

## **Summary: “America’s Infrastructure Needs: Keeping Pace with a Growing Economy”**

**Senate Committee on Commerce, Science, and Transportation**

*February 13, 2019*

### **Witnesses:**

- Mr. William Friedman, Chairman, American Association of Port Authorities, President and Chief Executive Officer, Cleveland-Cuyahoga County Port Authority
- Mr. Ian Jefferies, President and Chief Executive Officer, Association of American Railroads
- Mr. Matthew Polka, President and Chief Executive Officer, American Cable Association
- Mr. Chris Spear, President and Chief Executive Officer, American Trucking Associations
- Mr. Larry Willis, President, Transportation Trades Department

### **Opening Statements**

**Chairman Wicker (R-MS)** opened the hearing by noting that President Trump continues to call for Congress to pass an infrastructure bill and mentioned it in his State of the Union speech. Chairman Wicker said the infrastructure system has fallen behind in maintaining American competitiveness and received a D+ on the latest American Society of Civil Engineers infrastructure report card. Additionally, he highlighted that our ports are congested, Americans spend eight billion hours stuck in traffic, and there are many structurally deficient bridges; all of which result in lower economic growth and fewer jobs. He said infrastructure is a bipartisan issue. He mentioned that the 2015 Fixing America’s Surface Transportation (FAST) Act provided long-term funding certainty for infrastructure investment, improved surface transportation safety, enhanced economic growth, increased freight connectivity and streamlined project delivery. However, the FAST Act expires in 2020. Given its jurisdiction, the Committee is in a unique position to examine how technology, including advancements in connectivity and automation, can revolutionize transportation and mobility.

**Ranking Member Cantwell (D-WA)** said that we know the importance of infrastructure and have seen what can happen when we do not sufficiently invest, including the tragic consequences. She also mentioned that freight can’t wait. By not making necessary investments, we risk losing competitiveness to other nations that are able to move products faster. President Trump originally called for a \$1.5 trillion infrastructure plan, which she said relied on private investment and tolling. She believes the focus should be on the return on investment, transforming communities, and using resources of infrastructure investment in appropriate ways. She noted that the nation’s economic competitiveness requires infrastructure investment.

**Mr. Friedman**, Chairman of American Association of Port Authorities (AAPA) and President and Chief Executive Officer of Cleveland-Cuyahoga County Port Authority, said waterside and landside infrastructure must be upgraded to accommodate rising freight volume. He said that until the FAST Act freight had not been considered a national policy priority. The country has relied on the same infrastructure even though freight volume has increased. The FAST Act created two funding programs totaling \$11 billion in dedicated freight funding over five years. However, only \$1.13 billion is multimodal eligible, which is far below what is needed to sustain and improve the multimodal freight

network. Only \$200 million multimodal eligible funding remains of the \$2 billion total still available through the INFRA grant program. AAPA has identified over \$20 billion in funding needs for public port authorities alone over the next decade. Multimodal funding levels and project eligibility must be improved. He made three suggestions to achieve these goals: 1) all freight grants should be 100 percent multimodal eligible; 2) the cap on multimodal funding through the INFRA grant program and formula program should be lifted; and 3) a maritime supply chain title should be included in the next reauthorization bill, recognizing the evolving supply chain needs in the multimodal freight network. He said AAPA strongly supports Chairman Wicker's Port Operations, Research, and Technology (PORT) Act, which improves MARAD's port infrastructure development program and would provide resources to port terminals. They also support a gas tax increase, a vehicle miles traveled (VMT) fee, and a 1 percent freight waybill fee to support freight infrastructure improvements. Additionally, he emphasized their support for multimodal grant programs such as BUILD, CRISI and INFRA.

**Mr. Jefferies**, President and Chief Executive Officer of the Association of American Railroads (AAR), said the rail industry is ready to work with Congress to meet today and tomorrow's needs. Privately owned freight railroads have spent \$25 billion in private capital in recent years and will continue to invest to maintain and upgrade the 140,000-mile network. He believed the best way to equitably and sustainably tackle infrastructure challenges is to embrace the user-pay principle. Robust investment is made possible by a balanced economic and regulatory system to alleviate highway congestion and deterioration. This structure should be maintained as it has allowed nearly \$700 billion in private investment back into the rail network. He also said lawmakers should support public private partnerships (P3s) and the section 130 grade crossing program. He said the highway funding system is broken. He made three recommendations for Congress to address regarding the Highway Trust Fund (HTF): 1) reject proposals by select shippers to allow for heavier and longer trucks; 2) implement a federal gas tax increase; and 3) establish a user-based system that fully accounts for all highway users, such as a VMT or weight distance fee.

**Mr. Spear**, President and Chief Executive Officer of American Trucking Associations (ATA), said the trucking industry supports more than 7.7 million employees in the U.S. (1 in 18 jobs). Nationally, trucks move 71 percent of domestic freight tonnage, more than \$10 trillion worth of goods. He said roads and bridges are crumbling; insufficient highway maintenance is no longer a potential future problem, it is a current crisis. ATA believes roads and bridges should be paid for by users. While trucks make up only 4 percent of vehicles, trucking pays for nearly half of the HTF, but he said they are willing to pay more. He recommended a Build America Fund consisting of a 20-cent per gallon gas tax increase.

### Question and Answer

**Chairman Wicker** asked about P3 funding for surface transportation projects. **Mr. Spear** said from the trucking perspective P3s usually mean tolling. He said P3s could be profitable for other modes of transportation, such as sea ports and airports, but that he saw a user fee as a more viable solution.

