

Dear NEC Transportation Committee Member:

Senator Boxer Proclaims Action on Highway Bill to Occur in April; Seeks Finance Committee Input

Summary

On Wednesday, the Senate Environment and Public Works (EPW) Committee held a hearing titled “MAP-21 Reauthorization: The Economic Importance of Maintaining Federal Investments in our Transportation Infrastructure.”

Senator Barbara Boxer (D-CA), the Chairman of the EPW Committee was minutes away from concluding this hearing on the Senate’s effort to reauthorize the Moving Ahead for Progress in the 21st Century Act (MAP21) when she informed the public that “a bill would be before the Committee in April.” Senator Boxer also called for a 5 or 6 year reauthorization bill to replace MAP21 when it expires at the end of September. Throughout the hearing, Senator Boxer repeatedly reminded all within earshot that it would be up to the Senate Finance Committee and incoming Chairman Ron Wyden (D-OR) to find a way to pay for the Highway bill legislation that the EPW Committee would write.

Highway Reauthorization

In her opening [statement](#), Senator Boxer noted that both the Congressional Budget Office (CBO) and the federal Department of Transportation (DoT) have said that the Highway Trust Fund (HTF) could be “bankrupt” as early as September. Senator Boxer said that in light of this information, states are developing contingency plans to accommodate a shortfall, including scaling back current projects and deferring “new starts.” Senator Boxer indicated that it was her intention to report a long-term highway reauthorization bill of 5 or 6 years and that she would look to find a reliable funding source for the HTF by working with the leadership of the Senate Finance Committee.

In his opening statement, the EPW Committee’s ranking Republican, Senator David Vitter (R-LA), echoed the concern stated by Chairman Boxer about the solvency of the HTF, stating that action must be taken before September to prevent a 100 percent drop in new federal funds in fiscal year 15.

The economic impact would have resounding consequences and would ‘drastically disrupt the project delivery supply chain, the movement of goods, and our overall competitiveness.’ Senator Vitter said

that he would work towards a funding solution that fully addresses the needs of the HTF and that does not impose a net tax increase.

Senator Vitter said that Congress needs to put trust back into the HTF – that Congress cannot keep adding programs and eligibility to the HTF that do not build or maintain infrastructure or do little to benefit those who pay into the system. He further stated that the HTF needs to be even more transparent than before, and that there needs to be a reduction in the cost burden and impact of red tape and bureaucracy. He said that he and the Chairman were working on reform ideas for the next highway bill and that he hoped they would have a final product that they could then bring to the Finance Committee, to work with them “as a full partner.”

Senator Sheldon Whitehouse (D-RI) noted the bipartisan nature that governed the passage of the last highway bill, MAP21, and which he anticipated would guide the next, as members of both parties recognize the job creation and economy building element of infrastructure construction. The Senator noted several transportation infrastructure projects in Rhode Island that could benefit from federal funding investment. Senator Whitehouse added his voice that the prospect of the HTF reaching “zero” would be disastrous. Senator Whitehouse expressed caution about the need to find other sources of revenue; that just raising the gas tax may not do the whole job.

The Committee’s former ranking Republican, Senator Jim Inhofe (R-OK), [stated](#) his view that the nation’s highway program faced four choices: find no new revenue for the HTF and watch it go to \$0; transfer funds from the general Treasury; raise revenue; or pass short-term extension bills that will “keep the program on life support.”

Senator Ben Cardin (D-MD) stressed the need for the passage of a long-term surface transportation bill to bring predictability to the nation’s transportation sector. For Senator Cardin, a long-term bill will provide the ability to put in place the types of programs that create jobs, promote livability, enhance transit systems, and help protect the environment. He added that there was a need to find funding, recognizing that the gas tax was not bringing in the necessary revenues to the HTF. In this vein, one suggestion offered by Senator Cardin was via “carbon fees.”

