



Statement of the U.S. Chamber of Commerce

**“Building a 21st Century Infrastructure for America:
Long-Term Funding for Highways and Transit Programs”**

Edward L. Mortimer

Executive Director, Transportation Infrastructure

1615 H Street NW | Washington, DC | 20062

The Chamber’s mission is to advance human progress through an economic,
political, and social system based on individual freedom,
incentive, initiative, opportunity, and responsibility.

The U.S. Chamber of Commerce is the world's largest business federation representing the interests of more than three million businesses of all sizes, sectors, and regions, as well as state and local chambers and industry associations. The Chamber is dedicated to promoting, protecting, and defending America's free enterprise system.

More than 96 percent of Chamber member companies have fewer than 100 employees, and many of the nation's largest companies are also active members. We are therefore cognizant not only of the challenges facing smaller businesses, but also those facing the business community at large.

Besides representing a cross-section of the American business community with respect to the number of employees, major classifications of American business—e.g., manufacturing, retailing, services, construction, wholesalers, and finance—are represented. The Chamber has membership in all 50 states.

The Chamber's international reach is substantial as well. We believe that global interdependence provides opportunities, not threats. In addition to the American Chambers of Commerce abroad, an increasing number of our members engage in the export and import of both goods and services and have ongoing investment activities. The Chamber favors strengthened international competitiveness and opposes artificial U.S. and foreign barriers to international business.

Introduction

Good morning Chairman Graves, Ranking Member Norton, and members of the Subcommittee. My name is Ed Mortimer and I serve as the Executive Director for Transportation Infrastructure at the United States Chamber of Commerce. I also serve as the Executive Director of the Chamber-led Americans for Transportation Mobility Coalition (ATM), which includes business, labor and transportation stakeholders advocating for improved and increased federal investment in the nation's aging and overburdened transportation system.

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Condition of the Nation's Surface Transportation Infrastructure

America's transportation network is a vast system that connects people and places, moves goods and drives our economy, and impacts our quality of life and safety. The country's transportation system is comprised of roads, bridges, public transit, airports, ports, and interchanges affecting thousands of communities and a myriad of industries and job sectors. It serves as the backbone of the nation's economy.

For almost 100 years, America's infrastructure has been the envy of the world. From the transcontinental railroads to electric streetcars, and from subways to the interstate highway system, our nation's history of providing state-of-the art infrastructure is impressive.

"Today, there are more than 4 million miles of road, 600,000 bridges, and 3,000 transit providers in the United States. And yet, over the past 20 years, total federal, state, and local investment in transportation has fallen as a share of Gross Domestic Product – while population, congestion, and maintenance backlogs have increased," according to the 2014 White House document titled: "An Economic Analysis of Transportation Infrastructure Investment."

As this subcommittee knows, America's infrastructure is aging and in dire need of modernization. The American Society of Civil Engineers, in its latest Infrastructure Report Card, graded the condition of our nation's infrastructure as a D-plus overall. The report also estimated that government needs to invest \$2 trillion over current spending levels for the next 10 years to modernize the system. Our nation's highways were ranked a D and public transportation a D-minus. Bridges were only slightly better with a C-minus.

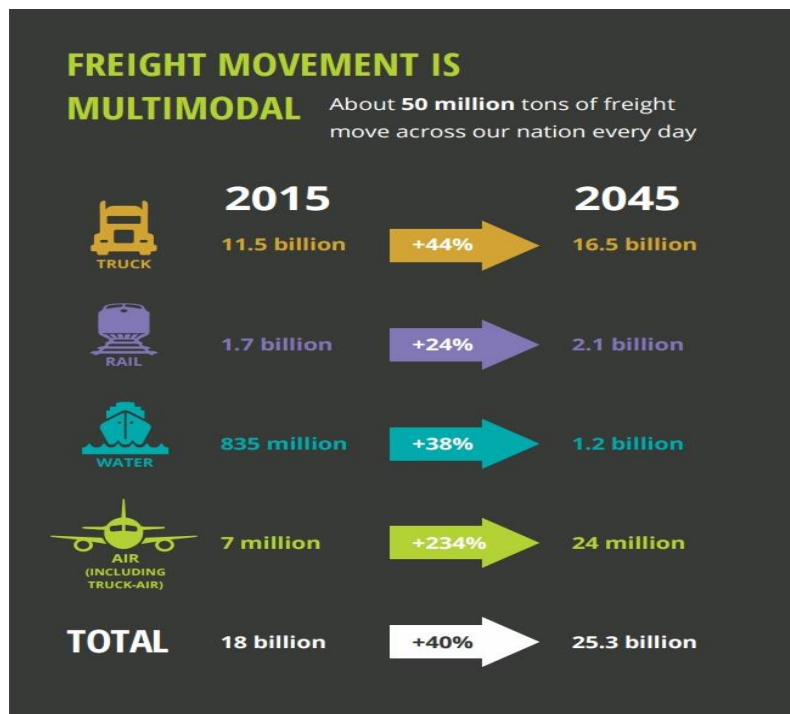
The most recent 2015 U.S. DOT conditions and performance report highlighted the current state of good repairs needed for highways and bridges at an estimated \$830 billion. Of the total backlog, \$394.9 billion (18.8 percent) is required for the Interstate System; \$394.9 billion (47.2 percent) is for the National Highway System, and \$644.8 billion (77.1 percent) is for Federal-aid highways.

