

United States House Committee on Ways & Means

March 6, 2019

1100 Longworth House Office Building, Washington, DC

10:30am

[OUR NATION'S CRUMBLING INFRASTRUCTURE AND THE NEED FOR IMMEDIATE ACTION](#)

WITNESSES:

Panel 1:

The Honorable Peter A. DeFazio: *Chairman, Committee on Transportation and Infrastructure*

- [Testimony](#)

The Honorable Sam Graves: *Ranking Member, Committee on Transportation and Infrastructure*

- [Testimony](#)

Panel 2:

Richard Trumka: *President, AFL-CIO*

- [Testimony](#)

Thomas Donohue: *President and CEO, U.S. Chamber of Commerce*

- [Testimony](#)

Gregory E. DiLoreto, P.E.: *2013 ASCE Past-President, Chair of the Committee for America's Infrastructure*

- [Testimony](#)

Chris Spear *President and CEO, American Trucking Associations*

- [Testimony](#)

Marc Scribner *Senior Fellow, Competitive Enterprise Institute*

- [Testimony](#)

Witness Statement Highlights:

The Honorable Peter A. DeFazio: *Chairman, Committee on Transportation and Infrastructure*

- Use gas tax and bonds with projected incomes to create money for needed backlog spending. It is critical to act now to raise revenues, and he would also be open to creating revisions in the Fast Act.

The Honorable Sam Graves: *Ranking Member, Committee on Transportation and Infrastructure*

- There is a real opportunity to create jobs and strengthen economy, plus there is widespread agreement on a need to act with bipartisan legislation. Federal government has played a leading role in infrastructure investment and needs to continue to do so with long-term solutions. Technology will be crucial and VMT could be a good national model.

Richard Trumka: *President, AFL-CIO*

- Despite widespread calls to act, no meaningful action has been taken to correct chronic underinvestment. We can create jobs, increase long term growth, improve working people's lives and livelihoods through a long-term infrastructure plan. Workers must be supported through policies in any infrastructure package that is proposed.

Thomas Donohue: *President and CEO, U.S. Chamber of Commerce*

- Infrastructure package can only be done in a bipartisan way, and Congress must make it a national priority. Crumbling infrastructure is a significant roadblock to small businesses and chamber members pay the cost of inaction by Congress. Commerce had a [competition](#) going for ideas on how to fund infrastructure.

Gregory E. DiLoreto, P.E.: *2013 ASCE Past-President, Chair of the Committee for America's Infrastructure*

- Civil engineers who are stewards of infrastructure graded 16 major categories infrastructure, and the cumulative grade was a D+. Our current systems are showing wear and tear and are significantly less reliable than they should be.

Chris Spear *President and CEO, American Trucking Associations*

- Trucks rely on a national network of roads, highways and bridges for interstate commerce. Impacts of poor conditions are felt by individuals and business that depend on trucks. A user-fee model is the best method to fund the Highway Trust Fund without adding to national debt.

Marc Scribner *Senior Fellow, Competitive Enterprise Institute*

- There is no broad crisis happening right now, rather there are infrastructure problems concentrated in cities, which he sees as a failure of local and state governments. Congress should focus reforms on maximizing returns on investment not creating a public works program.

The Costs of Crumbling Infrastructure

- The costs of inaction on transportation and infrastructure are astronomical and are measurable in everyday life. \$27 billion per year are spent on extra transportation costs because of delays and congestion. If not addressed, the investment gap will grow over the next 10 years to over \$2 trillion. Half of this gap will be transportation related and have direct economic consequences, including a \$3.9 trillion loss to GDP by 2025. These are measurable statistics used by witnesses to emphasize how desperately action is needed.
- Roads/Bridges/Highways are the most pressing concern. In 53% of highway fatalities conditions of the roadway contributed. Motorists pay \$1,600 a year for repairs and congestion. Citizens are being burdened with the costs of crumbling infrastructure in measurable financial ways.
- Public services, like safe drinking water and flood prevention, all rely on infrastructure in urban, suburban and rural communities.

