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SURFACE TRANSPORTATION REAUTHORIZATION: THE IMPORTANCE OF A LONG TERM REAUTHORIZATION

HEARING

BEFORE THE

SUBCOMMITTEE ON SURFACE TRANSPORTATION AND MERCHANT MARINE INFRASTRUCTURE, SAFETY AND SECURITY

OF THE

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

UNITED STATES SENATE

ONE HUNDRED FOURTEENTH CONGRESS

FIRST SESSION

MAY 5, 2015

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SURFACE TRANSPORTATION REAUTHORIZATION: THE IMPORTANCE OF A LONG TERM REAUTHORIZATION

TUESDAY, MAY 5, 2015

U.S. SENATE,
SUBCOMMITTEE ON SURFACE TRANSPORTATION AND
MERCHANT MARINE INFRASTRUCTURE, SAFETY AND SECURITY,
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,
Washington, DC.

The Subcommittee met, pursuant to notice, at 10:40 a.m. in room SR–253, Russell Senate Office Building, Hon. Deb Fischer, Chairman of the Subcommittee, presiding.

Present: Senators Fischer [presiding], Ayotte, Sullivan, Johnson, Booker, Cantwell, McCaskill, Klobuchar, Blumenthal, Schatz, and Manchin.

OPENING STATEMENT OF HON. DEB FISCHER, U.S. SENATOR FROM NEBRASKA

Senator FISCHER. The hearing will come to order.

Good morning. I am pleased to convene the Senate Subcommittee on Surface Transportation and Merchant Marine Infrastructure, Safety, and Security for our sixth hearing, titled, "The Importance of a Long Term Reauthorization."

Although some may say we are not moving forward on infrastructure, I would point out that today's hearing is the third in a series on the reauthorization of our Nation's surface transportation programs. Our hearing will highlight the importance of a long-term transportation reauthorization. Senators will hear perspectives from local and state officials, manufacturers, and private businesses on the importance of long-term transportation policy.

As many of you here know, at the end of this month, authorization for surface transportation programs will expire. A short-term extension is highly likely.

According to the latest projections, by August, the Highway Trust Fund will run out of money. The time for action is now.

Although the United States leads in so many areas, we are falling behind when it comes to our Nation's infrastructure. Our highways and bridges are in need of investment. In 2013, the American Society of Civil Engineers, the ASCE, issued a report card on America's infrastructure, giving our roads a grade of D and our bridges a grade of C-plus.

States and local governments need more tools at their disposal to address the growing challenge of sustaining local infrastructure and transportation systems. As one state department of transportation director recently testified before this subcommittee, states allocate limited transportation resources by need versus want, but based on which projects must be initiated now versus those that can be delayed.

The Nation's economy depends on an efficient and reliable transportation network. With expanding global trade volumes, America's economic growth will depend on the resilience of our intermodal surface transportation system.

With the upcoming transportation reauthorization, we must keep in mind that nearly 95 percent of all consumers reside outside the United States. Without adequate infrastructure, U.S. manufacturers and businesses are going to pay the price in delayed or missed shipments and lost market share abroad.

As Congress looks to reauthorize surface transportation programs, we must ensure that transportation regulations meet their intended safety goals by providing as little economic harm as possible. Congress must hold regulators to a higher standard, particularly when it comes to balancing the goals of safety with the cost of regulatory compliance.

It is key that we incorporate innovative approaches and technology into our regulatory framework. For example, Congress should continue on the path that MAP–21 created for performance-based standards for grants and safety regulations. Performance targets will allow agencies to better allocate already scarce transportation resources and encourage private sector innovation.

Each day, American families, consumers, workers, and businesses depend upon a safe and reliable transportation system. I look forward to working with my colleagues in the Senate and with stakeholders to find a long-term, sustainable approach for addressing our Nation's transportation needs.

I would now like to invite Senator Booker, my Ranking Member, to offer any opening remarks.

STATEMENT OF HON. CORY BOOKER, U.S. SENATOR FROM NEW JERSEY

Senator BOOKER. Thank you, Senator Fischer. I am grateful for your leadership, especially on this issue.

I'm grateful for the panel being here.

I have to say, I have been a Senator now for 18 months, and my frustration with our approach to infrastructure as a Nation just grows with every day. Here we are now approaching a moment when our transportation funding is about to end. That is bad, in and of itself, but what is even worse, in talking to leaders all across my state and in the Northeast region, is the frustration that you cannot do long-term planning and investment without a sustainable, reliable funding mechanism and knowing what the future budgets are going to be.

This is no way to run a country. In fact, if this was America, Inc., we would be liable for shareholder lawsuits, because we are not making critical investments in our infrastructure, which is one of the best uses for the investment of a taxpayer dollar when it comes to returns on investment. Every dollar invested in infrastructure nationally produces more than a 40 percent return in economic growth. And in the Northeast region, Newark, I say—some people call it the greater New York City region—in which I live, it is actually far more than that kind of return.

We have inherited this incredible infrastructure system from our grandparents. It is as if we inherited the nicest house on the block and then trashed our inheritance and are about to pass it over to our children with an incredible multi-trillion-dollar worth of debt within the infrastructure.

We were ranked number one around the globe. Now we are ranked around number 18 in the quality of our infrastructure. We must begin to get back to putting America first, and that is investing in our physical plant, our infrastructure, which will ensure long-term growth.

Now we have an urgent need for infrastructure in all parts. I am glad for the partnerships with Senator Fischer and others, who are exploring ways to do this better with more accountability and more transparency.

I want to highlight, very quickly, the urgent need, number one, for passenger rail. Yesterday, thanks to the Chairman and Ranking Member, I held a field hearing in Newark, New Jersey. We talked and heard from people from Amtrak, the Federal Railroad Administration, regional planners, and labor groups about how important infrastructure investment is to New Jersey and the economic prosperity of the region.

Passenger rail in the Northeast Corridor has more passengers than all the airlines combined. Yet we do not proportionately invest in it.

There is also an urgent need to invest in a freight program. The Port of New Jersey and New York is the busiest port on the East Coast, and demand is expected to continue to grow in the coming years. The port is a critical component of the freight corridor that runs through New Jersey from New York to Philadelphia. The corridor moves $55 billion worth of goods each year. And that freight area, that port is connected to over a quarter million jobs, directly or indirectly.

This is a crisis that we have in our country, and the people it is hurting most are people who are trying to do business. The economic vitality of our Nation is being choked by an inadequate infrastructure. Working families are paying the price.

The heavy congestion, wear and tear on roads, and insufficient investment is hurting New Jersey families. According to a recent report, New Jerseyans themselves lose about $2,000 per year because of poor road conditions, congestion, and accidents.

The time for action is now. But, as Senator Fischer said, the time for intelligent action, learning from the past, doing it right, doing it with long-term vision, and doing it in a way that is reliable for public-private partnerships to come about to invest in infrastructure, is well past time.

So I am grateful to the Chair of this subcommittee for her leadership. I'm excited today to hear from our panel, which I think will be a chorus of conviction to the points that I've already made.

And, with that, I will turn it back over to my Chairperson.

Senator FISCHER. Thank you, Senator Booker. I would like to welcome our panel of witnesses today and thank them for their testimony and ask you to give your opening remarks.

We will begin with Mr. Bramble, who is the President-elect of the National Council of State Legislatures and the President Pro Tempore of the Utah State Senate.

Welcome.

STATEMENT OF SENATOR CURT BRAMBLE, PRESIDENT PRO TEMPORE, UTAH STATE LEGISLATURE; PRESIDENT-ELECT, NATIONAL CONFERENCE OF STATE LEGISLATURES

Mr. BRAMBLE. Thank you, Chairman Fischer, Ranking Member Booker, and distinguished members of the Senate Subcommittee on Surface Transportation and Merchant Marine Infrastructure, Safety, and Security.

As noted, my name is Curt Bramble, President Pro Tempore of the Utah Senate and President-elect of the National Conference of State Legislatures. I appear before you today on behalf of NCSL, a bipartisan organization representing all the legislatures of our states and territories.

Madam Chairman, I would like to take this opportunity to thank you and the Committee for your leadership on the important issue of surface transportation reauthorization. I also would like to note for the record that it was an honor and pleasure serving with you during your time as a state senator in the 3 years that we served together on NCSL's executive committee.

As we all know, on May 31, authorization for Federal surface transportation programs will expire and the Highway Trust Fund is set to become insolvent shortly thereafter. Surface transportation reauthorization is a top priority for NCSL and state legislatures across the country. It is not only critical to the movement of people and goods, but also brings with it job creation and economic growth.

While my written testimony addresses a number of key policy issues pertaining to reauthorization, if this committee doesn't remember anything other than the next three points, my testimony will have been successful: first, the need for Congress to provide sustainable, predictable funding with flexible financing opportunities; second, the need to ensure the continuation of a state-administered Federal aid surface transportation program; and third, the need to explore alternatives to fuel taxes as a funding source for transportation.

To expand on these, NCSL encourages Congress to ensure the continued solvency of the Highway Trust Fund while committing to adopt a long-term agreement on surface transportation funding.

The uncertainty that pervades short-term extensions makes it extremely challenging for states to adequately plan and achieve their performance targets, considering that many transportation infrastructure projects require multiyear commitments.

Due to the uncertainty of Federal funding and short-term extensions of MAP–21, Utah withheld one-third of our bid-letting for the current year. We anticipate 25 projects with a total of $65 million will be deferred to next year. These delays have a harmful impact on the state's broader economy.

I cannot overstate the negative impact this uncertainty creates.

Despite Federal inaction, state legislatures in more than a quarter of the states, including my home state of Utah, have stepped forward to invest billions of dollars so that we can both repair and upgrade our Nation's surface transportation assets to ensure their continued safety and viability.

However, the significant steps taken by many states should not be misconstrued. NCSL is a strong supporter of the Federal Government's role in a national surface transportation system. We fully support the continuation and preservation of a Federal aid surface transportation program that provides flexibility to states to address unique regional issues.

Finally, I would like to quickly touch on the 800-pound gorilla: how to pay for these necessary investments. NCSL believes the next long-term reauthorization should provide for a more sustainable funding mechanism that maintains a Federal trust fund financed by user fees. We urge Congress to support state-level pilot programs to explore transportation funding alternatives to fuel taxes.

In Utah, I recently helped lead efforts to bolster our state surface transportation funding to ensure the continued success of our state infrastructure system. The decision was not an easy one, nor was it taken likely. Our motor fuel taxes had been in the same amount per gallon since 1997 and had lost 49 percent of their buying power due to inflation.

In addition, while we have more miles of road, more cars, and more vehicle miles traveled over that same period of time, our total fuel consumption has remained flat. It has remained constant. It has not increased.

We have a static rate applied to static base, which does not support our necessary long-term expenditures. Given the requirements of increased fuel efficiency, the growth in hybrid electric and other alternative fuel vehicles, and a static funding system that fails to adequately address demand, we need a new approach.

Additionally, although the major funding portion of the bill was similar to a sales tax, we also included provisions for directing our Utah Department of Transportation to study road usage fees, similar to a pilot program in Oregon.

Madam Chairman, throughout the history of our country, transportation infrastructure has played an integral role in the success of our economy. Article 1, Section 8, of the United States Constitution notes that it is the duty of the Federal Government to provide support for national transportation investment. Strong Federal support for the development of roads, canals, and highways has supported economic development throughout the history of our country.

As we approach the 100-year anniversary of the Federal Aid Road Act, it is this partnership that has enabled the United States to build a surface transportation network envied by the rest of the world.

I thank you for this opportunity to testify before your subcommittee. The importance of a long-term reauthorization cannot be overstated.

Along with states, the Federal Government plays a vital role in supporting our national surface transportation system. State legislators stand ready to work with Congress as it continues to develop a long-term successor to MAP–21.

I look forward to questions from members of the Committee. Thank you very much.

[The prepared statement of Mr. Bramble follows:]

PREPARED STATEMENT OF SENATOR CURT BRAMBLE, PRESIDENT PRO TEMPORE, UTAH STATE LEGISLATURE; PRESIDENT-ELECT, NATIONAL CONFERENCE OF STATE LEGISLATURES

Chairman Fischer, Ranking Member Booker and distinguished members of the Senate Subcommittee on Surface Transportation and Merchant Marine Infrastructure, Safety and Security, my name is Curt Bramble, President Pro-Tem of the Utah Senate and President-elect of the National Conference of State Legislatures (NCSL). I appear before you today on behalf of NCSL, the bipartisan organization representing the 50 state legislatures and the legislatures of our Nation's commonwealths, territories, possessions and the District of Columbia.

Madam Chairman, I would like to take this opportunity to thank you and the Committee for your leadership on the important issue of surface transportation reauthorization, not just with today's hearing, but with the Committee's hearing earlier this year on reauthorizing of highway safety programs. I would also note that it was an honor and pleasure to serve with you during your time as a state senator including the three years we both served together on NCSL's Executive Committee.

Infrastructure Priorities

Before I begin a more specific discussion on the importance of surface transportation reauthorization. I would like to highlight for the Committee that transportation infrastructure and funding is one of NCSL's top nine priorities for the 114th Congress. NCSL maintains its strong support for infrastructure programs and will work to ensure that all funding and financing options remain available to states to continue the economic benefits that infrastructure programs provide. As part of this priority, NCSL has maintained a strong and detailed *Surface Transportation Federalism Policy Directive,* which was unanimously approved by our organization, showing wide bipartisan support. A copy of that policy directive is included as an appendage to my testimony and I ask that it be included as part of the record for today's hearing.

The Urgent Need for a Long-Term Reauthorization

As you know, on May 31, authorization for Federal surface transportation programs will expire and the Highway Trust Fund is set to become insolvent shortly thereafter. NCSL urges Congress to ensure the continued solvency of the Highway Trust Fund (HTF), while committing to adopt a long-term agreement on surface transportation funding as part of a multi-year reauthorization of the Moving Ahead for Progress in the 21st Century Act (MAP–21). Although the enactment of MAP–21 in 2012 put a brief end to the numerous short-term extensions that followed the expiration of the Safe, Accountable, Flexible, Efficient, Transportation Equity Act: A Legacy for Users (SAFETEA–LU) in 2009, it unfortunately seems that Congress may return to this pattern. The uncertainty that pervades short-term extensions makes it extremely challenging for states to adequately plan and achieve their performance targets especially because many transportation infrastructure projects require a multi-year commitment. It is difficult for me to overstate the negative state impacts this uncertainty creates.

