

**Summary: “The Cost of Doing Nothing: Why Investing in Our Nation’s
Infrastructure Cannot Wait”**

House Committee on Transportation and Infrastructure

February 7, 2019

Witnesses:

Panel 1:

- The Honorable Tim Walz, Governor, State of Minnesota; on behalf of the National Governors Association
- The Honorable Eric Garcetti, Mayor, City of Los Angeles, CA; on behalf of the United States Conference of Mayors
- The Honorable Ray LaHood, Co-Chair, Building America’s Future, Former Secretary, United States Department of Transportation

Opening Statements

Chairman DeFazio (D-OR) said he looked forward to working with committee members in a bipartisan fashion on an infrastructure bill. He stated that the infrastructure investment gap is \$2 trillion, and the surface transportation alone gap is \$1 trillion because overall Federal investment in infrastructure has decreased. He called for an increase in the gas tax, noting that raising this user fee will not put any Members in danger of losing their seat in Congress. He also said he believed the future for personal and freight transportation will be in electric vehicles.

Ranking Member Graves (R-MO) highlighted the bipartisan nature of infrastructure policy and said he intends to work on this issue with lawmakers on both sides of the aisle. He said infrastructure is a priority for the President, and that this opportunity should not be wasted. He stated long-term funding plans cannot be addressed without looking at the Highway Trust Fund (HTF). He believed the only viable option for future funding is a transition to a vehicle miles traveled (VMT) tax. This system has already been applied at the state level, but now must be applied nationally. He also called for streamlining project delivery while ensuring environmental protections remain in place.

Governor Walz, Governor of the State of Minnesota and on behalf of the National Governors Association, said governors around the country have made infrastructure their top priority. However, states need a comprehensive, dependable approach for funding. He said states need long-term federal resources to fix and expand existing infrastructure. He also emphasized the interconnectedness of infrastructure across the nation and its ability to grow our economy.

Mayor Garcetti, Mayor of the City of Los Angeles, CA and on behalf of the United States Conference of Mayors, said infrastructure was the number two issue voters want Congress to work on this year. He noted that states and localities are stepping up for funding infrastructure but that they need a federal partner to be successful. He highlighted the need for a long-term plan. He emphasized three priorities for lasting revenue streams in infrastructure investment: encouraging leveraging state, local and private sector funds; rewarding innovation; and considering the long-term maintenance of our infrastructure.

Secretary LaHood, Co-Chair of Building America's Future and Former Secretary of the United States Department of Transportation, said now is the time for a big and bold infrastructure package. He suggested raising the gas tax and indexing it to the cost of living. He also recommended coupling it with Public Private Partnerships (P3s), tolling and a VMT fee, noting that infrastructure cannot be fixed with just one of these systems. He said an infrastructure package should be looked at as a jobs bill due to its effects on the economy. He believed Representatives should not be afraid of the political ramifications of voting for a gas tax increase as elected officials on the state and local level have run successful campaigns after such votes.

Question and Answer

Chairman DeFazio asked why states and localities need federal funding when they have already raised their own funding streams. **Secretary LaHood** said federal funding is necessary to maintain high safety standards as well as to provide consistency. He said the U.S. has the best interstate system because the federal government made large investments, but now it needs continued investment to maintain the system.

Ranking Member Graves asked what advice the panel had for reaching a bipartisan agreement. **Secretary LaHood** suggested working with the Administration because their approval will be the key to passing this legislation. He also said there was only a short window for an infrastructure bill to be considered due to the coming election cycle.

Representative Norton (D-DC) asked how Members of Congress (MOC) could be convinced that voters are ready for a gas tax increase. **Secretary LaHood** mentioned the recent elections, noting that many new MOC ran on an infrastructure platform and won. **Mayor Garcetti** pointed out that voters in California rejected a ballot measure to repeal a state gas tax increase.

Representative Young (R-AK) said he believed that the public would willing to accept a gas tax increase because they know the funds go to improving transportation systems. He also supported a mileage fee.

Representative Johnson (D-TX) asked about the likelihood of private investment in infrastructure. **Secretary LaHood** said P3s primarily fund transit projects. He believed many investors are willing to invest, but first want a signal from Congress that the federal government will put in their share as well.