Senator Jeff Sessions (R-AL), the ranking Republican on the Senate Budget Committee and an avowed “fiscal hawk,” noted that transportation spending was a “valid and legitimate expenditure of federal dollars.” Mr. Sessions focused on the nation’s fiscal situation, saying that the U.S. needed to keep spending under control. He lauded Senator Boxer for passing MAP21 which kept spending reasonable and the need to continue to do so going forward.

After statements by members of the Committee were completed, the panel heard from the assembled witnesses, led by [Tom Donohue](#) of the U.S. Chamber of Commerce. Mr. Donohue started by listing all the areas of transportation where there is “broad consensus,” stating that “we all agree” the nation’s infrastructure system is a critical asset, that the money to run it is ending, that the government needs to take a leadership role, and that there needs to be a predictable, stable, and growing source of funding for today and the future. Mr. Donohue said the “simplest and most straightforward” way to help the nation’s system is to increase federal gas and diesel taxes which have not been raised in 20 years.

Mr. Donohue called for a phased-in approach to implement a moderate increase in the gas tax, that would continue a valued “user pays” aspect to infrastructure financing. He said that to implement a gas tax, Congress needs to show “courage” to do what’s right. Next, he advocated that the public be

educated as to where the money is going, and assured that it wouldn't be wasted. He added that there is a broad and growing consensus among business and industry, user groups, and organized labor for increasing the gas and diesel tax.

He indicated that private infrastructure investment should also be looked at, saying that the private sector is prepared to put up some \$250 billion in capital for public-private partnerships "if certain barriers were removed." He further noted that waste needed to be "rooted out" much of it caused by permitting delays and other obstacles. Long term, he said the chamber is willing to look at other funding options, but right now, increasing the federal gas tax is the best way to go.

Next up for the witnesses was [Richard Trumka](#), President of the AFL-CIO, who noted that he has been working with Mr. Donohue for three years to get a long-term reauthorization bill passed. Mr. Trumka noted that reauthorization of the surface transportation bill is very important as a major jobs creator. He added that "while the economy has improved, job creation remains sluggish," evidenced by a loss of 1.6 million construction jobs since before the economic turndown. He touted the long-held figure that \$1 billion invested in infrastructure was equal to the creation of 35,000 jobs that can support a family, a child's education, and a sound retirement.

Mr. Trumka stated that on a recent trip to China, he witnessed the aggressive investment that the government was putting into its infrastructure, including bridges, ports, and high speed rail systems, and that China was extremely serious about its investment in infrastructure. He said that the U.S. needs to do the same, and pass a long term and robust surface transportation reauthorization bill.

Following Mr. Trumka was [Michael Hancock](#), the President of the American Association of State Highway and Transportation Officials (AASHTO). Mr. Hancock told of the need for robust federal investment in the nation's transportation infrastructure from the states' point of view. He indicated that there were real consequences outstanding to the various states, the construction industry, and the overall economy as early as this summer if the DoT were to delay reimbursements to active transportation projects.

Mr. Hancock also stated that unless Congress acts to either increase HTF revenues or provide additional general fund support, the states won't be able to obligate new federal funds in fiscal year 2015, which will impact jobs and businesses across the nation. He stated that generally, the federal government provides about \$40 billion for highway and bridge projects in the states. Projects are paid on a reimbursement schedule, and if the federal government delays this funding to the states, it could have a devastating effect on contractors, subcontractors, suppliers, and many others. He added that the news from the DoT about the solvency of the HTF means Congress may need to act by July, before the Congressional August recess to ensure payments continue.

He also stated that for a reauthorization bill going forward, AASHTO supports a minimum funding commitment that will support a level of effort equal to that found in MAP 21. He also indicated that he and others had a variety of revenue ideas for funding the nation's transportation needs.