Like other cold weather states, Utah's highway construction is seasonally driven by the weather and temperatures, limiting construction activities during colder months. Bid lettings are scheduled at the "right time" to maximize competitive bids and take into account the capacity of contractors to prepare bids for multiple projects at any one time. Accordingly, projects are put out to bid throughout late fall, winter, and early spring to prepare for the annual summer construction season. Utah's goal is to have 100 percent of the program bid by May each year. Due to the uncertainty of Federal funding and short-term extensions of MAP–21, Utah withheld one-third of our bid letting for the current year. Even if Congress extends authorization of MAP–21 beyond the current May 31 expiration, a portion of the 2015 construction program will be lost. While we could resume bidding activities later, it will be too late for larger paving projects. We anticipate 25 projects with a total value of $65 million will be deferred to next year. These delays have a harmful impact on the state's broader economy.

Despite Federal inaction, over the past two and half years, state legislators in more than a quarter of states, from Maryland and Virginia to Iowa and my home state of Utah, have stepped forward and invested billions of dollars to repair and upgrade our nation's surface transportation assets to ensure their continued safety and viability. However, the significant steps taken by many states should not be misconstrued. NCSL is a strong supporter of the Federal Government's role in a national surface transportation system. A system that facilitates interstate commerce, addresses fairly and equally the mobility needs of all Americans and meets our national defense needs. I would also stress that NCSL supports the continuation and preservation of a federal-aid surface transportation program that directs spending to national priorities while providing flexibility for states to address regional variations. The Federal program should provide states maximum flexibility in deciding how to generate and leverage transportation revenues and how to use state and Federal dollars. The ability of states to maintain flexibility in decision making and comply with environmental and other mandates depends on regulatory flexibility as well as adequate and reliable Federal funding.

This hearing represents an important and needed step towards a long-term reauthorization. It is an opportunity to recognize and review MAP–21's successes as well as those policy areas in need of an update, so that all parties, including state legislatures, can work together to ensure a safe and reliable surface transportation system throughout the country.

Freight and Interstate Commerce

One critical responsibility of the Federal Government, within the arc of surface transportation investments, is to ensure the safe and timely movement of goods across the Nation. Robust state-federal consultation can help to evaluate freight flows and collaboratively plan the routes and development necessary to maintain and expand the highway freight corridors. As such, NCSL believes that Congress should look to engage and invest with states to ensure effective and efficient movement of freight.

In fact, in my state of Utah, our Department of Transportation Director Carlos Braceras stated that, "Nearly a quarter of the traffic on Utah's interstate system is commercial freight vehicles." These vehicles carry goods from out-of-state producers to and through Utah. Just as out-of-state businesses depend on a reliable, effective, well-maintained, and safe transportation system in Utah, the businesses located in Utah also rely on effective transportation infrastructure in the national system.

National Highway and Transportation Safety Administration (NHTSA)

MAP–21 consolidated various grant programs from SAFETEA–LU, including impaired driving and motorcycle grants, along with the new graduated driver and distracted driving grants, into the new Section 405 National Priority Safety program. There are concerns that the qualifications for these new grants are so high it is proving difficult for states to participate.

In particular, although 18 states have ignition interlock laws for all offenders, only four states have qualified for the Federal grant program because of issues surrounding rare exemptions for medical and work issues. Additionally, of the nearly 40 states that applied only one qualified for the distracted driving grant program due to the overly rigorous definitions and criteria being imposed on states. While every state has implemented some form of a three-stage graduated licensing system, no state qualified for this grant program in either FY 2013 or FY 2014.[i] The three-stage graduated licensing system has been credited as a primary driver of the significant reduction seen in teen driving deaths.

While NCSL supports the expansion of Federal safety programs to incorporate emerging safety issues, those efforts must respect state sovereignty and recognize the unique transportation demands of each state. NCSL opposes the use of Federal sanctions or redirection penalties to enforce those standards.

Performance Management

One of the largest transformations within MAP–21 was the introduction of a national performance program so as to ensure that investments are correctly targeted as well as increase the accountability and transparency of these investments. The U.S. Department of Transportation (USDOT) continues its process of implementing

[i] Governors Highway Safety Association. Surface Transportation Reauthorization—Behavioral Highway Safety Provisions. 2015

these national level performance measures required in MAP–21. It is important that these efforts recognize and build off of the extensive work states have done with regard to performance management. As many states, including Utah, already make use of certain performance measures on a regular basis, we urge the department and Congress to avoid creating additional reporting mandates or implementing lowest-common denominator performance measures that run counter to good asset management practices.

As an example, Utah's Transportation Commission has established a Funds Exchange Program that allows local governments to exchange their Federal transportation funds for state transportation funds on certain types of projects at a rate of $0.85 state funds per $1.00 Federal funds. Local governments jump at the opportunity to buy the flexibility provided to them in this transaction.

In Utah, as with all of our sister states, the success of our communities—both large and small—is critical. As such, we have developed what we refer to as a Unified Plan, in which all of our Metropolitan Planning Organizations (MPOs), cities, counties, and transit authorities have come together to develop a unified plan of projects that will address the goals of the state and individual communities for the next 30 years. We speak with one voice toward an agreed-upon set of goals.

These examples highlight why the Federal Government should build upon the work states have done as well as demonstrate why it would be a mistake for the Federal Government to mandate the use of Federal performance measures for making important investment decisions when other, more complete measures would provide more accurate information.

Project Streamlining

The Federal Government has a role to play in ensuring that national environmental policy aligns with national transportation policy, while assuring efficient and cost-effective approaches to both goals. The findings of an August 2011 Congressional Research Service (CRS) report noted that major highway projects can take 10 to 15 years to plan and build.[ii] NCSL favorably views efforts included in MAP–21 to streamline regulatory review processes so that construction projects can again be realized on-time and on-budget. NCSL encourages Congress to allow and enhance states' programmatic permitting as well as provide incentives to states to achieve environmental quality standards through transportation projects.

In Utah, we have assumed assignment of Categorical Exclusion documents since 2008 with great success, and we are currently in the process of securing full National Environmental Policy Act (NEPA) delegation. Earlier this year, the Utah legislature approved a bill authorizing Utah Department of Transportation (UDOT) to fully assume Federal responsibilities for NEPA. UDOT believes that we will secure full NEPA assignment by the end of the year.

Transportation Infrastructure Finance and Innovation Act (TIFIA)

One program in particular from MAP–21 that I would like to discuss is the Transportation Infrastructure Financing and Innovation Act (TIFIA). As reported by the Government Accountability Office (GAO), demand for the program has been very high, with requests exceeding budgetary resources by a ratio of 10 to 1 since 2008.[iii] With MAP–21 authorizing an expansion of TIFIA to $1.75 billion over two years, from only $122 million in FY 2012, states will be able to finance and complete major projects of national and regional significance. NCSL supports this kind of expansion of credit-based and loan guarantee programs to incentivize private sector investment.

Beyond MAP–21

Finally, I'd like to quickly touch on the 800 pound gorilla—how to pay for these necessary investments? The Highway Trust Fund is estimated to become insolvent in a matter of months, while state gas taxes continue to show diminishing returns. The American Society of Civil Engineers has estimated America's surface transportation infrastructure faces a funding gap of about $94 billion a year based on current spending levels.[iv] NCSL believes the next long-term reauthorization should provide for a more sustainable funding mechanism for surface transportation that maintains a Federal trust fund financed by user fees. We urge Congress to support

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[ii] Congressional Research Service. "Accelerating Highway and Transit Project Delivery: Issues and Options for Congress." August 3, 2011. Accessed from: *http:bit.ly/CRS080311*

[iii] Government Accountability Office. "Financing Program Could Benefit from Increased Performance Focus and Better Communication." June 21, 2012. Accessed from: *http://www.gao.gov/products/GAO-12-641*

[iv] American Society of Civil Engineers. "2013 Report Card for America's Infrastructure." May 2013. *http://www.infrastructurereportcard.org/*

state-level pilot programs to explore transportation funding alternatives to fuel taxes. Attached to my testimony is NCSL's *Solving America's Long-term Transportation Funding Crisis Policy Resolution,* which details our stance on Congressional support for state pilot programs.

In Utah, I recently helped lead efforts to pass House Bill 362, which made significant changes to the state's motor fuel tax structure and rate. The decision was not an easy one, nor was it taken lightly. In our very conservative state, raising taxes is not a regular occurrence. However, Utah legislators and Governor Herbert took the long view. Our motor fuel taxes had been the same per gallon amount (24.5 cents) since 1997 and had lost 49 percent of its buying power to inflation. Looking into the future, we realized we were facing a structural deficit in transportation. We had a static rate applied to a static base, which would not support our necessary long-term expenditures. Given the requirements of increased fuel efficiency, the growth in hybrid, electric and other alternative fuel vehicles and a static funding system that fails to adapt to demand, we needed a new approach. We recognized that continued economic expansion requires continued infrastructure investment.

In particular, we set a minimum base cost per gallon at the rack for purposes of calculating the tax. We then applied a 12 percent rate to that per gallon minimum. That results in a 5 cents per gallon increase–to 29.5 cents–at the pump. Once actual wholesale prices reach that minimum, the minimum will increase over time by the consumer price index, up to a maximum of $3.33 per gallon. This index will allow our per gallon tax to match inflation up to a ceiling of 40 cents per gallon—a 15.5 cent per gallon maximum increase.

We expect the changes in House Bill 362 will generate $25 million more in revenue for part of Fiscal Year 2016 and $75 million more in its first full year of implementation.

Although the major funding portion of the bill was similar to a sales tax, we also included provisions directing UDOT to study a road usage fee similar to a pilot program that Oregon is set to undertake in a few months. Additionally, multiple states have approved legislation aimed at attracting private sector support.

Madam Chairman, I thank you for this opportunity to testify before the Subcommittee. The importance of a long-term surface transportation reauthorization cannot be understated. Along with states, the Federal Government plays a vital role in supporting our national surface transportation system. As state legislators have responsibility for state budgets, policy planning and oversight activities we stand ready to work with Congress as it continues to develop a long-term successor to MAP–21. I look forward to questions from members of the Subcommittee.

Appendices

NCSL Surface Transportation Federalism Policy Directive

NCSL Solving America's Long-Term Transportation Funding Crisis Policy Resolution

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National Conference of State Legislatures

The Forum for America's Ideas

SOLVING AMERICA'S LONG-TERM TRANSPORTATION CRISIS

NCSL Natural Resources and Infrastructure Standing Committee

Revenues for our transportation system continue to decline with vehicles becoming ever more fuel efficient and changing travel patterns nationwide. The Highway Trust Fund is estimated to become insolvent in 2015 while state gas taxes continue to show diminishing returns. The American Society of Civil Engineers has estimated America's surface transportation infrastructure faces a funding gap of about $94 billion a year based on current spending levels.

To respond to this well-documented funding crisis currently impacting America's surface transportation system, the National Conference of State Legislatures urges Congress to support the creation of a $20 million program, with no more than $2 million available for allocation to any one state, to support state-level pilot programs to explore transportation funding alternatives to fuel taxes.

National Conference of State Legislatures

The Forum for America's Ideas

SURFACE TRANSPORTATION FEDERALISM POLICY DIRECTIVE

NCSL Natural Resources and Infrastructure Standing Committee

The National Conference of State Legislatures (NCSL) calls on Congress to work closely with states to develop a shared, long-term vision for financing and funding surface transportation systems that will enhance the Nation's prosperity and the quality of life of all Americans.

The Federal Government plays a vital role in supporting a national surface transportation system that meets national defense needs, addresses fairly and equally the mobility needs of all Americans and facilitates interstate commerce. NCSL supports the continuation and preservation of a federal-aid surface transportation program. The Federal program should direct spending to national priorities while allowing for state and insular area flexibility in local and regional variations. It is also essential that the federal-aid surface transportation program incorporate requirements and foster goals of other national policies that impact transportation decision-making.

Recent Federal reauthorizations have recognized the unique contributions of each transportation mode to the productivity of the states and the nation, and to the ability of this Nation to compete globally in the emerging and existing international economies. These laws contemplate an integrated transportation system for the movement of both goods and people, with increased emphasis on adopting technologies that improve productivity. NCSL urges Congress to provide states enhanced programming flexibility to meet a multitude of national goals. States should have maximum flexibility in deciding how to generate and leverage transportation revenues and how to use state and Federal dollars. The ability of states to maintain flexibility in decision making and comply with environmental and other mandates is dependent upon regulatory flexibility as well as adequate and reliable funding.

National Vision

The surface transportation system in the United States needs a new vision to guide it beyond the Interstate Highway era into the 21st century and the needs and challenges that lie ahead. Congress should look at surface transportation anew, authorizing a new program that better meets current and future needs for interstate mobility.

Congress must clearly articulate this new national vision for surface transportation. In doing so, Congress should consider the following as Federal objectives:

- Interstate commerce and freight mobility,
- Interstate movement of people,
- National defense and homeland security,
- Safety,
- Environmental and air quality preservation and improvements,
- Research and innovation, and
- Economic productivity.

Congress should focus Federal programs and funds on these interstate goals. In doing so, Congress should heed the Tenth Amendment and not intervene in or interfere with state-specific transportation priorities.

Funding and Financing

A Federal trust fund, financed by user fees, should be retained as the primary method of funding federal-aid surface transportation programs. It must provide states a sustained, reliable source of transportation funding. It is critical that the Highway Trust Fund (HTF) retain spending firewalls that ensure that user fees will be deposited in the HTF to be used on surface transportation and will not be subject to non-transportation Federal discretionary spending. NCSL supports states having maximum flexibility in the use of funds they receive from the HTF. Additional surface transportation financing and investment priorities include the following.

- User fees previously collected and diverted from the HTF must be reclaimed.
- Transit agencies, including commuter rail operations, should be exempt from Federal fuel or energy taxes.
- Unobligated revenues should not be allowed to accumulate in the HTF. Moreover, Federal highway spending should not be artificially reduced so that HTF

revenues will accumulate unspent, thereby appearing to lower the Federal deficit.

