



Statement of the U.S. Chamber of Commerce

“Our Nation’s Crumbling Infrastructure and the Need for Immediate Action”

**Thomas J. Donohue
President and CEO
United States Chamber of Commerce**

**Before the Committee on Ways and Means
United States House of Representatives**

March 6, 2019

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 3 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% 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

Chairman Neal, Ranking Member Brady, and members of the Committee - thank you for the opportunity to provide this testimony on a policy issue of the utmost importance to the United States. My name is Tom Donohue and I serve as the President and CEO of the U. S. Chamber of Commerce.

I also serve as the Chairman of the Americans for Transportation Mobility (ATM) coalition, which includes business, labor, and transportation stakeholders advocating since 2000 for improved and increased federal investment in the aging and overburdened transportation system.

The Importance of America's Transportation Infrastructure

America's transportation network is a vast and complex system that connects people and places, moves goods, boosts our economy, enhances safety, and improves our daily quality of life. The transportation system is comprised of roads, bridges, public transit, airports, railroads, seaports, and interchanges affecting thousands of communities, multiple industries, and virtually all job sectors. Without question, this system serves as the backbone of the economy.

The current assets that make up the transportation network include:

- 4.1 million miles of public highways
- 600,000 bridges
- 11,300 miles of public transit
- 25,000 miles of navigable waterways
- 114,600 miles of rail
- 250 water ports
- 19,500 airports

Source: 2019 Bureau of Transportation Statistics Pocket Guide

For almost one hundred years, America's infrastructure has been the envy of the world. From the transcontinental railroad to electric streetcars, from subways to the interstate highway system, freight rail connections to the world's most advanced aviation system, our history of providing state-of-the art transportation infrastructure is impressive and continues to evolve.

Congress must come to grips with the fact that most of this system was built 60-150 years ago. The Chamber believes the time has come to enact a federal infrastructure modernization plan to provide every American a 21st Century system.

The Importance of Networks to Freight Movement

This interconnected network is experiencing significant and growing strains. In 2016, the transportation system moved 17.6 billion tons of goods, worth \$18.1 trillion, according to the U.S. Department of Transportation. *Source: 2019 Bureau of Transportation Statistics Pocket Guide*

The U.S. supply chain is also adapting to the rapidly advancing e-commerce environment. Supply-chain fulfillment operations have transitioned from an inventory based “manufacture-to-supply” model to a “manufacture-to-order” model. In fact, many of these orders are shipped directly to the end consumer. Emerging technologies such as vehicle-to-vehicle and vehicle-to-infrastructure communications and autonomous vehicles require modern infrastructure to allow these innovations to achieve the desired effects of maximizing the efficiency of the transportation network, while increasing safety for transportation workers.

The Current Impact of Congestion

According to the American Transportation Research Institute, congestion on the Interstate Highway System alone cost the trucking industry nearly \$74.5 billion in 2016 and wasted more than 1.2 billion hours. This number, from three years ago, equates to 425,000 drivers sitting idle for a full working year. Today, the situation has deteriorated even further. *Source: ATRI Cost of Congestion to the Trucking Industry 2018 Update*

In addition, inadequate infrastructure also leads to vehicle damage. According to The Road Information Program, the average American experiences \$599 of damage to their vehicle each year due to inadequate road conditions. Furthermore, congestion costs the average American an additional \$960 annually in lost time, meaning that the cost to the average commuter of doing nothing is over \$1,500.

Source: Texas A&M Transportation Institute (TTI) 2015 Urban Mobility Scorecard

Efforts Laying 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, on a bipartisan basis, has also indicated its willingness to work on solutions.

We applaud this Committee for taking a leadership role on how to invest in modernizing America's infrastructure.

That being said, we should not confuse activity with accomplishment on this vital policy initiative. The time is now for elected officials in Washington to take charge and tackle the problem with both adequate funding and a long-term plan.

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

Last year, the Chamber laid out four pillars the Administration and Congress should consider including in the infrastructure modernization debate:

- Increasing the federal fuel user fee by 5 cents a year for the next 5 years 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 levels.
- Expanding the American workforce through work-based learning and immigration reform.

The Chamber is also urging Congress to utilize all user fee revenue in the Airport and Airway, Inland Waterway, and Harbor Maintenance Trust Funds to invest in much needed airport and water infrastructure projects.

The Chamber is also open to other ideas to provide a long-term vision for transportation infrastructure and address the funding needs.