This U.S. DOT report also stated the current state of good repair needs for public transit is at \$89.8 billion.¹

These challenges are significant, but they are not insurmountable.

Importance of System Conditions to Freight Movement

The nation's freight network continues to experience strain. In 2015, our nation's transportation system moved 18.1 billion tons of goods, worth \$19.2 trillion.² A recent U.S. DOT report projects that the amount of freight traveling on our nation's transportation network will grow 40 percent over the next 40 years. The chart below shows the breakdown of those estimates by transportation mode:



Source: Beyond Traffic, U.S. Department of Transportation

¹ 2015 Status of the Nation's Highways, Bridges, and Transit, U.S. Department of Transportation.

² Bureau of Transportation Statistics document titled "DOT Released 30-year Freight projection" (March 2016).

The nation's supply chain also is adapting to American consumers expecting quicker delivery of product. Supply-chain programs are moving from an inventory based "manufacture-to-supply" model to a "manufacture-to-order" model. Emerging technologies such as vehicle-to-vehicle and vehicle-to-infrastructure communications and autonomous vehicles need to have a transportation infrastructure able to allow these innovations to achieve the desired effort of maximizing the efficiency of the transportation network.

The Challenge Ahead

The *Beyond Traffic* report describes in detail what the future may hold for our changing population. The report finds that the U.S. population is expected to grow by 70 million people in the next 30 years. By 2045, the nation's economy is forecasted to grow by 115 percent and the transportation sector will represent \$1.6 trillion of gross domestic product.

The same report shows investment in surface transportation is not meeting demand. For example, improving the condition and performance of highways and bridges over the next five years is estimated to cost \$120 billion annually from all levels of government. Yet, we currently are investing only \$83.1 billion. For public transportation, current investment is \$17.1 billion annually, a far cry from the necessary \$43 billion.

Work in 2017 Laid the Groundwork For Broader Infrastructure Modernization Debate

The Trump administration has been vocal about the need to rebuild and vastly improve our infrastructure, and Congress also has indicated its willingness to get to work on solutions. Without a doubt, it is time for our leaders in Washington to take charge and tackle the problem with stable funding and a long-term plan.

For years, the U.S. Chamber of Commerce has supported meaningful action to reinforce our once-unequalled infrastructure, and we've continued to offer a slate of potential solutions to prove it.

Last year, the Chamber laid out three overarching principles that the Administration and Congress should address in an infrastructure modernization debate:

- Legislation should focus on actual infrastructure projects whose completion can create greater potential for long-term economic growth.
- Legislation should employ a variety of funding mechanisms tailored to the various infrastructure project lines and, where possible, utilize existing federal programs.

- Additional financing and funding should be accompanied by reforms that increase accountability, maximize and expedite the use of scarce federal resources, and accommodate future needs.

We discussed these principles with this subcommittee and other members of the House and Senate during the year.

Chamber Refines Infrastructure Principles into Four Point Plan

In an effort to encourage prompt Congressional action on an infrastructure modernization bill, on January 18, 2018, the Chamber released a four-point infrastructure plan entitled, “Roadmap to Modernizing America’s Infrastructure.”

The U.S. Chamber’s recommendations for an infrastructure package include:

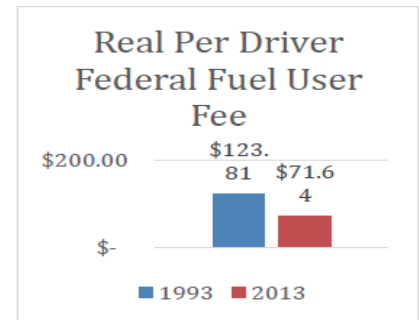
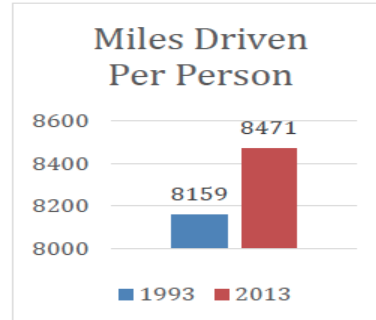
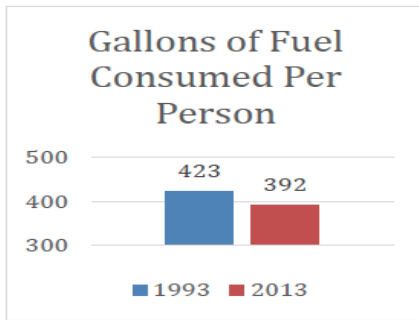
- Increasing the federal fuel user fee by 25 cents for surface transportation projects
- Implementing a multi-faceted approach for leveraging more public and private resources
- Streamlining the permitting process at the federal, state, and local level
- Expanding the American workforce through work-based learning and immigration reform

Modernizing America’s Infrastructure Part 1: User Fee

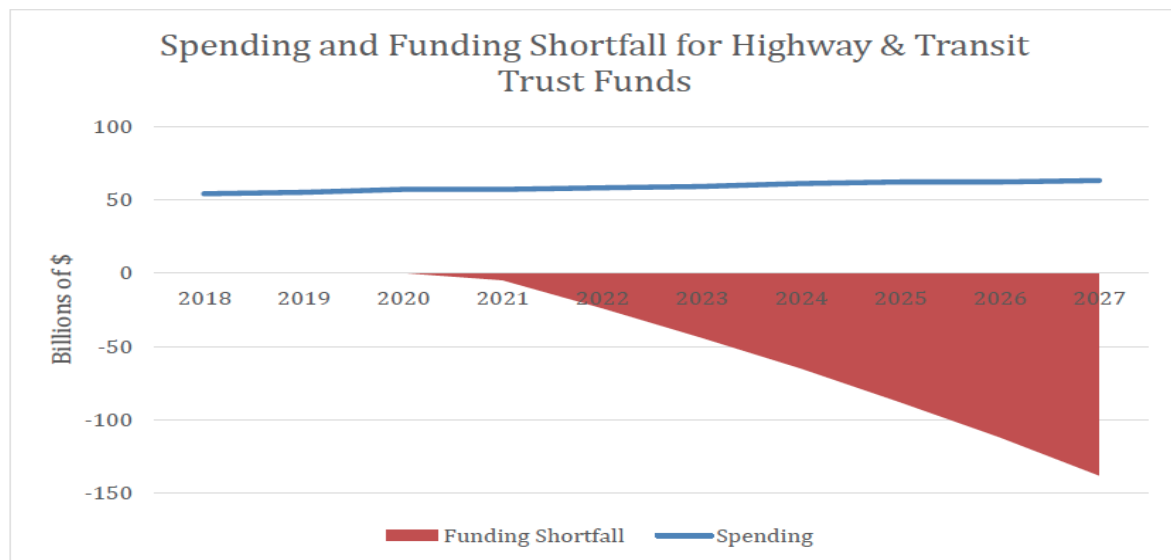
To rebuild and expand our roads, bridges, and transit systems, the Chamber believes it is time for a modest increase in the federal motor vehicle fuel user fee.

The user fee was last raised in 1993. Since then, inflation has eroded nearly 40 percent of the value of the user fee. In addition, vehicles are significantly more fuel-efficient than they were 25 years ago. As a result, motorists use less fuel to drive the same number of miles, and there is significantly less revenue to maintain the roads they drive on.

As the charts below indicate, relative to 1993, Americans are driving more, but using less gasoline. Add in the impact of inflation, and by 2013, drivers were contributing 42 percent less to support our federal road system even though they were driving 4 percent more miles.



Because of Washington’s failure to adjust the user fee, the highway and transit trust fund faces a [shortfall](#) of \$138 billion over the next decade, and that is just to continue today’s insufficient levels of investment.



The U.S. Chamber of Commerce is calling for an increase of 5 cents a year in each of the next 5 years for a total of 25 cents. The proposal would include indexing the tax for inflation and for future increases in the fuel economy, so there would be no need to revisit this issue in the foreseeable future.

The proposal would raise \$394 billion over the next 10 years, which would be invested in our highways, bridges, and transit systems in a fiscally responsible fashion. When

combined with state, local, and private sector funds, this would go a long way towards modernizing the nation's once-great interstate system.