- Annual appropriations should equal authorized spending levels. Obligation ceilings should be set and maintained to reflect gross receipts, plus interest earned.
- Any Federal user fee or container fee assessed for transportation security or infrastructure should provide for state flexibility in project selection and may include private sector input when programming projects funded by a security or infrastructure user fee or container fee.
- User fees designated for deposit in the HTF should be made available for flexible transportation usage by states. States should have flexibility in the use of funds for intercity passenger rail service, including Amtrak. The Federal match should encourage state efforts in specific programs of national significance, but not discourage flexibility in state or insular area transference of categorical funds. Despite separate Federal authorizing legislation for Amtrak, Congress must ensure that surface transportation authorizing legislation acknowledges and fully supports the role of passenger rail for ensuring interstate mobility. States that invest in or otherwise support passenger rail services to complement highway mobility options should be rewarded and encouraged.
- Any examination undertaken on the advisability and feasibility of establishing a Federal capital budgeting program should preserve the ability of states to set surface transportation infrastructure priorities.
- Federal formulas designed to distribute discretionary highway funds should consider all state, insular area, and local efforts to fund highways and not be limited to fuel taxes raised.
- An increase in Federal highway transportation funding is needed in the short-term to provide sufficient funding for the next authorization to meet the new vision and until a new, more stable long-term funding mechanism for surface transportation can be put in place. Any fees or taxes imposed on carbon-based fuels used by vehicles should be recognized as a traditional source for transportation funding and should remain dedicated to the Highway Trust Fund. Congress must migrate the Highway Trust Fund from a gas tax to a new national funding stream. In order to accomplish this, Congress must examine innovative ways that capture all system users. Congress should encourage pilot programs in states for experimentation with approaches, methods and mechanisms. Any system should ensure the privacy of users.
- Apart from the existing Highway Trust Fund flows for transit, NCSL discourages expansion of federal-local funding streams without appropriate coordination with state legislatures as these complicate state-local relationships, financial arrangements, and state match expectations for transportation programs.
- Congress should continue to encourage and expand incentive-based programs, such as the Urban Partnerships program, to spur local and regional transportation innovation in full coordination with state authorities and to promote the use of tolling, congestion pricing, public transit, telecommuting, real-time traffic and other advanced technologies (also known as intelligent transportation systems), and other strategies in a comprehensive approach to achieve interstate mobility goals through urban congestion reduction.
- All funding and financing options must be available to state legislatures for state and federal-aid programs. All current Federal restrictions on states' authority to toll should be removed so that states can optimize resources for capacity expansion, operations and maintenance while ensuring free flow of goods and people. Tolling, value-pricing and public-private partnerships (PPPs) should remain state provinces and are not appropriate Federal funding and financing mechanisms.
- Federal guidelines should be designed to accommodate private sector support. The level of private sector participation is best determined by state and local authorities, and private participation should not be a prerequisite for receiving Federal funds. Statutory or regulatory barriers to state and locally-granted revenues should be removed. States should continue to have flexibility in creating legislative and programmatic frameworks for public-private partnerships (PPPs), and full authority to select and engage in PPP projects.
- Congress should not mandate or prescribe state use of toll revenues or tolling mechanisms, though Congress may seek to incentivize states to avoid redirection of toll revenues to non-transportation uses.
- Congress should continue Transportation Infrastructure Finance and Innovation Act (TIFIA), Grant Anticipation Revenue Vehicles (GARVEE), private activ-

ity bond, and State Infrastructure Bank (SIB) programs. Congress should expand credit-based and loan guarantee programs to incentivize private sector investment—particularly for freight mobility by rail, highway and waterway—in projects sponsored by the public sector.

- Congressional earmarks on transportation spending or for transportation projects should represent additional funding, should be distributed from non-formula funds, and should not redirect base funding. Earmarks should fit within a national objective as defined in the surface transportation program's new vision and must appear in a state DOT's plan.

Technology

NCSL endorses the U.S. Department of Transportation's goal of deploying advanced technologies known as intelligent transportation systems for consumers of passenger and freight transportation across the Nation. Intelligent Transportation Systems are advanced wireless technologies that maximize the safety, mobility and environmental performance of the surface transportation system. These services should be integrated, interoperable, intermodal and voluntary.

NCSL recognizes that the private sector and the Federal Government should lead in the development and bringing to market of reliable and affordable ITS. The Federal Government should also set national standards for original equipment manufacturers to install the necessary technology so that states can take full advantage of the efficiencies and safety benefits of intelligent transportation systems. Congress should require the Secretary of Transportation to initiate a rulemaking proceeding that new motor vehicles be equipped with platforms for interoperable systems that enable vehicle-to-vehicle and vehicle-to-roadside communications for the purposes of active safety and electronic tolling and tax collection and to provide a means of accelerating the deployment of this equipment in existing vehicles.

Congress should incentivize states to explore and deploy technology for intelligent infrastructure, making it a high priority and performance measurement benchmark in the restructured Federal surface transportation program. Privacy protections must be developed and incorporated into all policies and practices governing use of intelligent transportation systems and technologies. ITS should not be mandated except for legitimate governmental purposes. Any information collected with such technology should be governed by state laws.

The Federal Government should encourage states to cooperate with the private sector in the development of real-time traffic information systems.

Planning

Congress must work with state legislators to establish in the next authorization a robust and cooperative state-federal system to set system plans and priorities for Federal investment. Transportation program plans developed by entities other than those created by the states must be coordinated with state legislatures to ensure that proposals fit into state programmatic and funding plans.

The Federal Government is uniquely situated to identify and collect data of importance to the development of, maintenance of, and planning for a national transportation system. Congress should incentivize states to share data with the Federal Government and not use mandates to elicit participation in data collection and analysis.

NCSL supports a negotiated rule-making led by U.S. Department of Transportation, or another collaborative process congressionally mandated and facilitated by the Transportation Research Board or American Association of State Highway and Transportation Officials (AASHTO), in which NCSL and state legislatures are fully represented to determine the necessary level of and standards for uniformity among states in data collection efforts.

Performance Measures

NCSL encourages the Federal Government to establish a cooperative process through which performance measures can be crafted for gauging the success of programs. Federal funding should not be directly linked to performance measures; instead, a pilot program should be established in which states can voluntarily participate to gain incentives such as additional funding or reduced regulatory burdens upon successful deployment and use of performance measures. Performance measures should be framed as goals for which states may determine the specific measures and benchmarks.

Federal monitoring and compliance standards should accurately reflect compliance effort and unique state circumstances.

Freight and Interstate Commerce

Ensuring the safe and timely movement of goods across the Nation is an appropriate Federal transportation priority. Robust state-federal consultation should evaluate freight flows and collaboratively plan the routes and development necessary to maintain and expand the highway freight corridors.

Rail capacity expansion should be coordinated with the states to ensure intermodal cooperation and maximum public benefit.

The Federal Government should incentivize states to explore methods of separating highway freight traffic from passenger traffic for the purposes of efficiently moving interstate commerce and public safety.

Federal engagement with, and investment through, the states to ensure effective and efficient movement of freight through ports or other commerce choke-points is appropriate.

Environmental Issues

The Federal Government has a role to play in ensuring that national environmental policy meshes with national transportation policy while assuring efficient and cost-effective approaches to both goals.

- Efforts to streamline regulatory review processes must continue so that construction projects can again be realized on-time and on-budget. Congress should allow and enhance states' programmatic permitting.
- Incentives to states to achieve environmental quality standards through transportation projects should replace prescriptive Federal regulation and punitive funding actions.

Safety

NCSL supports a continued Federal role in helping to set national performance and safety goals. Safety programs should be expanded to incorporate emerging safety issues while respecting state sovereignty.

Federal transportation safety programs should promote comprehensive safety programs in the states. NCSL opposes the use of Federal sanctions or redirection penalties to enforce Federal safety standards. Federal mandates that are enforced through the use of "reprogramming" sanctions should be repealed. Any existing Federal compliance standards should reflect overall state effort to promote safety.

Research and Innovation

NCSL acknowledges that Federal leadership and investment in transportation related research and innovation is needed and appropriate. In particular, NCSL supports Federal research that promotes fuel efficiency, alternative fuels, high-mileage vehicles, safety and technology. Findings and best practices identified through Federal research should be shared fully with states in an unbiased, nonpartisan and scientific manner.

Indian Programs

Transportation is an important service program that provides the infrastructure upon which American Indian tribes' initiatives can be achieved. NCSL recognizes the unique and extensive transportation funding needs on Indian lands. In an effort to ensure that these needs are adequately addressed, NCSL supports a direct planning relationship between Indian Nations and state departments of transportation. NCSL further supports the continuation of the Federal Lands Program and its work with Indian reservations.

Senator FISCHER. Thank you, Senator Bramble.

Next, we have Mr. Nick Yaksich, Vice President, Government and Industry Relations, the Association of Equipment Manufacturers.

Welcome.

STATEMENT OF NICK YAKSICH, VICE PRESIDENT, ASSOCIATION OF EQUIPMENT MANUFACTURERS

Mr. YAKSICH. Chairman Fischer, Ranking Member Booker, and members of the Subcommittee, thank you for the opportunity to appear today to offer some perspective on the importance to manufacturers of passing a long-term highway bill.

My name is Nick Yaksich. I'm Vice President of Government Affairs for the Association of Equipment Manufacturers. We are based in Milwaukee, Wisconsin. We represent over 900 equipment manufacturers of heavy agriculture and construction equipment. Our membership includes almost every piece of equipment you would see on a farm or construction site.

Manufacturers' need for safe and reliable transportation to conduct their business, to efficiently access supply chains, and move our products to market, face great uncertainty with the lack of a long-term commitment to fund our Nation's transportation system.

Unfortunately, we've had to wrestle, in recent years, with effects of deteriorating transportation infrastructure across the United States. Congress' inability to effectively address the chronic shortfall facing the Highway Trust Fund is eroding manufacturers' bottom line, where the effect is overbearing throughout the economy.

On behalf of manufacturers, I wanted to use this opportunity to urge you to break the cycle of patchwork fixes and meaningfully provide a long-term fix to the Highway Trust Fund. These short-term bills harm manufacturers in a number of ways.

First, as I mentioned earlier in my remarks, poor infrastructure harms our access to supply chains and markets. Congested and pothole stricken roads slow the pace of commerce for manufacturers, which in turn drive up costs.

Second, the continued cycle of short-term fixes has sapped the State departments of transportation of their ability to plan most major, long-term capital investment projects. States like Mississippi, Arkansas, Georgia, Tennessee, and Wyoming have pulled back on projects totaling almost $1 billion in combined value. It is hard to imagine that another short-term surface transportation extension would prompt any renewed confidence among the State DOTs.

The cloud of uncertainty especially harms manufacturers in the construction equipment sector. State officials lack the financing or confidence to make major investments, which translates to uncertainty for our customers, who then are unwilling to make capital investments in an uncertain market. This means fewer jobs in your states.

The uncertainty is also reflected in the increased growth in the rental market. Manufacturers distribute primarily through dealers and rental businesses. In recent years, we have seen a dramatic increase in rental equipment as customers limit their financial exposure and chase work in new markets where they don't have existing equipment to manage the work.

Third and finally, the persistent underinvestment in surface transportation infrastructure is harming our agriculture community. America's farmers need safe and reliable roads along with improved railways and inland waterways to get their harvest to consumers.

According to TRIP, The Road Information Program, almost one in five rural roads are rated in poor condition. And trucks, for instance, account for 92 percent of the ton miles for transportation of perishable agricultural goods.

So today, I want to urge you to please break this cycle. This Congress has shown it is capable of bipartisan successes after breakthroughs related to the sustainable growth rate and trade policy. You have a golden opportunity this year to add a long-term sustainably funded bill to this list.

A long-term bill would represent an affirmative way for this Congress to reverse the decaying of our national infrastructure. It is a pro-growth solution that would promote commerce and help lower costs. And it supports job creation, both within the manufacturing sector and beyond.

I know that finding a financial solution to long-term infrastructure development is politically difficult. AEM believes that a user fee system requires the simplest and fairest way to ensure that those who use our roads pay for the maintenance and growth.

In closing, on behalf of equipment manufacturers, I urge you to support a long-term solution to provide the necessary support to maintain and grow our Nation's infrastructure system. It is critical to both rural and urban America.

Thank you for your time today. I look forward to your questions.

[The prepared statement of Mr. Yaksich follows:]

PREPARED STATEMENT OF NICK YAKSICH, VICE PRESIDENT, GOVERNMENT AND INDUSTRY AFFAIRS, ASSOCIATION OF EQUIPMENT MANUFACTURERS (AEM)

Chairman Fischer, Ranking Member Booker, and Members of the Subcommittee:

Thank you for the opportunity to appear today before this distinguished subcommittee to offer some perspective on the importance of passing a long-term highway bill for manufacturers.

My name is Nick Yaksich and I am Vice President, Government and Industry Affairs of the Association of Equipment Manufactures (AEM). Based in Milwaukee, Wisconsin, AEM represents nearly 900 construction and agriculture manufacturers of heavy equipment. Our membership includes almost every piece of equipment you would see on a farm or construction site.

Manufacturers' need for safe and reliable transportation to conduct their businesses—to efficiently access supply chains and move our products to market—faces great uncertainty with a lack of long term commitment to fund our Nation's transportation system.

Unfortunately, we've had to wrestle in recent years with the effects of deteriorating transportation infrastructure across the United States. Congress's inability to effectively address the chronic shortfall facing the Highway Trust Fund is eroding manufacturers' bottom line, and the effect is reverberating through the economy.

The Highway Trust Fund is slated to run out of spending authority later this month, and we understand Congress is preparing to adopt another short-term measure to extend the Highway Trust Fund for just a few more months.

On behalf of manufacturers, I want to use this opportunity to urge you to break the cycle of patchwork fixes and meaningfully provide a longer term fix to the Highway Trust Fund.

These short-term bills harm manufacturers in a few key ways.

First, as I mentioned earlier in my remarks, poor infrastructure harms our access to supply chains and markets. Congested and pothole-stricken roads slow the pace of commerce for manufacturers, which, in turn, drives up costs.

Second, the continued cycle of short-term fixes have sapped most state departments of transportation of their ability to plan most major, long-term capital investment projects. States like Mississippi, Arkansas, Georgia, Tennessee, and Wyoming have pulled back on projects totaling $1 billion in combined value. It's hard to imagine that another short-term surface transportation extension would prompt any renewed confidence among state DOTs.

This cloud of uncertainty especially harms manufacturers in the construction equipment sector. State officials lack the financing or confidence to make major investments, which translates to uncertainty for our customers who then are unwilling to make capital investment in an uncertain market. That means fewer manufacturing jobs in each of your states.