**Ranking Member Cantwell** asked what the economic impacts of congestion are and for comments on a freight waybill fee. **Mr. Friedman** said to combat congestion, ports need improvements in first and last mile connections as well as bottlenecks. He said he would support a gas tax increase or VMT fee, and that a freight waybill fee would be worth exploring. **Mr. Spear** shared the concern regarding congestion

but opposed lifting the cap on multimodal projects in infrastructure grant and formula programs because trucks pay more into the HTF. He called of each mode to contribute to its own funding.

**Senator Gardner (R-CO)** asked what source of revenue should be considered beyond a gas tax for highway funding. **Mr. Willis** saw a VMT fee as the next step toward a long-term approach. **Mr. Spear** agreed that a user fee should be considered, although he did cite concerns regarding the registration of millions of vehicles as well as the timeline. He mentioned a pilot program in Oregon which reported a VMT system will not be viable for another 8-10 years. However, he supported starting VMT discussions now so the system can be used and shaped over the next decade to create a viable long-term solution.

**Senator Thune (R-SD)** asked about importance of rural infrastructure. **Mr. Spear** said that rural development is essential for connectivity in interstate commerce. He believes a strong federal role is necessary to benefit rural states and create a partnership between state and federal governments.

**Senator Tester (D-MT)** asked what kind of rail and highway investment projects are needed. He also inquired about challenges for the trucking workforce. **Mr. Jefferies** said by 2040 freight needs will continue to increase dramatically and that private railroads will continue to make long-term investments. He said railroads are an integrative network and that the INFRA program is critical for first and last mile connectors. **Mr. Spear** said the U.S. spends half of what is necessary to address highway needs. The Transportation Research Board estimated investment needs to double or triple. Regarding workforce challenges he said the industry has to hire a million people over the next decade just to meet current economic demand. He mentioned several ways this is being addressed by the industry: increased recruiting of women, minorities, and veterans, as well as managing its aging workforce and implementing wellness programs. He also supported programs that would allow 18-20 year-olds to operate interstate commerce.

**Senator Blackburn (R-TN)** asked what aspects should be considered when discussing a VMT fee, including the level of fairness. **Mr. Friedman** said AAPA supports looking broadly at both gas tax increases and a VMT. **Mr. Jefferies** supported an immediate gas tax increase and then a transition to VMT with a weight component. **Mr. Spear** called for an immediate increase in gas tax followed by exploring other technology options. **Mr. Willis** said fairness is the most important consideration as well as making sure the overall investment increases.

**Senator Wicker** asked if an increased gas tax should be indexed to inflation. Both **Mr. Jefferies** and **Mr. Spear** agreed this should occur.

**Representative Blumenthal (D-CT)** asked how Congress can improve opportunities for states that rely on small ports. **Mr. Friedman** suggested looking at greater use of waterways and less utilized ports to relieve congestion and improve safety on other modes of transportation. He also listed some current policy impediments to small ports such as dredging, fees imposed on water transportation that are not imposed on other modes, ease of use, and adequate funding for emerging ports so they can compete effectively. He also named first and last mile landside connections, jetties, breakwaters, and rail connections as areas for improvement.

**Senator Lee (R-UT)** spoke about the importance of taking into account the impact on poor and middle class Americans when discussing a gas tax increase. He also mentioned an increase could have a bigger impact on those in rural areas because they tend to travel farther distances. He said the gas tax is not progressive and that many people describe it regressive. **Mr. Willis** said a modest increase in gas tax of 25 cents would cost the average family an additional \$100 per year, which he believed would be offset by the improvements the increased funding could provide. **Mr. Spear** said diversion of funding from the HTF is a problem; it needs to be ensured that the funds are going to highways and bridges. He said congestion results in productivity loss but a gas tax increase would offset this. **Senator Lee** responded that he believed Congress should look for ways that do not involve raising taxes for poor families.

**Senator Duckworth (D-IL)** asked about interconnectivity between railroads through Positive Train Control (PTC). **Mr. Jefferies** said the last major challenge to PTC implementation is to make sure different segments operate and communicate in a seamless manner. They are prioritizing achieving this goal before the December 2020 deadline.

**Senator Duckworth** asked what the long-term costs of Congress failing to act on infrastructure are. **Mr. Spear** said congestion last year cost \$74.5 billion in the commercial sector alone.

**Senator Cruz (R-TX)** asked what Congress can do to ensure ports and waterways keep up with economic growth. **Mr. Friedman** said this is important as the U.S. becomes a net exporter of crude oil products. A partnership with the federal government is necessary to solve first and last mile problems, as well as the need for broadened multimodal eligibility when applying for federal grants. Additionally, he stated the need for a more streamlined and faster project delivery.

**Senator Udall (D-NM)** asked if Congress should include mention of ports of entry in any infrastructure bill. **Mr. Jefferies** said cross-border traffic is very important to rail industry. The free and efficient flow across borders is critical to success in the economy and rail industry. **Mr. Spear** agreed and added that 76 percent of surface freight to Mexico and Canada is moved by trucks. Both Mr. Jefferies and Mr. Spear agreed ports of entry should be considered for inclusion in an infrastructure package.

**Senator Klobuchar (D-MN)** asked the panel members to explain why upgrading existing infrastructure is important, not just building new infrastructure. **Mr. Spear** said that 67,000 bridges are deemed deficient in the country, a robust infrastructure bill needs to be passed that focuses on repairing crumbling roads and bridges.