All this would cost the average American only about \$9 a month in additional gas taxes. This figure, however, is dwarfed by the cost of inaction. According to one recent [study](#),³ drivers in urban and surrounding suburban areas incur \$553 in additional vehicle operating costs as a result of driving on roads in need of repair. Congestion also is stealing time from American families. The average commute time to work has increased by 35 minutes a week between 1990 and 2015.

Many say that it is politically impossible to raise the gas tax. This is a fallacy.

Since 1993, 39 states have raised their own state motor fuel user fees. This includes red and blue states alike, including over the past several years: Indiana, Tennessee, South Carolina, Oregon, and New Jersey.

In the long run, we know that there is a need to look to other methods to pay for surface transportation investment. The vehicle fleet is becoming more fuel-efficient. Driving patterns are changing. Electric vehicles and alternative energy vehicles continue to be added to the system, and multi-modal transportation investment calls for more diversified sources of revenue. We have been following pilot programs looking at transitioning to vehicles miles traveled, such as in Oregon and other places. While progress is being made, we believe that national implementation of such a funding mechanism is at least 10 years away.

Highway Trust Fund Issues

The federal Highway Trust Fund (HTF) will run out of money after the Fixing America's Surface Transportation Act (FAST Act) expires in 2020. The primary reason we are underfunding our highways and transit systems is that the funding mechanism, the Highway Trust Fund, is experiencing an annual deficit of \$15 billion in 2018 and will increase to \$26 billion in 2027 (the last year estimated by the Congressional Budget Office).

Congress has made up for this shortfall in two ways. First, it has transferred \$144 billion into the HTF since 2008 to prevent insolvency. Second, it has delayed and underfunded the maintenance of the country's roads, bridges, and mass transit systems.

The Congressional Budget Office estimates the HTF will need another \$120 billion infusion to pass a six-year reauthorization that merely maintains spending levels.

³ The Road Information Program, National Surface Transportation Fact Sheet.

With a growing federal deficit, the ability for Congress to continue to inject General Fund revenue into the HTF is limited. This is a major reason the Chamber supports the budget neutral mechanism of adjusting the federal fuel user fee and put those revenues into the HTF to address this issue.

Modernizing America's Infrastructure Part 2: Implementing a multi-faceted approach for leveraging more public and private resources

Outside of direct federal funding, the Chamber believes there is a great opportunity to encourage more successful private investment. From the I-495 Capital Beltway High-Occupancy Toll Lanes project in Fairfax County, Virginia, to the Port of Miami Tunnel, to the Eagle Public Transportation project in Denver, Colorado, and the 91 Express Lanes in Orange County, California, examples of successful, entrepreneurial, public-private projects are abound.

Many nations understand that in a globally competitive marketplace, private investment is a linchpin for economic development and innovation. Countries such as Saudi Arabia and Australia have expressed interest in investing in American infrastructure. Unfortunately, according to Prequin,⁴ at the end of the first half of 2016, funds focusing on North American assets were sitting on \$75 billion, still unused.

For now, we need to better leverage the tools that we have as we get down to business and develop policies that get this kind of equity off the sideline.

The Chamber believes communities should have a large toolkit of funding and financing options available for infrastructure projects. To that end, Congress should:

- Expand and improve existing federal loan programs covering transportation, water, and rail (e.g. TIFIA, WIFIA, and RRIF) to make it easier for the private sector to participate in infrastructure projects and leverage an average of \$40 for every dollar of federal funding;
- Create a new loan / loan guarantee program to finance a broad array of infrastructure projects with loans to be repaid through dedicated public or private funding streams (the bipartisan proposal for a \$50 billion fund leveraged 15:1 and thus supporting up to \$750 in loans or guarantees is one possible model);
- Remove statutory and regulatory barriers to public-private partnerships;

⁴ Pequin Report on 2016 Private Equity for Infrastructure.

- For example, federal law currently limits the number of airports that could be practically sold or leased to the private sector to 10 airports;
- The use of public private partnerships specifically should be authorized and encouraged with respect to federal assets with significant maintenance backlogs and the means of generating revenue or their own dedicated funding stream (such as waterways and dams);
- Create a discretionary grant program to stimulate competition and leverage state, local, and private sector funds for projects of national significance; and
- Expand private activity bonds by lifting the current cap of \$15 billion.

Modernizing America’s Infrastructure Part 3: Streamlining the permitting process at the federal, state, and local level

The permitting process for major infrastructure projects is broken. It can take longer to get government permits than it takes to construct a project. It takes on average approximately five years to complete an environmental impact statement, a federal requirement for many projects, and depending on the type of project, permitting can involve state and local approvals in addition to a myriad of federal permits.

It should never take more than two years to complete all federal permits required for an infrastructure project. We strongly support the Administration’s August 2017 Executive Order that calls for “One Federal Decision” in a two-year time frame.