The uncertainty is also reflected in the increasing growth in the rental market. Manufacturers distribute primarily through dealers or rental businesses. In recent years, we have seen a dramatic increase in rental equipment as customers limit their financial exposure and chase work in new markets where they don't have existing equipment to manage the work.

Third, and finally, our persistent underinvestment in surface transportation infrastructure is harming our agriculture economy. America's farmers need safe and reliable roads (along with improved railways and inland waterways) to get their harvests to consumers. According to TRIP, The Road Information Program, almost one in five rural roads are rated as being in "poor" condition. And trucks, for instance, account for 91 percent of ton-miles for transportation of perishable agricultural goods.

So today, I want to urge you to please break this cycle.

This Congress has shown it's capable of bipartisan successes after breakthroughs related to the Sustainable Growth Rate (SGR) and trade policy. You have a golden opportunity this year to add a long-term, sustainably funded highway bill to that list.

A long-term highway bill would represent an affirmative step by this Congress to reverse the decaying of our national infrastructure. It's a pro-growth solution that would promote commerce and help lower costs. And it supports job creation, both within the manufacturing sector and beyond.

I know that finding a solution to finance long-term infrastructure development is politically difficult. There are any number of proposals floating around Capitol Hill, ranging from repatriation to the gas tax to a "supercommittee" dedicated toward figuring out how to finance infrastructure in the future. But the bottom line is that the user fee system remains the simplest and fairest way to ensure that those who use our roads pay for their maintenance.

In closing, on behalf of equipment manufacturers, I urge you to support long term solutions to provide the necessary support to maintain and grow our Nation's transportation system. It is critical to both urban and rural America.

Thank you for your time today. I look forward to your questions.

Senator FISCHER. Thank you, Mr. Yaksich.

Next we have Janet Kavinoky, the Vice President, Americans for Transportation Mobility with the United States Chamber of Commerce.

Welcome.

STATEMENT OF JANET KAVINOKY, EXECUTIVE DIRECTOR OF TRANSPORTATION AND INFRASTRUCTURE, U.S. CHAMBER OF COMMERCE; VICE PRESIDENT, AMERICANS FOR TRANSPORTATION MOBILITY COALITION

Ms. KAVINOKY. Thank you, and thank you for the opportunity to testify today. The Chamber's jobs growth and opportunity agenda prioritizes long-term investment and leadership in transportation, because a first-rate transportation system is necessary to maintain a first-rate economy in the United States.

A system with adequate capacity and high quality of service is strongly correlated with GDP growth and increased foreign direct investment, which create jobs. Failure to address transportation problems undermines our economic growth.

In February, Chamber member Ingredion testified that an outdated transportation system leads to increased freight costs, variability in deliveries, higher inventories, poor customer service, and an overall competitive disadvantage for all industries. Because of strained transportation capacity, Ingredion had to increase product inventories and struggle to meet its customer demand.

But their story is just a pixel in the bigger picture. Increased transportation costs are impacting the broader American business community. The Council of Supply Chain Management Professionals' most recent state of logistics report revealed that U.S. business logistics costs totaled almost $1.4 trillion in 2013, the equivalent of a little over 8 percent of current GDP.

Business leaders recognize these threats to competitiveness and are voicing concern. Eighty-seven percent of executives told the Economist Intelligence Unit that aging infrastructure had an impact on their operations in recent years, and 10 percent mentioned that it had caused severe problems in their operations that they were still continuing to address.

Many steps have been taken to address these issues, but there is obviously more to be done. The Chamber is a member of the Freight Stakeholders Coalition, a longstanding group of the country's largest shippers and public and private transportation providers, and we support the principles outlined in the coalition's MAP–21 reauthorization platform.

The principles call on Congress to provide dedicated funding for freight mobility and goods movement, promote and expedite project development and delivery, and foster operational and environmental efficiencies in goods movement, among other recommendations. The principles reflect the need to address major challenges to this country and its competitiveness.

Other nations have ambitious and strategic infrastructure initiatives designed to project economic power, grow their economies, improve the quality-of-life for their citizens, and support the competitiveness of their businesses. In contrast, in the United States, we lurch from crisis to crisis, dealing in short-term extensions that prevent us from truly focusing on the ever-increasing demands on our infrastructure.

And with increases in population and trade, both export and import volumes, possibly facilitated by the Export-Import Bank, TPA, and immigration, the transportation challenges keep growing.

It is notable, then, that the Freight Stakeholders Coalition included as its first principle the imperative that Congress and the administration together must achieve real, long-term, sustainable funding solutions designed to meet our current and future infrastructure needs.

Unfortunately, MAP–21 left the big question unanswered, and the issue of revenue for the Federal Highway Trust Fund has been a topic of nonstop debate, discussion, and handwringing since MAP–21 passed in 2012. It is time to stop talking and act.

The Chamber supports revenue sources that are transportation-related; collected on an ongoing basis; structured to be sustainable and growing; adequate for full funding or, at a minimum, able to maintain funding levels; and collectible by the Federal Government. It is the Chamber's position that the simplest, most straightforward, elegant solution to the immediate problem we face is to increase user fees going into the Highway Trust Fund. Adding a penny a month for a year and indexing the total user fee to inflation could support current services funding levels for the foreseeable future.

And yes, we know that there is a need to look to other revenue sources. The vehicle fleet is becoming more fuel-efficient. Driving patterns are changing. Construction costs typically grow faster than the Consumer Price Index. And multimodal investment calls for more diversified sources of revenue. Likewise, the use of procurement approaches, like public-private partnerships to deliver more value, better allocate risk, and draw private capital, are needed.

In conclusion, it should be evident that Federal investment in safe, reliable, efficient transportation systems is, quite simply, smart business. The Chamber looks forward to the day that Congress passes a long-term, fully funded bill that builds all the reforms contained in MAP–21 and identifies the resources needed to maintain and, ideally, increase smart spending on the Nation's transportation system.

Thank you for this opportunity to testify, and I look forward to your questions.

[The prepared statement of Ms. Kavinoky follows:]

PREPARED STATEMENT OF JANET KAVINOKY, EXECUTIVE DIRECTOR OF TRANSPORTATION AND INFRASTRUCTURE, U.S. CHAMBER OF COMMERCE; VICE PRESIDENT, AMERICANS FOR TRANSPORTATION MOBILITY COALITION

Introduction

Chairman Fischer, Ranking Member Booker and distinguished members of the Senate Subcommittee on Surface Transportation and Merchant Marine Infrastructure, Safety and Security, thank you very much for the opportunity to discuss the importance of Federal investment and leadership in transportation infrastructure. I am Janet Kavinoky, Executive Director of Transportation and Infrastructure at the U.S. Chamber of Commerce (Chamber) and Vice President of the Chamber-led Americans for Transportation Mobility Coalition (ATM), which includes business, labor, highway and public transportation interests. We believe strongly that Federal investment in highways, public transportation, and safety for both freight and passengers is necessary to boost economic productivity, create and support jobs, successfully compete in the global economy, and maintain a high quality of life.

The bipartisan highway, transit and safety law, *Moving Ahead for Progress in the 21st Century* (MAP–21), which ended years of short term extensions that created a great deal of uncertainty for businesses and infrastructure owners and operators, is once again about to expire. By May 31, Congress should pass a long-term, fully-funded bill that builds on the reforms contained in MAP–21 and includes the resources needed to maintain, and ideally increase, smart spending on the Nation's transportation system. The alternative is to begin the pattern of extensions and revenue patches all over again. That pattern leads to slowed or cancelled lettings, project delays, cost increases, and uncertainty that negatively affect business outlooks.

Transportation infrastructure is one of the top priorities on the Chamber's Jobs, Growth, and Opportunity Agenda. Having a safe, reliable, efficient transportation system is, quite simply, smart business.

Transportation Infrastructure and the National Economy

Infrastructure is not the end result of economic activity; rather it is the framework that makes economic activity possible.[1]

In 2009, the Chamber undertook a study to explore the degree to which transportation system performance—the ability to meet the needs of business—related to the national economy. We created the Transportation Performance Index (TPI) by asking our members to identify what was important and why, translated those into indicators of performance, identified data sources, and combined the data into the TPI, which is statistically representative of the diverse economics, geography, and demographics of the United States.

Here is what we found:

A transportation system that works for businesses can propel economic growth and, conversely, one that falls short of performing as it needs to will drag down the economy.

There is a strong correlation between performance, which the TPI defines as the degree to which the transportation system serves U.S. economic and multi-level business community objectives, and economic growth as measured by Gross Domes-

[1] Trimbath, Susanne. 2011. "Transportation Infrastructure: Paving the Way," STP Advisory Services, LLC.

tic Product (GDP). The TPI econometric analysis provided robust, stable results showing the overall contribution to economic growth from well-performing transportation infrastructure as fundamental to maintaining a strong economy.[2]

The analysis also exposed a strong correlation between transportation infrastructure performance and foreign direct investment (FDI) in the United States. There is a positive relationship between FDI that opens new establishments in the United States—creating new jobs—and the performance of transportation infrastructure as measured by the TPI.

A first rate national transportation system is necessary in order to maintain a first rate economy in the United States. Failure to address transportation problems undermines U.S. economic growth. This is the fundamental reason that the Federal Government must take a leading role in making sure that transportation policies—and the related programs and spending that implement these policies—contribute to a strong economy, including enabling interstate commerce, facilitating international trade, and propelling the efficient mobility and connectivity of people and products.

Business generally cares about three things when it comes to transportation infrastructure:

- Supply: availability of infrastructure, which is a key consideration for businesses when deciding where to locate their facilities;
- Quality of service: reliability of infrastructure, whether it supports predictable and safe transportation services and travel; and,
- Utilization: whether current infrastructure can sustain future growth. Utilization is a key consideration for companies that look years into the future to inform the decisions and capital investments they make today.

Finding good data to indicate performance can be difficult.

One of the main challenges in creating an index based on performance was finding data sources that were publicly available, collected consistently across the country, and reflective of more than just a few years. In general, congestion and intermodal connectivity for both people and goods were major concerns of our members, but indicators that look across modes—of particular importance for the reliability and velocity of freight movement—are limited. If the Chamber's experience is any indication, maintaining Federal research and data collection assistance across all modes of transportation will be critical to the success of performance-based transportation decision-making mandated by MAP–21.

Business Can Tell You a Short-Term Approach is a Bad Idea—Ingredion's Story

Chamber member Ingredion Incorporated is headquartered in Chicago with a global research and development center in Bridgewater, New Jersey. Ingredion products are found in 80 percent of all items on a grocery store shelf either in food, beverage or personal care products, or in the packaging. Ingredion's Vice President of Supply Chain and Customer Experience David Gardener testified to transportation infrastructure challenges and the need for a long-term bill earlier this year.

> Our supply chain is a worldwide network of 35 manufacturing plants and 24 ingredient development centers. In North America we operate 13 manufacturing plants, with seven in the United States. The largest is located in the Chicago area and the others are scattered across the country from California to the Carolinas.
>
> Our primary raw material is corn, which is shipped to our plants from the farmbelt states via rail and truck. Our finished products are distributed to our customers across the country by a network of rail, truck, warehouses, and break stations.
>
> Needless to say, a smooth-functioning surface transportation system is not only essential to Ingredion's business; it impacts our bottom line and the bottom line of our customers. Logistics costs represent a significant portion of our inbound corn costs and delivered finished product costs. In 2014 alone, our transportation costs excluding the cost of fuel increased by 3.6 percent, significantly outpacing inflation.

[2] Transportation Performance Index—Key Findings, U.S. Chamber of Commerce, (*http://www.uschamber.com/sites/default/files/lra/files/LRA__Transp__Index__Key__Findings.pdf*), 2011.

An outdated transportation system leads to increased freight costs, variability in deliveries, higher inventories, poor customer service, and an overall competitive disadvantage for our and all industries. Here are a few examples to illustrate how a neglected infrastructure impacts us.

Last year, it took longer to transport corn from the farmers and storage elevators to our plants. This resulted in millions of dollars in increased freight costs, higher manufacturing costs due to plant downtime, and curtailed production.

The transportation industry is struggling. In 2014, the average train speed decreased by over five percent and delay time increased by 10 percent. As a result, we had to increase product inventories and address a shortage of rail cars to transport our products, leaving us to struggle to meet customer demand. As the network moves slower, we are forced to increase our rail fleet and to make sub-optimal sourcing decisions.

Chicago is a primary transportation hub and the location of our largest plant. The increased rail volume through Chicago is causing unprecedented delays. For example, it can take up to three days just to exit the Chicago metropolitan area. Customers that are a mere seven hour drive from our plant can take up to five days to reach by rail. In some cases, we are forced to shift production from our plant in suburban Chicago to a Canadian facility just to avoid the delays around Chicago and satisfy our customers.

Because we cannot consistently rely on rail to deliver products to our customers on time, we, as many others, often must revert to trucks, costing significantly more than rail. However, the trucking industry is also challenged. Available truck capacity compared to truck demand is at an historic imbalance. This has been amplified by tightening regulation on driver hours of service and a deteriorating highway infrastructure.

Our ability to respond to our customer's needs is directly impacted by the availability of trucking capacity. As truck capacity tightens, our on time delivery rate suffers. Ingredion's incidence of late truck deliveries increased by over two-fold in 2014. This not only creates inefficiency in our supply chain, but also our customer's.

However, our story is just a pixel in the bigger picture.

Increased transportation costs are impacting the broader American business community. According to the Council of Supply Chain Management Professionals most recent State of Logistics report, U.S. business logistics costs totaled almost $1.4 trillion in 2013, the equivalent of a little over eight percent of current GDP.

Business leaders recognize these threats to competitiveness and are voicing concern. The Economist Intelligence Unit found that 87 percent of executives said that aging infrastructure had an impact on their operations in recent years, with 10 percent mentioning that it had caused severe problems in their operations that they were continuing to address.[3]

Many steps have been taken by to address the issues raised by Ingredion, but there is obviously more to be done. Congestion, connectivity, and future capacity are important in rural and urban areas, and within and among modes.

Freight Stakeholders MAP–21 Reauthorization Principles

Congress needs to act on a long-term bill because of the importance of transportation to the U.S. economy. It is a national priority.

Other nations have ambitious and strategic infrastructure initiatives designed to project economic power, grow their economies and improve the quality of life for their citizens, and support the competitiveness of their businesses. Short-term extensions keep the United States from truly focusing on addressing the ever-increasing demands that are being placed on our infrastructure. And with increases in trade—both export and import volumes—and population the transportation challenges are growing while we in Washington lurch from crisis to crisis.