Highway Trust Fund

- The Highway Trust Fund is currently running a \$16 billion deficit, and that still would not be enough of an adequate investment to address the current problems. As a country we are a trillion dollars short for service transportation needs of all sources (DeFazio). How can we maintain its long-term solvency and ensure it is sustainable for the future? (Graves)
- It is an urgent dire funding cliff that needs immediate attention, and while there are ways to approach more creative and longer-term sources of funding for infrastructure overall, first and foremost the Highway Trust Fund needs cash.
- Most witnesses were in favor of a gas tax to fund the Highway Trust Fund, as it is sustainable for now and does not add to national debt.

Roads/Highways/Bridges

- Highlighted as the area that needed to be addressed most quickly. For example, if the Gateway Tunnel in NYC was to shutdown it would cost \$100 million a day. Every year the bridge (Brent-Spence Bridge) between Kentucky and Ohio does not get fixed, costs go up by \$100 million. 50,000 bridges need repair or replacement.

Public Transportation

- Public Transportation was discussed a lot in its relation to both the gas tax and the rural/urban divide. 20% of the gas tax goes towards mass transit, and while urban areas may demand more money for repairs and upkeep, smaller communities are also demanding public transportation networks.
 - Rep. Murphy (D-FL) discussed how some lower income workers in the Orlando area are desperate for public transportation methods that are practical and accessible. While there is a great demand mass transit, current public transportation methods are not suitable as is. This also ties into multi-modal systems that are functional and practical for users.
- Also understanding mass transit as a replacement to roads/bridges/highways. There often isn't the space or ability to expand physical roads or highways, but alternative systems of transportations can alleviate a congestion problem.

Funding Models

- **Gas Tax:** The United States has not increased the gas tax since 1993. Rep. Boyle pointed out that the gas tax is now 40% lower today than it was 25 years ago due to the measure not being pegged to inflation. There was a great emphasis placed on using the gas tax as a "right now measure," it is important to raise more funds in order to address the crumbling infrastructure and maintain current networks before looking forward to more innovative solutions.
 - Some committee members of Congress (including ranking member Graves) raised questions about the utility of a gas tax. In particular, **as we turn to more energy efficient vehicles and electric cars how would a gas tax be successful?** Again, the response was focused on looking at its usefulness in the current moment when cash is needed quickly. As well, alternative strategies and methods can be pursued for taxing those that own electric cars.
 - **What about low income and more rural residents?** There is a need to ensure that they are not being unfairly penalized, however these residents are already bearing the costs of poor infrastructure as companies are passing on expensive costs of bringing products to them. As well, Witness DiLoreto brought up a critical point about what happens in rural communities when certain residents, in particular older Americans, are no longer able to drive. 20% of the gas tax goes to mass transit, but this doesn't have to be focused only on urban areas. Rural communities also need networks of public transit, it just may take different forms.
 - Truckers and trucking companies would bear most of the costs of a gas tax, and Chris Spear, CEO of American Trucking Associations said a gas tax is something they greatly support.
- **Vehicle Mile Tracking/VMT:** Rep. Graves, in his criticism of the gas tax, addressed VMT as a possible long-term solution as it has potential as a true user funded program. Again, there is concern that it may favor urban drivers, and there is a need to ensure it does not unfairly penalize rural residents.
 - Graves cited a Washington State VMT study that showed rural drivers were better under VMT than under the gas tax.
 - Defazio also said Oregon has been piloting programs, but they also need to do it with real time pricing.
 - What about freight VMT? Would put a huge burden on trucking companies that is already paying a big cost.
 - As well, there are concerns about privacy, how can adjustments be made to collect the data needed?

- **Public Private Partnerships**
 - Rep. Defazio in his opening statement addressed that P3s can handle only 10-12% of current transportation needs. As well, in order to create these partnerships you need to enact methods that will turn a profit for companies. With roads/bridges/highways that usually means expensive toll roads which are not favored by trucking companies or commuters. However, they could be good when looking at airports, water systems etc.
 - When used correctly P3s have potential, but also looks at infrastructure as a money maker instead of something inherent to quality of life. Economic benefits are not enough, infrastructure needs to be addressed in order to protect health and lives of consumers.
- **Bonds**
 - Can bonds be used to create money for backlog spending? Some discussion surrounding the [Move America Act](#) which leverages private equity bonds for infrastructure development.

