

February 27, 2020

RE: Congress of the United States, U.S. House of Representatives, Committee on Small Business
Subcommittee on Contracting & Infrastructure Hearing
“Moving America’s Infrastructure Forward”

Mr. Chairman and Honorable Members of the Subcommittee, thank you for this opportunity to provide my testimony about the impact that infrastructure spending has on my construction company. Located in Superior, Wisconsin, we live in the border community known as the Twin Ports with Duluth, Minnesota, J.R. Jensen Construction Company employs 80 full-time, union employees and has revenues of \$25 to \$30 million. The markets we serve (in the order of emphasis) are Industrial, Energy, and Commercial construction. Our industrial markets include agriculture / grain handling (“CHS”), mining (“Cleveland Cliffs”), minerals processing (“Graymont”), and transportation such as railroads (“BNSF”) and trucking firms. We also build facilities for Energy related clients, serving our regional pipelines (“Enbridge”), Superior’s refinery (“Husky Energy”), and electric power utilities (“Minnesota Power”). Our valued clients often request we perform work throughout the Midwest, and we’ve constructed facilities in a 12-state region.

While most of our infrastructure work would be considered private spending, we have received contracts as a prime contractor and subcontractor to federal agencies including; US Army Corps of Engineers, US Coast Guard, and the National Park Service. Similarly, we have worked for a variety of State and

Local governments as well. So, we have experienced first-hand the tremendous, positive economic and social impacts of infrastructure spending whether private or public.

Everyone hears about the “ripple effect” of such spending, but we know it is true and I’d like to share some examples that we have personally observed, which are supported directly by infrastructure spending. We do make a point to buy local services and buy products made in the USA whenever possible, which my narrative shows and helps understand the direct, indirect, and broader impacts. Construction projects are accomplished with three main things; 1. Labor, 2. Materials, and 3. Equipment.

1. Labor. Supporting Employees with Great Jobs: People are any firm’s greatest asset, and ours is no exception. Good wages and benefits pave the way for people to support their families, pay their taxes, and still afford to spend on things they enjoy. In our area, consisting of folks who face brutal winters we generally are more rugged, outdoors-loving people. Pickup trucks are popular, both necessary and common (most made in Michigan). Snowmobiles and ATV’s (Polaris in Roseau, MN). Boats (Lund, Alumacraft, Premier pontoons all made in Minnesota). Ice Castle fish houses (Montevideo, MN). Campers, trailers, and RV’s (Elkhart, IN). The list of things goes on and on, and each of these I’ve

mentioned contains steel. Mining in Northern Minnesota provides great jobs and produces the iron ore needed to manufacture steel ending up in products people need and want. Proposed mines such as Polymet and Twin Metals need your support, these mines should be built right here in the USA, where we have increasing needs for copper wiring, tubing, catalytic converters, batteries, and more.

2. Spending on Materials & Supplies: On many of our projects, materials is the largest category of a typical construction project, and the depth of impact is likewise significant. Wood and lumber (forest products industries). Steel: rebar, piling, pipes, structural beams, plates, etc. (US steel mills, US iron ore producers, and scrap recyclers). Pre-engineered metal buildings (Butler fabrication plants throughout the US), Concrete and cement (local ready-mix plants and their raw materials from local rock quarries and mines in Alpena, MI). Asphalt for roads and highways; fuel for vehicles and equipment (produced by local refineries). Computers, cell phones, safety equipment, the list goes on and on, including temporary utilities such as power, water, etc.
3. Spending on Equipment. Contractors and subcontractors must continually invest in equipment to stay competitive and productive. Think of major American manufacturers such as John Deere, Caterpillar, and Minnesota's Bobcat! Thanks to consistent and

predictable Section 179 tax rules, contractors can better plan and make these purchases. It's working.

4. Profit to Maintain, Grow and Expand. Anything left at the end of a project is profit... a bad word to some people but anyone in business knows that without it, we won't survive. Our firm has been successful which has allowed us to give back to the community and to upgrade equipment, to reinvest its profits, to better serve our clients, improve operations, and provide a more enjoyable environment to work. When we built a new office complex for ourselves recently, we saw similar impacts of the above examples, plus: Precast concrete wall panels (made in Wells, MN); Windows (Ashland, WI); Curtainwall / Aluminum Entrances (Chicago, IL); Metal studs for walls (Spokane, WA); Paint (Cleveland, OH); Carpet & flooring (Dalton, GA); Cambria Countertops (Le Sueur, MN) and office furniture (Grand Rapids, MI).

In conclusion, considering the many sectors and depth, it's easy to see how every \$1 million spent on infrastructure results in \$3 or \$4 million of economic demand. Doors are opened to those seeking jobs, and opportunity. It's hard to imagine a better investment in America than that.

Let's work together in "Moving America's Infrastructure Forward." It is a truly significant means toward an even larger goal of "Moving AMERICA Forward."

Thank you. I am available to answer any questions or provide additional information.

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