To create a 21st century infrastructure to support a 21st century economy requires a partnership among all levels of government and the private sector, use of multiple modes of transportation as well as technology, and flexibility for those closest to the problem to tailor solutions to their particular needs.

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[3] Testimony of David Gardner, Vice President of Supply Chain and Customer Experience, Ingredion Incorporated, to the Senate Committee on Environment and Public Works, February 25, 2015.

The Chamber is a member of the Freight Stakeholders Coalition, a longstanding group of the country's largest shippers and public and private transportation providers. We support the principles outlined in the Freight Stakeholders Coalition Surface Transportation Reauthorization Platform and wholeheartedly agree that, "The Federal Government must lead long-term efforts designed to further America's competitive advantage by advancing projects of regional and national significance that reduce congestion, enhance goods movement, improve the environment and create jobs." [4]

The principles of this group can guide Congress and the Administration in addressing the challenges faced by Ingredion and thousands of businesses across the country.

1. Congress and the Administration, together, must achieve real, long-term, sustainable funding solutions designed to meet our current and future infrastructure needs.

First and foremost, the public sector needs certainty in future Federal funding. Short-term approaches to funding infrastructure create uncertainty and discourage states from undertaking multi-year and complex transportation investments such as new bridge replacements, improved highway interchanges, transit upgrades, and additional capacity to relieve congestion that chokes our roads. The private sector also needs certainty; for example, funding certainty enables the public sector to partner effectively with freight railroads and address rail bottlenecks. The CREATE program in Chicago, the Crescent Corridor—a partnership between Norfolk Southern and 13 states, and the Alameda Corridor in California are prime examples of this kind of partnership.

2. Provide dedicated funds for freight mobility/goods movement, and
3. Continue and fund the Projects of National and Regional Significance program.

The Chamber's position on funding for freight dates back to SAFETEA–LU reauthorization:

> The Chamber supports creation of a national freight transportation program for identifying and funding federal, state, and metropolitan efforts to ensure adequate capacity, reduce congestion and increase throughput at key highway, rail, waterway and intermodal choke points.
>
> - The program should include a national freight transportation plan built on performance measures and should include a comprehensive survey of key freight corridors and other assets.
> - A national freight transportation plan should incorporate the development of new capacity, access routes to major water ports and airports, access routes to border crossings and international gateways, operational strategies to improve utilization of existing assets, and strategic intermodal investments to expedite freight movement.
> - The plan should guide government project selection and prioritization.
> - The program should not dilute other Federal transportation priorities.[5]

4. Promote and expedite the development and delivery of projects and activities that improve and facilitate the efficient movement of goods.

The Hoover Dam was built in five years. The Empire State Building took one year and 45 days. The Pentagon, one of the world's largest office buildings, took less than a year and a half. The New Jersey Turnpike needed only four years from inception to completion. Fast forward to 2015, and the results are much different.

MAP–21 made great strides in improving project delivery for highway and transit projects. However, rail projects did not benefit from those changes. The Chamber urges Congress to pass S. 280, the bipartisan Portman-McCaskill permit streamlining bill, which would help all infrastructure projects move forward in a timely but environmentally responsible manner. Among other things, S.280 would: (1) designate a lead agency that is responsible for managing and coordinating the review process among agencies, and (2) place time limits on decision making and legal challenges for infrastructure projects without changing the substantive requirements that protect the public.

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[4] *https://www.intermodal.org/assets/private/2014freightstakeholderscoalitionplatform.pdf.* Accessed May 3, 2015.

[5] *https://www.uschamber.com/sites/default/files/legacy/lra/docs/safetealureauthorization policystatementboardapproved.pdf.* Accessed May 3, 2015.

5. Establish a multi-modal freight office within the Office of the Secretary.
6. Support multi-state freight corridor planning organizations.
7. Reauthorize/reinstitute programs that have facilitated freight mobility projects.
8. Expand freight planning at the state and local levels.

Planning must address both passenger and freight needs and incorporate the challenges at border crossings, along trade corridors, and across jurisdictions. Goods movement in urban areas, typically the last mile of delivery, is a prime example of where those two customer groups can either conflict or peacefully coexist. One only needs to look at bottlenecks near our major ports to see that planning must consider both the needs of freight and people.

9. Foster operational and environmental efficiencies in goods movement.

On this latter point, there are two specific policy measures that the Chamber encourages the Committee to consider during MAP–21 reauthorization. First, the Chamber encourages the Committee to provide permanent relief from the 34-hour restart provision in the Federal Motor Carrier Safety Administration's hours of service regulations for trucking. Second, although the Chamber is typically silent on trucking productivity issues, we do support changes to the law allowing less-than-truckload carriers to increase their productivity without sacrificing safety if allowed to use two 33 foot container configurations instead of the twin-28 foot containers.

The High Cost of Inaction

These principles reflect the need to address major challenges to this country and its competitiveness globally.

Failure to act is—and will continue to be—costly. The American Association of Port Authorities Port Surface Transportation Infrastructure Survey representing the views of nearly all of the top U.S. seaports on the Atlantic, Pacific and Gulf coasts, and along the Great Lakes, was revealing. One-third of respondents said congestion on their port's intermodal connectors over the past 10 years has caused port productivity to decline by 25 percent or more. And nearly fourth-fifths of AAPA U.S. ports surveyed said they anticipate a minimum $10 million investment being needed in their port's intermodal connectors through 2025, while 30 percent anticipate at least $100 million will be needed.[6] As Jonathan Gold, vice president of supply chain and customs policy at the National Retail Federation, said to the *Wall Street Journal,* "We can't have U.S. ports acting as a barrier to trade," he says. "We're shooting ourselves in the foot."[7]

A recent *Wall Street Journal* article brought the problem down to the company level.

> Audax transportation hauls goods ranging from car engines for Ford Motor Co. to frozen chicken parts for Perdue Farms. Bottlenecks at the Port of Virginia have reduced the amount of goods its truck drivers can move in a day by 50 percent in the past year, says Ed O'Callaghan, the firm's president and an agent of trucking company Century Express in Norfolk, Va. To make up for lost revenue, his company has raised prices for customers by about 35 percent.[8]

And Thomas Riordan, representing the National Association of Manufacturers at a hearing earlier this year emphasized the importance of action on MAP–21 reauthorization from a global competitiveness perspective.

> The manufacturing impacts of the West Coast dispute mounted daily, and the uncertainty over the past several months led to some cancelled orders from overseas customers, increased costs and even lost jobs in some circumstances. Worst of all, this situation tarnished the reputation of the United States as a global supplier.
>
> The West Coast ports situation showed the fragility and complexity of our transportation network and what happens when an export cannot move to a customer or a manufacturing input is not received in time for a production line.[9]

[6] 1A"The State of Freight." American Association of Port Authorities. April 21, 2015.
[7] *Wall Street Journal.* "U.S. Ports See Costly Delays as Cargo Ships, Volumes Grow." April 29, 2015
[8] *Ibid.*
[9] Testimony of Thomas Riordan, President and CEO, Neenah Foundry, to the Senate Committee on Environment and Public Works, February 25, 2015.

The Issue of Funding

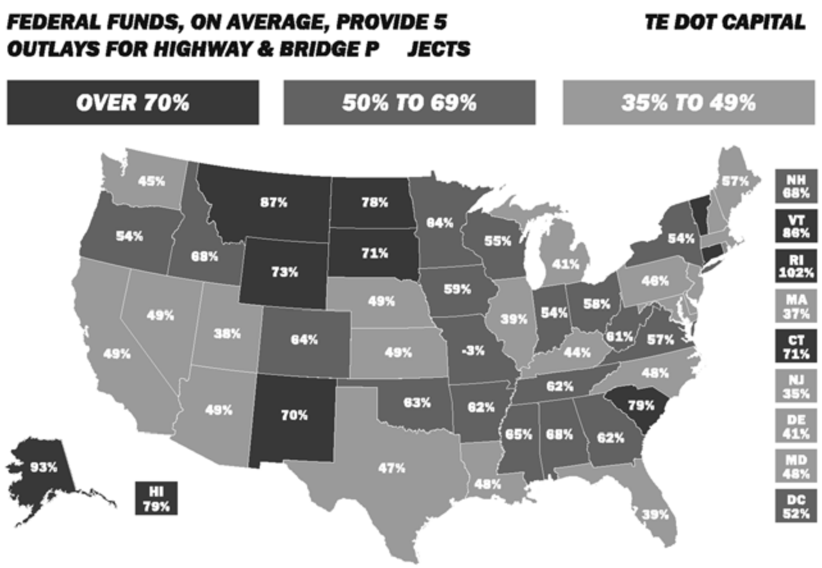
Moving Ahead for Progress in the 21st Century addressed many of the policy concerns that the Chamber had with Federal surface transportation programs. Our members asked for transportation policies that cut through red tape at all levels of government so that projects move forward quickly. MAP–21 delivered, and as the law continues to be implemented we are eager to assess the results. Businesses wanted to see Federal funds leveraged for locally selected projects that addressed the transportation needs of companies large and small. MAP–21 was an excellent step toward ensuring that the "how to" decisions are made at the state and local levels of government through simplification and reorganization of the Federal program structure but maintaining oversight and requiring transparency and accountability through performance measurement. Performance measurement systems should allow us to determine how well state and local decisions are prioritizing and delivering on the national interest.

Unfortunately, MAP–21 left the Big Question unanswered: where will the Federal Government find the revenue needed to fully pay for a long-term highway and transit bill that truly improves the condition and performance of the Nation's transportation system. The Chamber is pleased that Congress has rejected, repeatedly, efforts to make drastic cuts in Federal investment on roads and bridges, public transportation, and highway safety.

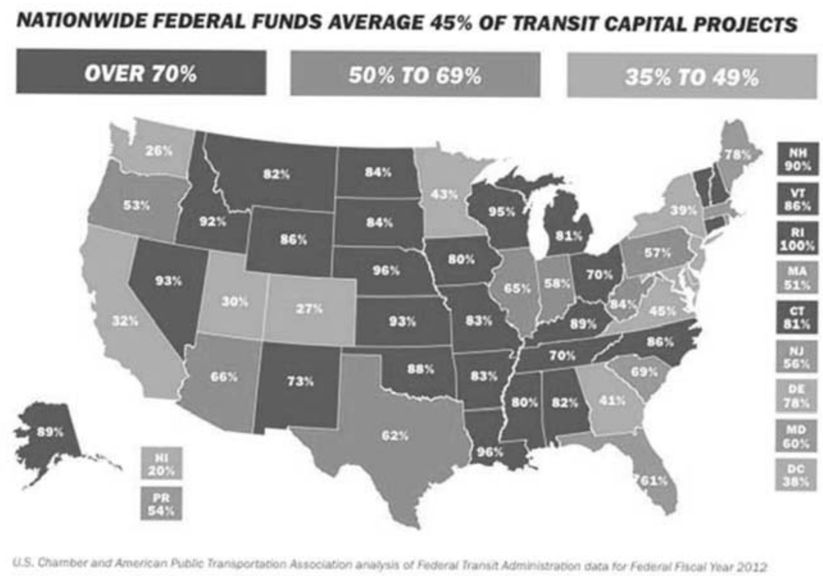
However, as everyone is painfully aware, the issue of sustainable, growing revenue for the Federal Highway Trust Fund (HTF) is central to MAP–21 reauthorization. It has been a topic of nonstop debate, discussion, and hand wringing since MAP–21 passed in 2012.

It is time to stop talking and act.

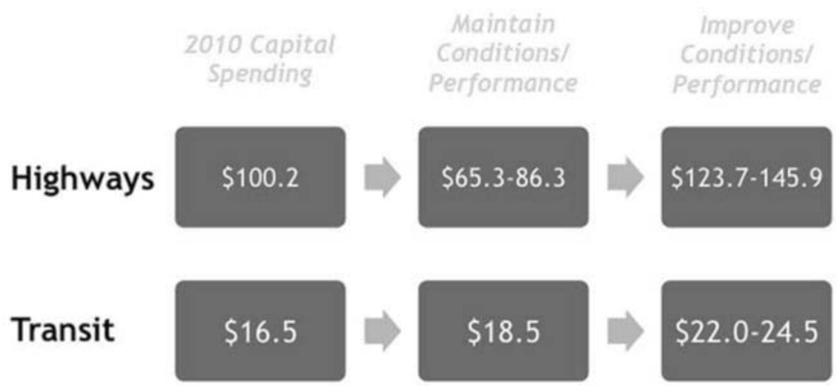
The stakes are high. Approximately half of all capital investment in roads and public transportation across the country comes from the Federal Government.



U.S. Chamber and American Public Transportation Association analysis of Federal Transit Administration data for Federal Fiscal Year 2012.



Congress must to identify revenue sources to fill the gaping hole between revenues and current spending levels. Ideally, should seek to fill the growing hole between available resources and needs.



The Chamber evaluates revenue sources along five criteria. A “five-star revenue source” will have a yes answer to each of the following questions:

- *Is the revenue source transportation-related?* In simple terms, because of special Federal rules, if revenues are transportation-related, Congress can pass a long-term bill that provides funding certainty. Without transportation-related revenues, annual appropriations could vary dramatically. Uncertainty means transportation projects cost more and have less impact because big, high-impact projects rely on multi-year transportation funding certainty.
- *Are the revenues ongoing, rather than one-time?* One-time money is a Band-Aid, rather than a solution. This is the path Congress has taken to ‘solve’ the problem since 2009. It involves funneling money from one place to another, and does not address the HTF’s structural problems in the long term.
- *Are the revenues sources structured to be sustainable and growing?* We need to not only meet today’s demands on our national transportation network, but also the increasing demands we know will be placed upon that network in the coming years.

- *Are the revenue sources—alone or in combination—adequate for full funding or, at a minimum, able to maintain funding levels?* In combination or by themselves we need $91 billion over the next six years just to maintain funding levels. And that won't necessarily deal with the backlog of maintenance and construction needed to improve the condition and performance of transportation systems, anticipate demographic changes, and accommodate and spur economic growth. We should aim for full funding, meaning what's needed to bring our seriously outdated network of highways, bridges and transit systems up to par, and keep it that way, so future generations can rely upon the network.
- *Can the Federal Government collect the revenues?* There are some options, like sales taxes and value capture, which are viable at a state or local level but that the Federal Government cannot use. It seems basic, but this knocks out a lot of potential ideas that work well at other levels of government.