At present, the Chamber is midway through a competition offering cash prizes for ideas other than an increase in the fuel tax for surface transportation from everyone – students, academics, business leaders, the builders of the system, and the users of

the system – to submit the best, most viable ideas for a long-term sustainable funding source.

The Chamber will consolidate and publish all of the good ideas it receives and will announce cash award winners on April 30.

Highway Trust Fund Issues

Congress will soon have to confront a two-headed beast.

The federal Highway Trust Fund (HTF) will run out of money shortly 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 HTF is experiencing an annual deficit of \$11.8 billion in 2018 – spending \$55.2 billion while only taking in \$43.4 billion. According to the Congressional Budget Office, this annual deficit increases each year and will reach \$25 billion by 2029. *Source: Congressional Budget Office The Budget and Economic Outlook: 2019 to 2029*

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

The Congressional Budget Office further estimates the trust fund will need an additional \$150 billion infusion to enact a 6-year reauthorization that merely maintains spending levels.

With a growing federal deficit, the ability for Congress to continue to inject General Fund revenue into the HTF is limited. This is one major reason the Chamber supports the budget-neutral mechanism of adjusting the federal motor fuels user fees to address this issue and provide long-term stability for our highway and transit programs.

The Chamber strongly believes Congress must address the long-term solvency of the HTF this year or a timely reauthorization of the FAST Act will be put at risk.

How to Increase Investment in Surface Transportation

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 over 40 percent of the value of the 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 upon which they drive.

The Chamber is calling for increasing the gas and diesel taxes by a total of 25 cents. The proposal would include indexing the tax for inflation and for future increases in fuel economy, so there would be no need to revisit this issue in the 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 our once-great interstate system. The critics will tell you that this is politically impossible, but there's plenty of evidence to debunk that. Since 1993, the citizens of 39 states—both red and blue—have voted to raise their own state motor fuel user fees, some of them multiple times.

And yes, 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 fueled vehicles continue to be added to the system. Multi-modal transportation investment calls for more diversified sources of revenue. We have been closely following pilot programs that are looking at transitioning to vehicle miles traveled, such as in Oregon. While progress is being made, we believe that national implementation of such a funding mechanism is at least ten years away.

Countless polls show Americans are willing to pay a little more for safer roads, lighter traffic, and less wear and tear on their vehicles. In the business community, some of the strongest proponents for a federal increase are those who would be most directly affected—the truckers.

Claims that this can't get done are simply false. We believe this is the simplest, most commonsense solution out there. Last year the President himself indicated much the same. But, I've always said we're open to other ideas—and we're serious about that.

Innovative Financing for Big Projects and Critical Infrastructure

The second pillar of the Chamber's proposal is implementing a multi-faceted approach for leveraging more public and private resources to supplement current funding sources and provide new funding opportunities for other infrastructure classes such as airports, seaports, water ways, electrical grids, dams, levees, short lines, and more.

Existing funding mechanisms should be used wherever possible for things like modernizing airport runways and terminals, ports, and inland waterways. Money that is collected specifically to improve infrastructure should only be spent on that infrastructure.

But when all the costs of maintaining and modernizing all core infrastructure are added up, Congress and the private sector will need to find \$2 trillion dollars over a 10-year period. Of course, it will take longer than 10 years to get all of this done and there will be significant additional costs. That's a burden that neither the public nor the private sector can shoulder alone.

The Chamber believes we need a multifaceted financial approach that includes leveraging private sector resources. There is \$100 billion in private global capital looking for investment opportunities in infrastructure, and there will be a lot more private money to invest in infrastructure if we make the kinds of policy changes we are calling for.

Here is the kind of potential private funding holds:

Between 2005 and 2015, infrastructure equity bonds raised about \$350 billion. Since equity is about 25% of a typical public-private partnership, that \$350 billion could support projects worth \$1.4 trillion.

To make it easier and more attractive for the private sector to participate in infrastructure projects, we should strengthen and expand federal loan programs—such as TIFIA and RRIF loans, Private Activity Bonds, grants, and other mechanisms to facilitate public-private partnerships, or P3s.

The Chamber believes all levels of government need to stop thinking about infrastructure investment as one big payment made up front and all at once.

Permit Streamlining

The third pillar of the Chamber's proposal is having a streamlined permitting process. I've said this before and I'll say it again, you can line up all the cash you need, but if the permitting process is slow or broken—there's no point in doing an infrastructure deal. Any proposal that fails to reform the permitting system won't

have the Chamber's support.