Role of Local and State Governments

- There was an overall consensus that federal inaction is what has led to our crumbling infrastructure problem. Geography does influence policy, but strong infrastructure and transportation systems benefit all Americans, regardless of where you are.
 - Witness Spear discussed how federal inaction has driven cash strapped states to pursue aggressive revenue schemes, such as costly toll roads that are placing a huge burden on commuters or truckers who may then start driving on more residential roads.
- What does a partnership between the federal government and local communities look like?
 - Rep. Gomez (D-CA) discussed LA County's Measure M, as an example of incentivizing localities to continue to invest in infrastructure by funding them on a federal level. Creating a reward system for local participation in improving infrastructure.

Permitting & Regulating

- There was some conversation surrounding streamlining permitting and regulating processes, to cut the bureaucratic red tape that currently exists. Any revenue package needs to have a comprehensive permitting process that comes directly from Congress.

Labor/Workers

- Witness Richard Trumka addressed this in great detail. Infrastructure is crucial for creating jobs, creating long term growth, connecting workers with their workplaces and the importance of safe environments for workers. He also mentioned gentrification which has moved people of color further and further outside of cities, how can transportation and infrastructure support these communities?
 - There were successful apprenticeship programs within his own company that he discussed, which could be a model going forward. He mentioned a program called NYC Construction Skills where 90% of graduates were black, Hispanic or Asian. Also, women are 25% of apprentice graduates in their programs. They instituted a Helmets to Hardhats programs recruiting from the military to transition them into the workforce. Overall, looking directly at the relationship between infrastructure and the workers developing it, how can they be protected and uplifted? This also addresses in particular ways local communities can be involved and engaged in the rebuilding process.

Water Sector Infrastructure

- Witness DiLoreto emphasized the importance of creating strong infrastructure in the water sector. There is a water main break every 2 minutes which wastes trillions of gallons of drinking water. Often times when this happens you have to supplement with bottled water, and that is a measurable cost being taken on by local communities.
- Also viewed as a public health crisis, Rep. Sewell (D-AL) addressed that many rural communities lack a basic access to water or sewage systems, which is unacceptable. Ensuring that networks are reaching communities that need it.

Climate Change and Disaster Resilience

- While a lot of the hearing addressed the need to fix what is broken right now, there was also some talk about looking to the future, in particular addressing a changing environmental landscape due to climate change. How can communities be more disaster resilient? Identifying the needs and creating preventative measures.
 - Understanding that inaction can be a life or death scenario for residents as extreme weather conditions become more prevalent. The longer you wait to fix a high-risk dam, the more opportunity there is for an accident to happen.
- Climate Change: Congestion is a huge contributor to climate change, and making strides in technology in trucking, while also addressing bottlenecks, incentivizing public transport etc. can help reduce carbon footprint. However, most witnesses said they preferred a gas tax to carbon tax, although under right circumstances would consider a carbon tax.

Broadband

- The need to address broadband infrastructure was addressed several times throughout the hearing. Communities are losing out on economic opportunities due to a lack of access, and its also forcing some people to drive long distances to access internet services. Understanding the interconnectedness of economic opportunity, transportation and broadband infrastructure.

Examining Success of Freight Rail

- Freight rail received a B in ASCE's annual report, and it was mainly from them spending 27 billion in a year on improvements. By investing in operations, maintenance and condition their productivity greatly improved. This again reiterates that money must be spent in order to improve our systems, inaction is costly.

Other Questions/Topics Addressed

- How will technology play a role? Technology can be used to make transportation safer, less costly, and improve efficiency. What about smart cities? Energy technology in particular in order to reduce environmental impact. Smart cities may also be key in urban areas, what would smart cities look like and how can we leverage technology?
- Affordable Housing also must be addressed in a comprehensive framework.