It is the Chamber's position that the simplest, most straightforward, elegant solution to the immediate problem we face is to increase user fees—gasoline and diesel taxes—going into the HTF. Adding a penny a month for a year and indexing the total user fee to inflation could support current services funding levels for the foreseeable future. The collection system itself is highly efficient: the owner of the fuel at the time it breaks bulk from the terminal rack pays the excise tax to the Internal Revenue Service. According to the American Petroleum Institute, there are about 1300 terminals in the country, translating to a low number of payers and low cost of administration. The gas tax, if adjusted in amount and indexed, receives five stars as a revenue source.

And yes, in the long run, we know that there is a need to look to other revenue sources. The vehicle fleet is becoming more fuel-efficient. Driving patterns are changing. Construction costs typically grow faster than the Consumer Price Index. And multi-modal transportation investment calls for more diversified sources of revenue.

Finally, I should mention that the Federal Government has many other tools at its disposal to encourage investment in both freight and passenger transportation, including promoting public-private partnerships (P3s). Those mechanisms include using the Transportation Infrastructure Financing and Innovation Act (TIFIA) program, private activity bonds—which need the cap lifted for transportation projects, and technical assistance to project sponsors. The Chamber is a big supporter of P3s. A recent article in *Governing Magazine* summarized the benefits, which are not about creating money where there is none but rather in creating significant public value through the "responsible fusion of public-private resources." Projects delivered using P3s have a record of coming in ahead of schedule and under budget. The private sector taking on risk shelters the public sector from losses. New technologies and other innovations are brought to bear. Public-private partnerships are not for every project, but there is a growing track record of success in the United States and we should continue to encourage P3s.

Conclusion

The Chamber strongly supports Federal investment in transportation. We need a smooth flowing, efficient national transportation network that will support the transportation needs of businesses from origin to destination across the globe, and from the factory to the corporate headquarters to main street retailers to medical centers.

Congress should pass a fully funded, long-term MAP–21 reauthorization bill by May 31, although it is unlikely it will do so. Kicking the can again has costs. Companies cannot plan for hiring or capital expenditures. Land, labor, and capital are more expensive as the time value of money increases project costs. Projects that need multi-year funding commitments are delayed. Opportunities for economic development and economic growth are lost.

Thank you for the opportunity to testify today and the Chamber looks forward to working with you to build on the reform success of MAP–21, stabilize the HTF and find ways to grow investment in highways, transit, and highway safety so each state and region can get out of the system what they need to be successful—whether that is moving freight or their employees.

Senator FISCHER. Thank you.

I would like to recognize Senator Booker.

Senator BOOKER. I wanted to have the opportunity to introduce the next witness, who is one of New Jersey's great, outstanding mayors, a truly dedicated public servant who has been the Mayor of Piscataway for about 15 years.

It is my pleasure to introduce Mr. Wahler.

STATEMENT OF HON. BRIAN C. WAHLER, MAYOR, PISCATAWAY TOWNSHIP, NEW JERSEY AND PRESIDENT, NEW JERSEY STATE LEAGUE OF MUNICIPALITIES

Mr. WAHLER. I think, Senator, with that introduction, that is good for 10,000 votes in my town.

[Laughter.]

Mr. WAHLER. I want to thank Chairwoman Fischer and Senator Booker and the rest of the Committee for inviting us before the Subcommittee today.

In June 1996, the American Highway Users Association issued a report, "Forty Years of the U.S. Interstate Highway System: An Analysis. The Best Investment a Nation Ever Made." The report noted that it is not an exaggeration but a simple statement of fact that the interstate highway system is an engine that has driven 40 years of unprecedented prosperity, positioning the United States to remain the world's preeminent power in the 21st century. It was estimated that the total construction cost of the interstate highway system through 1995 was $329 billion in 1996 dollars, and $58 billion in 1957 dollars.

It was conceived as a pay-as-you-go system that would rely primarily on Federal imposed user fees on motor fuels. The Federal user fees per gallon of gasoline was increased by one cent, and the Federal user fee provided 90 percent of the costs of construction, with the balance primarily paid by state user fees.

For that investment, the Nation as a whole reaped a direct economic productivity benefit of at least $6 for every dollar spent on construction, and that was just the beginning. There were additional benefits, such as higher employment rates and greater economic opportunity that could not be quantified.

The report noted that for the first 40 years, the interstate system had enriched the quality of life for virtually every American, saved lives of at least 187,000 people, prevented injuries to nearly 12 million people, positioned the Nation for improved international competitiveness, and enhanced national security.

Isn't it scary to think that our Nation would have looked like in 1996 if President Eisenhower and the leaders in Congress in 1956 had not made this critical investment for fear that raising the fuel fee would anger voters?

Let me tell you little bit about the New Jersey transportation infrastructure. Just last year, the American Society of Civil Engineers reported that New Jersey has 39,272 centerline public road miles. We have 6,800 miles of major roads, 35 percent of which are, according to the report, in poor condition; 651 of the 6,500 bridges in New Jersey, 9 percent, are considered structurally deficient; and well over 1,700 are considered functionally obsolete.

That report also estimated that driving on roads in need of repair costs New Jersey motorists $3.4 billion a year in extra vehicle repairs and operating costs, $601 per motorist, and that 66 percent of New Jersey roads are in poor to mediocre condition.

But it is not just New Jersey natives and New Jersey businesses using these roads. Our ports handled well over 150 million short tons of cargo in 2012, ranking us number four in the Nation. The freight that wasn't carried to the customers through the eastern half of the Nation by our 18 freight railroads on 989 miles of rail also ended up on these roads, and so did the freight trucked between New York and Philadelphia or between Boston and Baltimore, or are almost anywhere between Miami and Maine.

For these reasons, New Jersey roads carry more vehicles per mile per day than any other state. And the wear and tear those roads experience would be worse if not for the fact that New Jersey transit carries over 295,000 riders every day, and our light rail system takes 82,000 commuters off the road, and our public bus system, including N.J. Transit and contract buses, carry over 570,000 riders every workweek.

Historically, New Jersey was at the crossroads of the revolution. Today, we are host to a number of America's vital economic and commercial arteries. Our Department of Transportation reports that New Jersey municipalities are responsible for 64 percent of the 28,400 centerline roadway miles on our roads. County governments are responsible for another 22 percent, which equals 6,600 centerline roads.

Together, local governments are responsible for more than 39 percent of our bridges. Our local roadway and bridges carry about 55 percent of all of our traffic.

Local officials know that investments in these assets must be made. Failure to do so compromises the safety of the public and economic vitality of our communities and our security in our neighborhoods.

Municipalities and counties throughout this Nation collectively own 78 percent of the Nation's roadway miles, 43 percent of the Nation's Federal aid highway miles, and 50 percent of the Nation's bridge inventory, and operate a majority of the Nation's transit systems.

According to a 2000 Pew Charitable Trust analysis, cities and counties collectively spend $75 billion annually on highways and transit, just 4 percent less than states are investing. At the New Jersey League of Municipalities, it is our firm belief that local officials responsible for a vast majority of the system are best situated to direct available transportation resources to projects that best serve communities in the region.

Despite owning a majority of the share of the country's transportation network and making substantial investment in surface transportation infrastructure, local governments and their metropolitan planning organizations receive a relatively small share of the overall Federal transportation funds. MAP–21 further strained local governments by decreasing by 30 percent the amount of highway funds available for transit infrastructure. Increasing locally available Federal transportation funds would have tremendously benefited the Nation's economy without disruption.

For those reasons, the National League of Cities, the U.S. Conference of Mayors, the National Association of Counties, and the Association of Metropolitan Planning Organizations hereby want reauthorization of local surface transportation alternatives. We use the congestion mitigation programs that are very helpful to our residents.

And last but not least, the economic case for investment in our long-term infrastructure is clear. We know it will grow the economy, create jobs, and position us for long-term growth. And the moral case for this action is plain. What will we leave the costs of disinvestment to our children? What will they say when they look at it 40 years from now?

Thank you, Madam Chairwoman.

[The prepared statement of Mr. Wahler follows:]

PREPARED STATEMENT OF HON. BRIAN C. WAHLER, MAYOR, PISCATAWAY TOWNSHIP, NEW JERSEY AND PRESIDENT, NEW JERSEY STATE LEAGUE OF MUNICIPALITIES

In June of 1996, the American Highway Users Association issued a report, "40 Years of the U.S. Interstate Highway System: An Analysis. The Best Investment A Nation Ever Made." That report noted "It is not an exaggeration, but a simple statement of fact, that the interstate highway system is an engine that has driven 40 years of unprecedented prosperity and positioned the United States to remain the world's pre-eminent power into the 21st century."

It was estimated that the total construction cost of the interstate highway system, through 1995, was $329 billion in 1996 dollars ($58.5 billion in 1957 dollars). It was conceived as a "pay as you go" system that would rely primarily on federally imposed user fees on motor fuels—the Federal user fee per gallon of gasoline was increased by one cent. That Federal user fees provided 90 percent of the cost of construction with the balance provided primarily by state user fees.

For that investment, the Nation as a whole reaped a direct economic productivity benefit of at least $6 for each $1 spent in construction. And that's just the beginning—there were additional benefits such as higher employment rates and greater economic opportunity that could not be quantified.

The report noted that in those first 40 years, the Interstate system had:

- enriched the quality of life for virtually every American;
- saved the lives of at least 187,000 people;
- prevented injuries to nearly 12 million people;
- positioned the Nation for improved international competitiveness; and
- enhanced national security.

Isn't it scary to think what our Nation would have looked like in 1996, if President Eisenhower and our leaders in Congress in 1956 had *not* made this critical investment because of a fear that the raised fuel fee would anger voters?

Let's fast forward 18 years from the1996 review to July, 2014, when a report was released by the National Economic Council and the President's Council of Economic Advisors—"An Economic Analysis of Transportation Infrastructure Investment."

That report stated:

- Today (2014) there are more than 4 million miles of road, 600,000 bridges, and 3,000 transit providers in the U.S. And yet, over the past 20 years, total federal, state, and local investment in transportation has fallen as a share of GDP—while population, congestion, and maintenance backlogs have increased.
- The U.S. lags behind many of its overseas competitors in transportation infrastructure investment. In the most recent World Economic Forum rankings, the U.S. had in less than a decade fallen from 7th to 18th overall in the quality of our roads.
- 65 percent of America's major roads are rated in less than good condition, one in four bridges require significant repair or cannot handle today's traffic, and forty five percent of Americans lack access to transit.
- Americans spend 5.5 billion hours in traffic each year, costing families more than $120 billion in extra fuel and lost time.
- American businesses pay $27 billion a year in extra freight transportation costs, increasing shipping delays and raising prices on everyday products.
- Underinvestment impacts safety too. There were more than 33,000 traffic fatalities in 2013 alone and roadway conditions are a significant factor in approximately one-third of traffic fatalities.

Citing recent research, the report noted that transportation investments affect not only the level of economic output but geographic distribution of economic activity. In other words, like a Field of Dreams, if you build it, they will come. And they will bring their checkbooks with them.

Reduced transportation costs, produced by investments in infrastructure in the past, facilitated the growth of cities across the United States. Chicago, for example, grew in size and importance because it served as a central hub between the fruitful plains of the mid-west and the markets of the northeast and Europe.

Infrastructure investment can also raise property values, particularly if these investments bring about improvements in local living standards (including shorter commute times and greater proximity to desirable amenities).

A strong and efficient infrastructure network is critical to maintaining U.S. competitiveness in a global marketplace. However, in recent years, the United States has fallen considerably behind other advanced countries when it comes to total transportation investment.

Taken together, total spending as a share of GDP has been falling, from about 3 percent of GDP in 1962 to only 1.4 percent today. That's more than a 50 percent decline. These investment flows show up in business leader evaluations of the United States as a place to do business. For example, in the World Economic Forum's latest Global Competitive Index, the U.S. ranked 10th for transportation, 18th for roads, and 19th for quality of overall infrastructure—well below other advanced economies. We are well behind countries including Poland, Estonia, Hungary, Spain and Greece.

If we, in the U.S., want to remain an economic leader, it is obvious that we need to reverse these trends. If we want the best for our people, our businesses and the future of our children, we need to imitate the intelligence and the integrity exhibited by President Eisenhower and our leaders in Congress in 1956.

Let me tell you a little bit about New Jersey's Transportation Infrastructure.

Just last year, the American Society of Civil Engineers (ASCE) reported that New Jersey has 39,272 centerline miles of public roads. We have 6,822 miles of major roads, 35 percent of which are, according to that report, in poor condition. 651 of the 6,554 bridges in New Jersey (9.9 percent) are considered structurally deficient and 1,717 (26.2 percent) are considered functionally obsolete. That report also estimated that driving on roads in need of repair costs New Jersey motorists $3.476 billion a year in extra vehicle repairs and operating costs—$601 per motorist, and that 66 percent of New Jersey's roads are in poor or mediocre condition.

But it's not just New Jersey natives and New Jersey businesses using those roads. Our ports handled 152.7 short tons of cargo in 2012, ranking us 4th in the Nation. The freight that wasn't carried to customers throughout the Eastern half of the Nation by our 18 freight railroads on their 983 miles of rail, also ended up on those roads. So too did any freight trucked between New York City and Philadelphia—or between Boston and Baltimore—or

almost anywhere between Miami and Maine.

For these reasons, New Jersey roads carry more vehicles per mile per day than those in any other State. And the wear and tear those roads experience would be even worse if not for the fact that New Jersey Transit trains carry 295,000 riders every day. Our Light Rail system takes 82,000 commuters off the roads. And our public bus system, including NJ Transit and contract busses, carries over 570,000 riders every work day of the week.

Historically, New Jersey was the Crossroads of the Revolution. Today, we are host to a number of America's vital economic and commercial arteries.

Our State's Department of Transportation (DOT) reports that New Jersey's municipalities are responsible for 64 percent (28,539 center line road miles) of our roads. County governments are responsible for another 22 percent (6,649 center line road miles). Together, local governments are responsible for 39 percent of our bridges. Local roadways and bridges carry about 55 percent of all traffic.

Local officials know that investments in these assets must be made. Failure to do so can compromise the safety of the public, the economic vitality of our communities and the security of our neighborhoods.