It shouldn't take longer to approve a project than to build it. Environmental reviews and public input remain important parts of the process—but they can't go on and on forever. Let's stop holding private investment hostage while projects are held up by permitting delays.

Many of our global competitors, including Germany, Canada, and Australia, complete environment reviews in under two years—all while providing environmental protections equal to or better than the U.S. There's no reason we can't either.

The Chamber believes that all federal infrastructure approvals should be completed within two years. State and local projects benefiting from federal funding or financing should also adhere to a two-year timeline, which should run concurrent to the federal process.

As an additional method to help streamline permitting and eliminate duplicative reviews, we would like to see a provision to require a single lead agency to shepherd a project through the process from start to finish.

The Administration has recognized the need for reform from day one and has implemented several of these reforms by Executive Order (EO). We were also pleased with the Office of Management and Budget Guidance on February 26 implementing the EO to cut permitting time for infrastructure down to two years.

Now it's up to Congress to codify the provisions of this EO into law so that we have long-term certainty that projects can be completed in a timely and efficient manner.

Expanding the Construction Workforce

The Chamber's fourth pillar of modernizing America's infrastructure highlights the issue of how we will find the men and woman ready and able to do the work.

But today we face a growing shortage of qualified construction workers.

Last year, the USG-U.S. Chamber Commercial Construction Index consistently found that a majority of builders have a difficult time finding skilled employees. In October of 2018, the number of unfilled construction jobs hit 323,000—the highest number of open positions in the sector since the Bureau of Labor Statistics began keeping track.

Let me state it more simply, the American economy is out of workers. Congress, the Administration and the private sector must act to expand our labor force, including the construction workers.

One striking trend is that workers in this sector tend to be older—and less than 10% of construction workers are under 25. Meanwhile, Baby Boomers are migrating out and fewer workers of younger generations are backfilling those jobs, in part because of the stigma often attached to trade jobs.

The Chamber has been saying for years that a four-year degree is not the only pathway to success. In fact, construction jobs—many of which do not require a degree—surpass the median wage for all industries.

Greater emphasis on technical education and work-based learning, such as apprenticeships, can help more young people pursue promising construction careers—and help address worker shortages.

Immigration is another important factor. Studies show that immigrants make up 30% of construction trades labor. Moreover, nearly 100,000 immigrants who are protected under the DACA or TPS programs are construction workers. We need a permanent solution for Dreamers and TPS beneficiaries so they can stay in their homes and jobs and continue to contribute to our economy.

There is lots of discussion these days around border security. We need more border security. But there is a difference—and it is one I think the Administration understands— between border security and our immigration needs.

This is one of many reasons we're fighting for commonsense immigration reforms. We must always attract and retain workers of all skills from around the world.

How Not to Invest In Infrastructure

Let me also be unequivocally clear about what **won't** work to increase investment in infrastructure: Any proposal to pay for infrastructure by reversing the tax reforms that helped kick-start our economy is a non-starter for the business community and for many in Congress.

The Chamber believes we need to build upon tax reform by significantly increasing infrastructure investment to support long-term economic growth and to compete globally. Pulling back from tax reform to fund infrastructure would eliminate any opportunity for bipartisan support, thus guaranteeing no infrastructure package will become law.

We have ***better*** options to choose from. What we need is a greater sense of urgency, some innovative thinking, and a lot more political courage.

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 modernizing America's infrastructure. We need a fluid, efficient multimodal 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, to everywhere in between.

There is no single funding solution that will solve all of our transportation infrastructure investment challenges. 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 is a necessary component of economic development.

Infrastructure investment is an issue that traditionally has brought Democrats and Republicans together and we believe the time is now for the Administration, House, and Senate to address this important issue.

A robust, long-term federal infrastructure modernization program, combined with greater investment by state, local and private stakeholders, can engender the partnership necessary to ensure America has a 21st century infrastructure network. However, without a serious commitment from federal lawmakers, we will not make the kind of progress demanded by the challenges we're facing.

Thank you for the opportunity to testify today regarding this timely and important issue. The Chamber and the ATM coalition look forward to working with this Committee, the Administration, and Congress to support this critical effort to provide the funding necessary to modernize America's infrastructure network, stabilize the Highway Trust Fund, and grow investment in transportation infrastructure so each state and region can get out of the system what they need to be successful – whether that is moving goods or individuals.