



Leading Innovation. Creating Opportunity. Pursuing Progress.

Statement for the Record

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

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

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

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

October 11, 2017



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

ON BEHALF OF THE NATIONAL ASSOCIATION OF MANUFACTURERS

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

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

OCTOBER 11, 2017

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

My name is Ray McCarty, and I am president and CEO of the Associated Industries of Missouri (AIM). Established in 1919, we are Missouri's oldest business association, and our mission is to promote a favorable business climate for manufacturing and industry in Missouri. The AIM supports the Missouri Transportation and Development Council (MTD), a non-profit organization of private citizens, public officials, companies and associations. We believe the

transportation system in Missouri demands continuing care and attention because it is vital to the state's economic welfare and quality of life. The AIM is also the official state partner of the NAM in Missouri. As the lead representative of manufacturers in all 50 states and Puerto Rico, members of the NAM's State Associations Group (SAG) serve as the manufacturing industry's grassroots arm. As the NAM's official state partners, SAG members work collaboratively to advance policies that help manufacturers succeed at the local level. From cutting regulations to promoting job growth, members of SAG are champions for manufacturing from the state level.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Of equal concern, a pro-manufacturing infrastructure package should improve the project delivery process. Good governance improvements to better deliver 21st-century infrastructure, such as expedited environmental reviews, are critical to the success of any

infrastructure effort. The NAM supports good governance measures to stretch the value of federal dollars.

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