Municipalities and counties, throughout the Nation, collectively own 78 percent of the Nation's road miles, 43 percent of the Nation's federal—aid highway miles, 50 percent of the Nation's bridge inventory, and operate a majority of the Nation's transit systems. According to a 2015 Pew Charitable Trusts analysis, cities and counties collectively spend $75 billion annually on highways and transit, just four percent less than what states are investing.

At the New Jersey League of Municipalities, it is our firm belief that local elected officials, who are responsible for the vast majority of the system, are best situated to direct available transportation resources to projects that best serve their communities and regions.

Despite owning a majority share of our country's transportation network and making a substantial investment in surface transportation infrastructure, local governments and their metropolitan and regional planning organizations receive a relatively small share of overall Federal transportation funds. MAP—21 further strained local governments by decreasing—by 30 percent—the amount of highway funds available for the transportation infrastructure they own. Increasing locally available Federal transportation funds would have tremendous benefits for the Nation's regional economies, without major disruptions to the underlying legislative approaches.

For those reasons, we join with the National League of Cities, the U.S. Conference of Mayors, the National Association of Counties, the Association of Metropolitan Planning Organizations, the National Association of Regional Councils and the National Association of Development Organizations to urge you to sub-allocate more funding to local decision—makers and local areas under the Surface Transportation Program, the Transportation Alternatives Program, and the Congestion Mitigation and Air Quality Program. We also seek reaffirmation of longstanding Federal commitments to the more than 177,000 federal—aid highway bridges (or "on—system bridges") that are not a part of the designated National Highway System, which lost access to predictable funding after MAP—21 took effect.

The economic case for investment in our long-term infrastructure is clear—we know it will grow the economy, create good jobs, and position us for long-term growth. The moral case for action is just as plain. Will we leave the costs of disinvestment to our children? What will they say when they write their transportation infrastructure reports, 40 years from now?

This is the month when Congress decides, and the time for action is now.

Senator FISCHER. Thank you, Mr. Mayor.

We will begin our first round of questions.

Senator Bramble, in your written testimony, you explained that Utah established a funds exchange program through the Utah State Transportation Commission. I established a similar program in Nebraska that has seen statewide success in jumpstarting a number of projects.

Can you explain how your program has worked in Utah, and how it is providing flexibility to local governments for infrastructure projects? And do you have any examples of success?

Mr. BRAMBLE. Thank you, Madam Chairwoman. It is a great question.

In Utah, we have a fund transfer exchange program where the state will put up dollars for political subdivisions, and then when we get reimbursed when Federal dollars come in, we provide 85 percent to the local government, and then we receive the reimbursement from the Federal Government.

It is not that much different than what the State of Utah did on the major transportation artery for our state, Interstate 15. That goes from Idaho to Nevada. It is the main north-south transportation link.

In the state of Utah, the largest infrastructure project in our state's history, rebuilding Interstate 15 in Utah County, which is the county I represent, was done completely with State dollars, because of the uncertainty of Federal dollars. And that's really a variation on that theme. When Federal dollars come in, we will apply it to other projects.

It is really a timing issue, and by providing that flexibility, we are able to meet the most critical and immediate needs, regardless of the inaction of Congress. The challenge with that is that is not a substitute for the Federal Government's obligation to meet the transportation funding needs.

Senator FISCHER. Do you have any idea how much your Department of Transportation has helped those local governments save in seeing projects speeded up?

Mr. BRAMBLE. It's in the hundreds of millions of dollars. I don't know the exact number, but it has been substantial. And it has been a real success, because of the municipalities, they are able to move forward with their projects backed by the state, and the state has perhaps a little bit more flexibility than a local, city, town, or county.

Senator FISCHER. But those savings I believe are substantial, when you're looking at the limited resources that we have.

Mr. BRAMBLE. I don't know the exact number. I'm a CPA, and so I don't want to throw out a number that I couldn't defend, but it has been substantial.

Senator FISCHER. Understood.

Senator, you mentioned in your written testimony also, in MAP–21, that there were efforts made to streamline the regulatory review. Did the changes in MAP–21 go far enough, do you believe? Are you still seeing delays in projects that are moving in Utah? And can you offer us any recommendations in moving forward?

Mr. BRAMBLE. Let me start with the last part of that.

States need flexibility. If you look at the transportation needs, Senator Booker indicated the rail corridor in the Northeast. The challenges of building an infrastructure in a state like Utah that has 70 percent of the land mass owned by the Federal Government, and where we have urban areas, but we have vast tracts of very remote areas; that is far different than what you see in the Northeast. So the needs of the states are different.

The safety concerns, if you look at building a road that has to go across a 10,000 foot mountain pass, that may be different than building a road in Nebraska.

So the flexibility, the one-size-fits-all standard, or even if you have a couple different alternatives, we need more flexibility. So I would say that yes, it was helpful. It didn't go far enough. States really need flexibility to meet the unique conditions that we find in each of our states.

Senator FISCHER. Thank you, Senator.

Ms. Kavinoky, in your written testimony, you mentioned that the Chamber has a long-standing position in support of our national freight policy. Could you explain to the Committee what you view that policy as looking like? Do you have examples of things happening in the states, too, how they use those transportation dollars to address that?

Ms. KAVINOKY. Certainly. What we have heard from Chamber members time and time again is that businesses look end-to-end when it comes to their supply chains. They are looking origin to destination. They are not interested in squabbles over which mode is best or which jurisdiction is in charge.

They want the ability of the Federal Government, when it comes to freight, to set a strategic approach, to give flexibility, so that the right decisions can be made. And then they want help cutting through red tape at all levels of government to make sure that, if they locate a plant somewhere, it can get the trucking service, the rail service, and the inland waterway service it needs. They are looking very, very comprehensively.

We consistently hear that the need to address bottlenecks on our Nation's roadways is of critical importance, and I think that that has been proven time and time again.

We hear talk, and Senator Booker knows this very well in northern New Jersey, of the need to balance both freight and passenger traffic. The New Jersey Turnpike is a prime example of something that is both a commuter corridor as well as a freight corridor.

Some states have taken more strategic approaches and are working together. The I–69 Corridor coalition, the Ports to Plains Corridor coalition through the Midwest have both taken the view that we need to facilitate trade and goods movement north to south.

We have certainly heard in states that have border crossings that it is critically important to help facilitate goods movement at those bottlenecks.

And in places where ports, whether those are inland ports on the waterways, whether those are seaports, or those are airports that are facilitating high-value goods movement, we have heard from all of them that the capacity to move goods between modes is of critical importance.

Everyone points to the CREATE Program in Chicago as something that is an example of a good public-private partnership to try and unblock the rails there in transit, as well to what Norfolk Southern has been able to do with the Crescent Corridor.

But fundamentally, we are looking from origin to destination.

Senator FISCHER. Thank you very much.

Ms. KAVINOKY. You're welcome.

Senator FISCHER. Senator Booker?

Senator BOOKER. Thank you very much.

As I suspected, and saw in your written testimonies, everybody on the panel echoed the urgency of the moment.

Mr. Mayor, I would love to just pounce on you for a second, if I could. Not in a physical way. I mean verbally.

[Laughter.]

Mr. WAHLER. I think my wife beat you to that.

[Laughter.]

Senator BOOKER. Mayor, you talked about the impact of not investing. But can you speak from sort of a personal sense as a mayor, what is the cost of this decaying infrastructure right now, as you see it?

Mr. WAHLER. I think after this very harsh winter in the Northeast, I think everybody can relate to out-of-aligned suspension systems and things like that, blown tires, which, in this day and age, some of these tires can run $400 a shot.

So when you have infrastructure to that effect decaying and creating problems at the local level, I know within my own community, we have a backlog of $40 million in road projects ready to go where we have all the right-of-way acquisition and where we can actually physically put it out to bid, but we only do about $5 million a year at the local level.

So if you multiply that in New Jersey with all the municipalities with local projects, you have the potential to singlehandedly really gin up the economies in certain regions of the country with the backlog of projects. You have a lot of these bridges that tend to be 100 years old or more, these culvert bridges at the county level, some at 50 years. They don't get any cheaper to refurbish and rebuild.

Senator BOOKER. That is the point I want to go a little further with. Mr. Bramble mentioned some of this in his testimony.

He also mentioned that he is a CPA, which I am not, but we need more of in Congress. I hope you think about that.

But the reality is, you and I both know from having to run cities that the more you put off capital maintenance, the more the cost goes up. So from your perspective, waiting on the investments we are making, the deferred maintenance, what is that doing to the cost?

Mr. WAHLER. It's obviously, Senator, driving the cost up. For Senators on the panel, even hypothetically, if a municipality or county or state entity can hire an engineering firm, depending upon on the largeness of the scope of the job, you are looking at 7 or 8 years down the road before a shovel gets in the ground. So you need to start planning now in the respect that it takes a while, depending upon what the regulatory process is in any given state, to get the approval for permits.

But I don't know if a lot of our infrastructure can wait 7 or 8 years. When I tell residents within our community, "Your road is in the queue. However, it may be 3 or 4 years down the road," what we're doing is sending the department of public works or engineering division out to do minor patches out there and hope that something seriously is not going to happen to the motoring public or those biking or walking along the roadways.

Senator BOOKER. And those minor patches add to the total cost of repairs.

Mr. WAHLER. Absolutely.

Senator BOOKER. So I have a final question for the panel, but my penultimate question to you, because I think you mentioned it when you started talking about the history of the infrastructure we have, Republicans, Democrats coming together to make these investments, you talked in about the moral courage of politicians to make the tough calls that ultimately will benefit our grandchildren. Can you just touch on that for a second?

Mr. WAHLER. I was fortunate enough, I had a prior life to being a mayor. I actually worked on Capitol Hill for the late Speaker O'Neill. He would always comment that there is no Democratic or Republican way to fill a pothole. Being an elected official, I always viewed that when it came to transportation. And over time, it was always a nonpolitical issue, that elected officials always did the right thing, because they know that their citizens demand that action be done.

No mayor can hide from their constituents in a grocery store or anything like that when there is a problem. Maybe Senators can, but I don't know.

Senator BOOKER. Hey, hey.

[Laughter.]

Mr. WAHLER. But with that being said, I'm very, very concerned. Having been Mayor for 15 years and working with a lot of colleagues at the national level through the National League of Cities, the U.S. Council of Mayors, we're very frustrated at this point. We have a way of getting a lot of these projects up and starting a lot quicker than the Federal or State governments can. And the truth of the matter is, 60 percent of the roadway miles in this country are at the local level that feed into the state and national roadway network system.

Senator BOOKER. I'm going to have to make that my last question. Hopefully, I will get another round. I will now turn it over to the savvy and tech-savvy Senator McCaskill.

Senator FISCHER. Look at you running the place.

[Laughter.]

STATEMENT OF HON. CLAIRE MCCASKILL, U.S. SENATOR FROM MISSOURI

Senator MCCASKILL. Yes, he likes this.

Senator BOOKER. I'm sorry. I'm so sorry. I forget my place. I am the junior, junior, junior Senator from New Jersey.

Senator MCCASKILL. Madam Chair, may I proceed?

Senator FISCHER. Yes, please do.

[Laughter.]

Senator MCCASKILL. Thank you so much.

Senator BOOKER. It's a good thing that the women are running this place.

Senator MCCASKILL. You are outnumbered, Booker.

Senator BOOKER. I am.

Senator MCCASKILL. Be careful. Between the two of us, Deb and I can do some damage.

I thank you all for being here today. As the Chair said, this is our third hearing on the importance of long term. I think we are 26 days away, and we have no bill. There is not even a bill.

Now, this is kind of a joke that there is not even a bill, and we are 26 days away. So let me just be very clear. It is clear to me that the only thing that they are going to do is a patch.

And my question to you—how do you pronounce your last name?

Ms. KAVINOKY. It is Kavinoky.

Senator MCCASKILL. Kavinoky. If some of us were to decide that we are done with short-term patches that do irreparable harm to our economy and to predictability and sustainability, that gets a lot of jawing around here about how much we care about that, is the Chamber willing to score that vote for those of us who would rise up and say we are done with a 2-month patch or 7-month patch, and it's time for us to do our work and take the tough votes?

Ms. KAVINOKY. I think that the Chamber shares your frustration.

Senator MCCASKILL. Will you score it?

Ms. KAVINOKY. If we are presented with an opportunity to send up a key vote, and the choice is let's do a really long patch or something short enough to keep the pressure on this summer, I think we will score it.

Senator MCCASKILL. Well, I would really like to know that, because the U.S. Chamber of Commerce is very powerful around here. Everybody runs around wondering about scores.

So the record is clear, what a score is, it is people who work to influence legislation who keep a grade card of how Senators do. Some of us believe that some of those groups have selective scoring, because they don't want to step on the toes of certain people in Congress by scoring something that would make it uncomfortable for them.

I just implore you to begin scoring this. I mean, look what we have. We have Export-Import Bank, a huge problem for businesses in this country, if that is not renewed. We have debt ceiling, a huge problem for our economy, if that is not handled appropriately. We have financing of highways and infrastructure in this country that, frankly, we all agree with. We all want to do it.

But we are all sitting around here and we are acting as if something is going to change as a result of this great hearing when we know full well—everyone sitting here knows—we are talking about another patch.

Ms. KAVINOKY. Senator, we have scored every transportation vote and used those scores in our scorecard over the last several years.

Senator MCCASKILL. Well, my scorecard is never very good and I just want to know——

[Laughter.]

Ms. KAVINOKY. You know, it's kind of that multi-issue thing. And I know sometimes we don't always see eye to eye.

Senator MCCASKILL. It's a little confusing for some of us who have had pretty moderate voting records, in fact.

Ms. KAVINOKY. But on this one, we see clearly eye to eye.

Senator MCCASKILL. OK, then I think it's time you let everybody know, and all your membership should let everybody know, that you are done with this.

The American people should be done with this. We need a bill. I mean, just give us a bill that we can disagree on. At a minimum, it shows we are trying, right?

Does anybody know if there have been any studies that have shown the economic impact of our inability to take a tough vote around here? The short term, let's say, we're going to do it for 3 months or 2 months so we can get out of town and get beyond the looming deadline.

Do you know of any studies that have been done, for example, on the shutting down of the Government or the threatened shutdown, all of this fits and starts and legislating by crisis and deadline? Has anybody looked at the long-term impact of those on job loss and job sustainability?

Mr. YAKSICH. I'm not aware of a particular study, a specific study to the points you raise to the highway program and short-term extensions.