Representative Gibbs (R-OH) mentioned it would be interesting to see how the Fixing America's Surface Transportation (FAST) Act reauthorization process will play out in an election year. He said a gas tax increase is a good short-term option for funding but another method will be needed to account for electric vehicles that do not use gas. He said the private sector has more advanced technology than the public sector, which could be a reason to consider more P3s for highway projects. He asked how states would react if a VMT fee is implemented. **Governor Walz** said it would send a clear signal that the federal government is willing to invest in infrastructure. He suggested allowing states the opportunity to remain flexible and continue to innovate. **Secretary LaHood** said it will be necessary to eventually replace the gas tax a combination of funding streams, such as tolling, VMT fees, and P3s.

Representative Webster (FL-R) asked about the importance of resiliency in infrastructure. **Mayor Garcetti** said resiliency can only be achieved with sufficient funding. **Governor Walz** said resiliency is not a “one size fits all” issue because different regions have different needs. States with extreme climates, both hot and cold, need the flexibility to foster innovative solutions for their specific needs.

Representative Meadows (R-NC) said he believed the gas tax is a short-term solution. A long-term solution is needed that works for both rural and urban areas. He noted that some MOCs could be convinced to take a tough vote on infrastructure funding mechanisms if it was coupled with permit streamlining to ensure the results of any funds are seen quickly. Finally, he asked **Governor Walz** to report back to the committee on how many governors are in favor of increasing gas tax and for **Secretary LaHood** to report back on suggested measures to streamline the permitting process.

Representative Garamendi (D-CA) asked about the importance of infrastructure resiliency. **Mayor Garcetti** said that after recent emergencies and natural disasters they started looking at all infrastructure planning through a prism of resiliency.

Representative Titus (D-NV) asked about a strategy for prioritizing projects, possibly to incentivize projects that benefit more than one state or region. She also said she was a supporter of bringing back earmarking. **Secretary LaHood** said language can be added in the bill that prioritizes intergovernmental cooperation between states and cities. **Mayor Garcetti** said he also supported earmarking and collaborative projects. He emphasized the interconnectivity of infrastructure and that improvements to the multimodal system could be beneficial even for those not directly in the same region.

Representative Payne (D-NJ) asked about investments that need to be made in major ports and what Congress can do. **Mayor Garcetti** said that the nation’s ports need to be taken care of as a system because they are all connected and have an impact on the entire country.

Representative Lowenthal (D-CA) spoke about the funding gap in freight transportation. He said he will soon reintroduce his bipartisan National Multimodal and Sustainable Freight Infrastructure Act, which creates a dedicated revenue stream to finance freight improvements. He emphasized the funding for infrastructure will need to come from multiple sources and called for Federal leadership in this area. He also mentioned the necessity of being able to spend all of the Harbor Maintenance Trust Fund (HMTF) and the need for funding to connect all modes of transportation.

Representative Davis (R-IL) asked what can be done to reduce the cost of regulatory burdens on infrastructure projects. **Governor Walz** said governors will welcome any efforts to speed the process up while maintaining safety. **Mayor Garcetti** suggested incentives for meeting earlier deadlines and streamlining environmental regulations.

Representative Lynch (D-MA) asked how to gain public support for infrastructure funding. He said he would support earmarking if the earmarks are suggested by constituents and the local community. **Governor Walz** said that when he used earmarks during his time in Congress it was a transparent process. Earmarks were posted online, including who requested them. He suggested communicating with local leaders such as mayors.

Representative Balderson (R-OH) asked how Congress can promote and enhance P3s. **Governor Walz** recommended providing consistency and the ability to innovate as well as work across jurisdictions.

Representative Balderson asked how communication with rural areas can be ensured. **Governor Walz** said it is important to understand the interconnectedness but also differences in funding needs and abilities. He suggested providing governors the flexibility to adjust funding to the differing needs for rural, urban and suburban areas.

Representative Carbajal (D-CA) asked how Congress can better partner with local government. **Mayor Garcetti** said he would be interested in dedicated funding for local resources. He highlighted the importance of a seat at the table for cities and states.

Representative Spano (R-FL) asked how to balance a proactive long-range funding plan while also staying flexible to react to new emerging technology. **Governor Walz** recommended utilizing pilot programs.