The Chamber believes this is an imminently achievable goal. Many of our global economic competitors, including Germany, Canada, and Australia, complete environmental permitting reviews in under two years—all while providing environmental protections equaling or exceeding those in the U.S.

We recognize and strongly support the work of this subcommittee in MAP-21 and the FAST Act to provide a more streamlined process for surface transportation projects, but more can be done.

It is critical that any infrastructure package include meaningful reforms to the federal environmental review and permitting processes.

The Chamber recommends the following common sense reforms:

- Merge sequential and duplicative federal environmental reviews;
- End duplication of previously completed environmental reviews and studies;

- Implement citizen suit reform to prevent misuse of environmental laws and ensure that post- approval lawsuits do not needlessly delay projects; and
- Codify the “One Federal Decision” approach so there is a single agency responsible for shepherding a project through the approval process.

In addition, projects that benefit from federal funding or financing should be subject to a similar requirement with respect to state and local permits: as a condition of receiving federal funds, states must agree to ensure the process should never take more than two years and should run concurrently with the federal permitting process.

The Chamber believes without regulatory reform of the permitting process from all levels of government, increased investment alone will not lead to the modern infrastructure network all Americans deserve.

Modernizing America’s Infrastructure Part 4: Expanding the American workforce through work-based learning and immigration reform

Rebuilding America’s infrastructure will require skilled workers ready and able to take on new projects. Yet today – before any major new investment in our infrastructure, 78 percent of construction firms report that they are having a hard time finding qualified workers.

The USG+U.S. Chamber of Commerce Commercial Construction Index has found that, though demand for new projects increases, a majority of contractors struggled to find skilled workers in 2017 and anticipate facing the same challenge in 2018.

In 2017, there was an average of 192,000 unfilled construction job openings per month (through November). That is up 119 percent from an average of 88,000 openings a month five years ago.

If we do not expand the construction workforce, it will be impossible to move ahead with the projects that need to be undertaken. Congress and the Administration must take key steps to help address the worker shortage. To increase the number of skilled workers, policymakers should:

1. **Reauthorize the Carl D. Perkins Career and Technical Education (CTE) Act**
– Capitalize on the opportunity to update the long-overdue Perkins Act to modernize our nation’s K-12 and community college career and technical education programs, which are a key source of talent and a driver for young adults to pursue careers in the growing construction industry.

2. **Leverage the Workforce Innovation and Opportunity Act (WIOA)** – Use WIOA, reauthorized in 2014, to expand the national network of sector-based construction partnerships so that public workforce training funds and incentives can be utilized to grow America’s construction workforce.
3. **Modernize America’s Apprenticeship System** – Advance the recommendations of the Apprenticeship Task Force, as convened by President Trump’s Executive Order in 2017, to support the business sector as they build new opportunities for earn and learn pathways, including within the construction industry .

It is also important that we keep the skilled workers currently in the workforce thanks to programs like Deferred Action for Childhood Arrivals (DACA) and Temporary Protective Status (TPS). Approximately 41,000 DACA recipients are employed in the construction industry, as are approximately 51,000 TPS beneficiaries. Congress should act now to ensure that these workers can continue to live and work in this country. Ultimately, Congress needs to enact immigration reform so that we can attract and admit the skilled workers our nation needs.

Conclusion

The bottom line is that the time to make important infrastructure investments is NOW. Delaying action only makes the decisions more difficult and projects costlier. From the business community’s perspective, the question is not if we need to make these decisions, but when.

The Chamber strongly supports federal investment in highways and public transportation. We need a smooth flowing, efficient multi-modal 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.

From all levels of government, there is no single funding solution that will solve all of our infrastructure problems. The Chamber believes communities should have a large toolkit of funding and financing options available that can be utilized to provide the infrastructure needed, not just to succeed, but to lead the world in providing economic and social mobility. Improving our current infrastructure will be a key component in modernizing many parts of the country. The Chamber and the ATM Coalition are committed to working with elected officials to ensure our nation provides an infrastructure that keeps up with the changing times.

Here’s the bottom line: a long-term federal infrastructure modernization program, followed by greater investment by state, local, and private stakeholders, can engender the

partnership necessary to ensure our nation has a 21st-century infrastructure network. But without a serious commitment from federal lawmakers, it's going to be difficult to make the kind of progress demanded by the challenges we're facing.

Thank you for the opportunity to testify today. The Chamber as well as the ATM Coalition look forward to working with this subcommittee to provide the tools necessary to modernize America's highway and public transportation network, stabilize the HTF, and grow investment in this nation's transportation infrastructure 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.