding method to address our nation's critical highway transportation network is to significantly increase the federal gas tax.

President Trump's stated intention with his proposal is to target infrastructure construction-ready projects that would produce significant workforce gains. So, the question now is how to best implement and fund the ambitious infrastructure plan Trump has proposed, as well as to provide the necessary ongoing funding of the nation's vital transportation network

We believe the best and easiest way to pay for highways is to increase the current federal user fee (fuel tax) and tie it to an inflation index. We realize there has been resistance in Congress to consider this option, but we and many others consider it the best option. Additionally, Congress should continue evaluating alternative funding methods and consider other user-related taxes and fees to meet current funding demands.

Clearly, if President Trump, and Congress want to have a major impact on growing the economy with minimal federal investment, there is no better way than through user fees.

Doubling the federal user fee would result in an average increase in out-of-pocket costs of only $8 per month for the typical driver. To make this easier to pass, it could be implemented over a period of a several years. It also is important that any increase in fuel taxes be targeted entirely to transportation, which drivers and taxpayers are more willing to support.

Transportation funding proposals have enjoyed widespread success at the polls. Voters approved 269 of the 361, or 75 percent, of transportation funding measures placed on the 2016 ballot by states, counties, cities, townships and other districts, according to the American Road and Transportation Builders Association.

An additional bonus of raising the federal fuel tax is that states must match the federal funding they receive for road construction by an amount which averages about 40 percent of their federal grant.

TRI-STATE DEVELOPMENT SUMMIT

This means states must increase their share of funding as the federal investment rises. In other words, for every $1 that the federal fuel tax generates, $1.40 would be invested in our transportation system. That would then multiply the positive impact of the federal funding increase as the states invest more in new infrastructure.

Any additional transportation investment will have a major effect on the economy as $1 billion spent on road construction creates more than 13,000 construction jobs, including those down the supply chain, and another 14,000 "induced jobs." That would result in 27 million new jobs for the $1 trillion infrastructure program being proposed by the president.

The U.S. Chamber of Commerce, which usually opposes tax increases, has publicly supported raising the federal user fee for years. A significant number of major trade unions working in the highway construction sector also support gas tax increases. Moreover, the price of a gallon of gasoline can and does fluctuate by as much as 15 or 20 cents per day at the pump, with virtually no consumer reaction.

An additional benefit of raising the fuel tax at the federal level is that it does not increase the disparity in fuel prices that occurs when it is done on a state-by-state basis, which is a particular problem for border communities.

The simple fact is user fees have been proven to work, are well accepted and have been successfully funding highways for decades. It is the best and fairest way.

Furthermore, 24 states have adopted higher fuel or sales taxes to pay for transportation improvements since 2012. In the 10 states that took direct votes to raise new revenues, 98 percent of the legislators who voted for these bills and ran for re-election won their next primary, and 90 percent ultimately retained their seats.

For example, former Iowa Gov. Terry Branstad understood additional funding was needed to improve roads throughout his state and was willing to work to make it happen. In 2015, the Iowa Legislature passed a 10-cent-per-gallon increase in the state gas tax with bipartisan support and little public opposition.

The president and Congress can have the same positive impact on the rest of the nation with bold leadership.

TRI-STATE DEVELOPMENT SUMMIT

This plan requires no extra effort on the part of the traveling public, encourages conservation while raising substantial sums of money, and distributes funds evenly across the nation.

Some may counter that gas tax is not paid by drivers of electric and more fuel-efficient vehicles and will not pay their "fair share." There are methods being considered to collect fees from this relatively minor but growing part of vehicles on the highways, which will address this issue going forward.

This can be remedied in the short term by implementing smart policies that index inversely with the total national average fuel economy of the vehicle fleet. Georgia did so recently and has had its first fuel economy-based rate adjustment. To claim we should not adjust the fuel tax today to right the national infrastructure condition because someday in the future changes are coming doesn't enable action in the present.

We should harvest a simple, efficient means to generate revenue from users of the transportation system for their benefit today, which will enable a smooth transition to different revenue sources. Transportation is entering the information age – an exciting time that will enable transformational safety and efficiency gains. Let's act today to rebuild the nation's transportation infrastructure to facilitate this transition and get our economy moving!

In conclusion, we encourage the nation's leadership to support and pass an increase in the federal fuel tax. The vital investment will serve as a critical catalyst for economic development and job creation nationwide.

This report was prepared by-The Tri-State Development Summit Transportation Task Force, representing over 700,000 citizens.