The next witness was Dr. [Peter Ruane](#), who heads the American Road and Transportation Builders Association. Dr. Ruane began his testimony by stating that trucks carry freight worth more than \$11 trillion each year, and that without investment in the nation's roads, this economic activity would be impacted. He lamented that the public was ill-informed by government leaders at all levels as to how their taxes are invested in transportation each year, noting that he had to engage in a Freedom of Information Act (FOIA) request to get 2012 data from the Federal Highway Administration (FHWA). He

found that in 2012, the federal program helped fund 12,546 capital projects – including highway, bridge, and road safety. He said that the nation currently operates a 2014 program that is funded on 1993 dollar-levels, and that if 2012 is a guide, and if the HTF goes bankrupt this summer, some 12,500 projects “could be lost.”

The final witness was [Jay Timmons](#), President and CEO of the National Association of Manufacturers (NAM). Mr. Timmons indicated that every dollar spent in construction generates 39.5 cents in manufacturing, and that it was a key competitiveness issue. He said our 20th Century infrastructure is not meeting today’s needs, and was a significant impediment to our ability to maintain an economic leadership position. A recent survey of manufacturers that NAM conducted said that seventy percent of the nation’s infrastructure was in fair or poor shape. Sixty-seven percent said it was so important that all funding options needed to be on the table. Mr. Timmons added his voice to those calling for a long-term surface transportation bill, and that the HTF needed to be brought to solvency and long-term viability.

Senator Boxer began the question and answer period by asking all the witnesses if they would be willing to speak to Senate Finance Committee incoming Chairman Ron Wyden (D-OR) and Ranking Republican Orrin Hatch (R-UT) about obtaining adequate financing for the reauthorization bill. Each said yes. Senator Boxer asked another question if they would all agree that a multi-year bill was necessary, and again they each said yes.

Senator Boxer asked Dr. Ruane what the economic impact would be if the 12,500 projects were not undertaken in FY15 as he indicated in his testimony, and he said that it would be devastating. If that program is lost, he said hundreds of thousands would lose their jobs. He further noted that because of the uncertainty right now in the marketplace, businesses were holding back on commitments even as construction season approaches.

Senator Vitter asked Dr. Ruane if the FHWA should be increasing its transparency on HTF project data and Dr. Ruane indicated it’s “tragic” that he had to undertake a FOIA request. He said that the FHWA should be happy to get their data out to the public and tell where their tax dollars are going and what they are achieving.

Senator John Barrasso (R-WY) asked how project delivery could be accelerated here in the United States, to which Mr. Trumka stated long-term predictability and planning is a key factor. Also, he stated that there needs to be a national “will” to undertake projects that are an investment today and which provide benefits down the road. He acknowledged the members of the EPW Committee as having the understanding of what needs to be done to make the U.S. competitive. Mr. Donohue added his own assessment, saying that building a major project today requires years of such things as permitting, zoning, and environmental lawsuits to get to a conclusion and that addressing those concerns could speed up the process.

Senator Sessions brought a little excitement to the table when he asked Mr. Donohue why he was supporting an increase in the gas tax, when other revenue streams had not been discussed, particularly, combatting waste, fraud, and abuse. Mr. Donohue answered that the gas tax hadn’t been raised in 20 years, and that citizens will “pay” one way or another for construction. He added that the greatest “sing song” in Washington is to use “waste, fraud and abuse” to pay for everything, and yet it never materializes. Senator Sessions “tweaked” Mr. Donohue for his support for a gas tax increase by asking if he would support an increase in the corporate tax. Mr. Donohue pointed out that the corporate tax in

the U.S. is already high and said that the Alabama Chamber would likely support an increase in the gas tax.

Senator Boxer wrapped up the hearing by saying that in talking with her Republican counterpart, Senator Vitter, “the Committee would like to do a 5 or 6 year bill,” and that it was her “intent to have that bill before the Committee in April.” She added that they would need to talk with Senators Wyden and Hatch about funding, as that is under their jurisdiction. She said that she is a supporter of the user fee concept, but the funding decision is going to be made in the Finance Committee.

If you would like further information about this hearing, please click on [this link](#).

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