Representative Pence (R-IN) asked how to incentivize states to make their own long-term investments. **Governor Walz** suggested asking local governments to provide measurable feedback and show what has been accomplished. Any program should also reward innovation and good project management. **Mayor Garcetti** recommended that any level of shared requirement be equitable between local and federal government match.

Representative Katko (R-NY) said infrastructure should have a standalone fund that should not be raided. Congress should start by looking at the HTF. He asked the panel for suggestions to continue funding the HTF. **Mayor Garcetti** suggested a gas tax increase with a pilot program for a VMT fee. Eventually the funding stream could be transitioned to a VMT. **Governor Walz** believed the gas tax is fundamental now but will not be in the future.

Witnesses:

Panel 2:

- Mr. Richard Anderson, President and Chief Executive Officer, Amtrak
- The Honorable Eric K. Fanning, President and Chief Executive Officer, Aerospace Industries Association
- Mr. Lawrence J. Krauter, Chief Executive Officer, Spokane International Airport
- Ms. Angela Lee, Director, Charlotte Water; on behalf of The Water Environment Federation and The National Association of Clean Water Agencies
- Mr. Rich McArdle, President, UPS Freight; on behalf of the U.S. Chamber of Commerce
- Ms. Kristin Meira, Executive Director, Pacific Northwest Waterways Association (PNWA)
- Mr. Larry I. Willis, President, Transportation Trades Department, AFL-CIO

Opening Statements

Mr. McArdle, President of UPS Freight and on behalf of the U.S. Chamber of Commerce, said congestion has been a big problem for businesses and the freight industry. He said the cost of doing nothing is more

than the cost of doing something. The HTF is underfunded and does not provide the resources to improve and repair infrastructure or continue to modernize and innovate. He said the majority of American's support a gas tax increase. He called for an infrastructure modernization plan that encourages innovation by being flexible, encouraging Congress to act this year.

Ms. Meira, Executive Director of the Pacific Northwest Waterways Association (PNWA), said the Harbor Maintenance Tax (HMT) is intended to pay for 100 percent of operations and maintenance needs for ports and harbors but funds have been held back to balance the federal budget. Past Water Resources Development Act (WRDA) bills have made important steps forward but work still needs to be done - the HMT receipts should be fully used and there should be increased connection between ports and surface transportation systems.

Question and Answer

Representative Smucker (R-PA) highlighted the importance of conveying to constituents the necessity of infrastructure investment. He disagreed with earlier statements that votes to increase the gas tax do not negatively affect elected officials' campaigns. He said he was attacked because of such a vote during his campaign. He also asked about the BOLD Act, which implements a tax on freight. Additionally, he asked about a federal registration fee on electric vehicles. **Mr. McArdle** said he did not know enough about the BOLD Act to comment. He said approximately 20 states have a registration fee for electric vehicles and that a Federal registration fee or a battery fee could be considered.

Representative Finkenauer (D-IA) asked about the state of the transportation workforce. **Mr. McArdle** said there is a trucker shortage, especially because interstate commerce drivers must be over the age of 21. He said they have been working on mentoring programs and recruiting people straight out of high school by showing them the career opportunities the transportation sector has to offer.

Representative Lipinski (D-IL) asked for suggestions to fix the HTF. He mentioned Germany has a VMT for heavy trucks. **Mr. McArdle** said VMT needs to be tested and evaluated through pilot programs. He believed increasing the gas tax to be a more immediate solution while VMT could be considered in the future after being tested.

Representative Westerman asked what is needed to realize more economic benefits for ports and how Congress can make the process more efficient. **Ms. Meira** said the port community has been using a 3x3x3 initiative; studies should take no more than three years, three million dollars, and three levels of review.

Representative Pappas (D-NH) said there has been a 19 percent decrease in the federal share of infrastructure investment over the past decade. He asked how this affects ports. **Ms. Meira** said port structures need to be maintained and that the full HMTF needs to be available.

Chairman DeFazio (D-OR) asked how ports would be affected if they would have more funding. **Ms. Meira** said more consistency and funding would make ports much more efficient, she added that insufficient funding leads to unsafe conditions.