Part of the challenge, the leverage of the industry, is that there is that pressure to have the continuation of funding, so there isn't a disruption, so contractors aren't laid off, and the program and money is halted coming out of the DOTs. So in terms of an impact, the money has continued to flow through these short-term extensions.

As I said in my statement, it is disruptive for capital investments and just across-the-board. To trickle down through the economy, that uncertainty just adds a challenge for the economy.

Mr. WAHLER. Senator McCaskill, if I may highlight some of what the panelists are saying here, it short term does not do towns and counties any good, because you have engineered projects out there that are ready to go with the current regulations. What happens is that if they become stale, the next thing you know, there's a change order to modify the plans to whatever new Federal or State DOT guidelines, which ends up costing local taxpayers more money.

So we are ready. We have a backlog of projects to go at the local and national level. So we're not in favor of short-term fixes. We want a long-term source of funding and certainty. That is the key-word. We need certainty.

Senator MCCASKILL. Not patching and letting it go would be short-term pain, but it might be the long-term gain that we need.

Thank you all very much.

Thank you, Madam Chairman.

Senator FISCHER. Thank you, Senator.

Senator Ayotte?

STATEMENT OF HON. KELLY AYOTTE, U.S. SENATOR FROM NEW HAMPSHIRE

Senator AYOTTE. I want to thank the Chairman.

I thank all of you for being here today.

And I, certainly, hearing the end of my colleague Senator McCaskill's comments, I think all of us feel that doing the longer term reauthorization would be the right thing to do for certainty in planning and communities.

I wanted to follow up, Senator Bramble, in New Hampshire, I'm sure like in your state, there are projects that are very important and significant, and they are multiyear projects. That is one of the reasons why you need to be able to plan over a multiyear basis.

In New Hampshire, one of them is the widening of Interstate 93 from Salem to Manchester, New Hampshire. So we have a situation where many Granite Staters commute to Boston, and so that is a critical corridor in terms of traffic and their ability to have their jobs. And then also, we have it going the other way, which we are glad to have the residents from other states and Massachusetts going up to see our beautiful White Mountain region in New Hampshire.

So this project has been underway for several years. And recently, the Assistant Commissioner of the Department of Transportation in New Hampshire has been in the process, which I've supported, of applying for credit assistance under the Transportation Infrastructure Finance and Innovation Act, or TIFIA.

So in your testimony, I know that you had touched on, at least your written testimony, that this is an important mechanism for states and local communities, and the other financing mechanisms that states rely on to fund projects of national and regional importance.

Could you further explain the National Conference of State Legislatures' support for an expansion of credit-based and loan guarantee programs to incentivize private sector investment, and what your thoughts are on what we need to do to ensure that these financing mechanisms are in place?

I'm also someone who is a fan of sponsored legislation to further allow, whether it is State infrastructure banks, also a bill that would be the partnership to Build America, where it would leverage dollars and allow further financing mechanisms, and also private sector support.

So I wanted to get your thoughts on these financing mechanisms and what more we could do.

Mr. BRAMBLE. The issue of flexible financing options, that hits home. Representing the state of Utah, we did something with a transportation project on Interstate 15 that was different. It wouldn't fit the Federal guidelines for financing. It doesn't directly address the TIFIA question.

Let me give you an example of what we did in Utah. We have this interstate, and we have a debt limit, both a statutory debt limit in our state and we have a constitutional debt limit in our state, and we have this interstate that needed to be rebuilt. So instead of putting forward simply bids and saying how much will it cost to build this interstate from point A to point B, we knew how much we could authorize in terms of bonding.

And this was a Federal highway, Interstate 15, but it was all State funds. We authorized $2 billion of bonding, and then we went out to the private sector and we said OK, we have authorized $2 billion of bonding, tell us how far you can go on this interstate, because our needs are greater than Point A to Point B.

Instead of it costing $2 billion for Point A to Point B, which happened to be an interchange at American Fork to what is called University Parkway, it is about a 17-mile stretch, we actually rebuilt about 24 miles and it cost us $1.5 billion because the flexibility in how we approached the bidding process was entirely different than what the Federal guidelines would have allowed for.

The way we built the bridges is different than what the Federal Government would have allowed for. We built the bridges on the side of the road, lifted them and put them in place in a very innovative way. We kept three lanes of traffic open in both north and south directions during the entire project but for a very limited overnight closing from 10 p.m. until 5 a.m.

The reason I point that out, the opportunity for flexible financing, and when I say financing, not just sources of funds in terms of revolving loans or those kinds of things, but in terms of how you approach the design-build, all of those things contributed to a $2 billion project that only would've been 17 miles being actually a little bit more than 24 miles costing $1.5 billion.

That is a model that would be helpful if those principles would be adopted by the Federal Government.

Senator AYOTTE. So if we could give you more flexibility, obviously, the financing is a big piece, but more flexibility to have innovative solutions at the State and local level, is that something that would be positive in allowing you to stretch the dollars that we give you further?

Mr. BRAMBLE. Absolutely. A couple of your grant programs, 18 states have ignition interlock laws for offenders, but only four states qualified under the very stringent Federal guidelines for a grant. We have 40 states applied and only one qualified for distracted driving programs. And while every state has implemented a three-stage graduated drivers license, no state in Fiscal Year

2013 or 2014 qualified for a grant based on the Federal program, because of the very stringent, inflexible criteria.

What works in New Hampshire may not work in Nebraska and it may not work in Utah. Each of our states have unique—and by the way, your White Mountains, I've ridden a motorcycle through them. It is beautiful.

Senator AYOTTE. Excellent.

Mr. BRAMBLE. But it is different in your state than other states.

Senator AYOTTE. Absolutely. And I think we need to give your ability to stretch these dollars and have your unique solutions in each of your states and in each state in this country to be able to make sure that we can get more projects done.

So I appreciate all of you being here. Thank you.

Senator FISCHER. Thank you, Senator Ayotte.

Senator Klobuchar?

STATEMENT OF HON. AMY KLOBUCHAR, U.S. SENATOR FROM MINNESOTA

Senator KLOBUCHAR. Thank you very much, Madam Chair, and thank you to you as well as Ranking Member Booker. I look at your two states and think about them. They are little different in their transportation needs.

But I'm very glad you held this hearing, and I'm hopeful that we are going to come up with some solution here.

One of the concerns I have, and I think, Mr. Wahler, you can relate to this, and certainly Utah can as well, just being a cold-weather state, and the uncertainty that is created by not knowing whether or not we are going to have a continual Highway Trust Fund is exacerbated when you have a shorter construction season.

And in Minnesota, it is pretty short. We always say that we have two seasons, mosquito season and then winter, and that's it. The construction season and the mosquito season are the same.

So can you talk a little bit about, I know Senator McCaskill touched on this, but the uncertainty that is created and how this in particular can affect construction projects where cold-weather states don't even want to go ahead and they stop in their tracks? I understand there are number of states that have stopped letting out contracts.

Mr. WAHLER. If I may, Senator, one of the things, because of the severity of this last winter, the frost line, which would be typically 3 feet in New Jersey, went down to 3.5 feet, which undermined a lot of the roads. Now I know the frost line is a little bit more in your state, obviously.

However, what we have had to do is we have had to start our reconstruction projects typically a lot sooner now this year. As we speak, my Department of Public Works is paving three streets today, because we're trying to get every available day in. You're at the mercy of the weather. You can't pave when it's raining out. So we're trying to get everything in before the cold weather starts in October.

This all goes back to the certainty issue. We don't want a short-term fix. I know that may sound like something nice here at the Federal level, but the truth of the reality is that the business sector, the elected officials, we need certainty. That is the key word, and I can't emphasize that enough.

I'm very concerned about a lot of projects that are going stale, which I have to go back and tell my councilmembers there's going to be a change order because the Federal or State rules have changed, or whatever, and it drives up the overall cost of road projects. I think it is critical.

I'll give you a quick example. Route 18, which is a State road in my town, which is Rutgers University, it has taken 48 years to get to the point where they are finally finishing the last 3 miles of the roadway. So I had joked that I thought I would see it before I got my AARP card. Well, I was wrong.

But the bottom line is that we can't be thinking 40 years out now when we have projects that need to go right away.

Senator KLOBUCHAR. I agree. That's part of the reason I got on the bill with Senator Warner and Senator Blunt and others, with this longer term infrastructure combined financing. Obviously, this idea of doing some kind of international tax reform, hopefully for the long term, is very appealing, if we could hook that into infrastructure. But it has to be something I would hope not just do the baseline amount, but it would actually add money into infrastructure funding.

I don't know, Ms. Kavinoky, if you want to comment on any of that? Any solutions?

Ms. KAVINOKY. Sure. I think it is going to take a number of solutions in order to boost overall investment. We have spent the vast majority of our time over the last 10 years talking fundamentally about the Highway Trust Fund, which provides about 50 percent of all highway and transit capital investment. That is critical to fix.

The Chamber is focused on revenue sources that are transportation related. We have concerns about using mandatory repatriation outside of comprehensive tax reform to pay for that. But we are focused on, let's get a solution.

In addition to that, that is not going to solve all the problems, so proposals like infrastructure banks and funds, the Move America proposal that Senator Wyden just released yesterday, and others that would help promote other sources of financing, help the public sector finance at lower rates, help draw private capital, are going to be critical.

Those are all tools that are being used worldwide, and they are ways that other countries are using to project their own economic power.

But fundamentally, what I keep hearing from our members is, the solution set for the Highway Trust Fund hasn't changed for years. We had two big commissions, 2008 or so, that issued reports that looked through every possible revenue option. We haven't come up with any other magic, new solutions.

This is a matter of getting the politics right, which we are certainly trying to help with, getting some sense of agreement on the policy, and then finding something in this legislative process to move the ball.

Senator KLOBUCHAR. OK. I think there are a lot of us interested in doing that.

Last thing, and I won't ask a question, because my time is up. I just wanted to point out, to follow up on your comments, Mr. Bramble, just like the graduated license funding, I've been doing a lot of work for years on distracted driving. There's a program set up there. Right now, 70 percent of the funds are unused for the states. Only one state in 2014 qualified, and that would be Connecticut.

We really need to change that. So Senator Hoeven and I have a bipartisan bill called the Improving Driver Safety Act, which makes some changes to the program to get the money out. Our states have high rates of distracted driving, and I'm hopeful when a bill does move with transportation, that this will be part of it. It is very important to change the criteria and get that money out to the states.

Thank you.

Senator FISCHER. Thank you, Senator.

Unless we have any other members show up, our next Senator, our last Senator to ask questions, will be Senator Cantwell.

STATEMENT OF HON. MARIA CANTWELL, U.S. SENATOR FROM WASHINGTON

Senator CANTWELL. Thank you, Madam Chair. And thanks for this important hearing.

Ms. Kavinoky, I think you talked about freight in your testimony, or in a follow up question, so I did want to ask you about the National Freight Advisory recommendations that were released in 2014. They were about the efficient movement of global products, so that we can continue to compete effectively.

Currently, do you believe that there is a sufficient investment at the Federal level in infrastructure improvements around freight? And if not, where do you think we should look for resources to fund those recommendations?

Ms. KAVINOKY. Thank you. The commission made 80 different recommendations around freight, and I think they took a very good and comprehensive look.

As you know, in Washington state, it is about roads, rails, waterways, ports, and aviation to move goods. Across-the-board, we know that overall investment in transportation and in infrastructure, including freight, is insufficient. If it were a little bit more sufficient and targeted in the right way, maybe we wouldn't have people waiting 40 hours a year in traffic, or companies like UPS having to make sure that all their drivers make right turns so that they are saving millions of dollars a year.

What we hear repeatedly is that the focus on intermodal connections and on the last mile is critical. It is no good to have bigger ships coming into ports, if you can't get those goods off the ships and where they need to go. We know that truck bottlenecks are absolutely critical, but we have to make sure we don't fix one bottleneck and just move it upstream.

And then, of course, the Chamber has focused on the need to fully use the Harbor Maintenance Trust Fund. I know there are a lot of discussions about how to use that properly. But we need to make sure that that is being fully used, so our inland waterways and our ports, in addition, are getting the investment they need.

I think there is a lot of room to work there, and we would be happy to talk with you about how to shape a freight program that works well.

You raise a very important question, though, which is how to pay for it. As a member of the Freight Stakeholders Coalition and other groups discussing freight, what I discovered is that the conversation about how to pay starts breaking down when you get to that point. We have some members who say we already pay into the Highway Trust Fund. We have other members who say make sure we are not regulated so we can invest our own money. We have others who say maybe we ought to have a freight waybill.

When you get the freight stakeholders together, there's not a lot of, as you probably know, consistent answers to that. And I have not figured out how we break through that disagreement and come up with a coherent approach.

Senator CANTWELL. For our state, I can just tell you that the identification of this as a necessary need for keeping our competitiveness and jobs, it was easier than when a new expansion was called for, then that group came forward and said we should get a percentage of that, a dedicated source for that. I don't know whether something like that is going to be considered here in Washington for a long time, so I think the freight coalition has to consider whether we should do something more along the lines of a user fee to help this issue in the near term.

I don't know what your thoughts are on that, as opposed to the general strategy of when we have new revenue for transportation, let's get a piece of that dedicated toward these job-creating activities, or should we look at ways to identify some other sources right now and move ahead?

Ms. KAVINOKY. I think that it works to try to identify those other sources. Again, I think the challenge is defining what that user fee is and how it affects the different users, and that is where we have seen some disagreement among folks in the freight community.

Senator CANTWELL. OK.

Mr. Yaksich, can improved planning, especially related to freight movement, and efficient goods and services, make limited resources go further? How should we think about this and your organization in identifying some of these infrastructure challenges?

Mr. YAKSICH. The planning is critical for the movement of goods, as I testified to in my statement, in terms of the supply chain. We are seeing such a diverse global supply chain coming that on-time delivery is critical in the parts and with that delivery is the planning.

So planning and investment in planning is critical toward manufacturers, manufacturing success, and then getting product to the customer.

Senator CANTWELL. Thank you.

Thank you, Madam Chair.

Senator FISCHER. Thank you, Senator Cantwell.

I'd like to thank, again, the panel members for being here today. I appreciate the good information that you have provided to the Committee.

I would note that the hearing record will remain open for 2 weeks. During this time, Senators are asked to submit any questions for the record. Upon receipt, the witnesses are requested to submit their written answers to the Committee as soon as possible.

And with that, I will adjourn the hearing.

[Whereupon, at 11:46 a.m., the hearing was adjourned.]

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