

STATEMENT OF
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BEFORE THE
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HEARING ON

Surface Transportation Reauthorization Bill: Laying the Foundation for U.S. Economic Growth and Job Creation Part I

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Chairman Shuster, Ranking Member DeFazio, and Members of the Committee, thank you for the opportunity to appear before you to talk about the importance of reauthorizing the Nation's surface transportation programs and their importance to our economy and job creation. This is a critical issue for our Nation, and it is critically important that we work together to enact a long-term, robust bill that makes much-needed reforms to our Federal surface transportation programs.

Last year, I traveled across the country – to engage with local officials, business leaders, and everyday people about the state of our transportation system. In the Spring last year, I spent a week traveling by bus from Ohio to Texas stopping in cities and one-stoplight towns along the way. What we saw on all of these trips – and what we heard from people around the country and in State Departments of Transportation – demonstrated to me that people outside the Beltway desperately want us to find a way to work together in Washington and fix the serious transportation problems we have in America.

Transportation is a critical engine of the Nation's economy. Investments in our transportation network over the country's history have been instrumental in developing our Nation into the world's largest economy and most mobile society. Over time, however, our level of investment as a percentage of the gross domestic product has dropped significantly, as it fails to keep pace with our growing economy and population. The costs of inadequate infrastructure investment are exhibited all around us. Americans spend 5.5 billion hours in traffic each year, costing families more than \$120 billion in extra fuel and lost time. American businesses pay \$27 billion a year in extra freight transportation costs, increasing shipping delays and raising prices on everyday products. Also, 65 percent of our Nation's roads are in less than good condition; one in four bridges require significant repair or can't handle current traffic demands and 45 percent of Americans lack access to basic transit services. Underinvestment impacts safety too. There were over 32,000 highway traffic fatalities in 2013, and roadway conditions are a significant factor in approximately one-third of them. Such fatalities occur disproportionately in rural America, in part because of inadequate road conditions. For a Nation that is expected to have 70 million more citizens by 2050 and an increase in the volume of freight traveling on our highways, railroads,

waterways and aviation systems, the current investments we put into our transportation system will not be sufficient to address these competing but urgent needs.

Worse still, in recent years, the surface transportation enterprise – and the millions of jobs that come with it – has been thrown into a continuing period of uncertainty due to the numerous short-term spending “patches” that we use to fund our Federal transportation programs. The inability to pass long term surface transportation funding bill creates uncertainty for local project sponsors and inhibits their ability to plan effectively. Since 2009, our surface transportation programs have been operating under short term extensions 11 times, including a two day lapse in March 2010. In addition there have been 21 continuing resolutions, forcing programs to operate under a CR for 39 of the last 72 months, not to mention a 2 ½ week stretch where the government was shutdown. Governors, mayors, city and county councils, and tribal leaders can’t plan because they don’t know whether the Federal program and payments will be suspended – again – in just a few weeks’ time.

Increasingly, we are seeing State and local officials abandon planning on the more ambitious and expensive projects that will move our economy forward. Instead, these officials are targeting available dollars on smaller preventative maintenance and repaving projects that while important for maintaining infrastructure availability in the near term, cannot address the longer term needs for additional investment in transportation infrastructure capacity and quality. State and local officials are rightly concerned about whether Congress will allow spending authority from the Highway Trust Fund to expire four months from now – precisely when the construction season should be heading into full swing. Just recently, the Commissioner of Tennessee’s DOT announced he was delaying \$400 million in highway projects because of the funding uncertainty in Washington, saying “this piecemeal funding of projects and programs is having a significant impact on how and when State DOTs and municipal planning organizations deliver much needed investment in our transportation networks.” This is similar to the Director of the Arkansas State Highway and Transportation Department deciding to delay \$100 million in highway construction projects because of uncertainty over the Highway Trust Fund. We may not see it directly, but failure to act on a long-term bill is actually making investments in critical infrastructure more expensive – and more difficult, for all of our State DOTs.

Inadequate and inconsistent funding is not our only problem. The Federal programs that govern how we deliver projects must be modernized. Too often, projects undergo unnecessarily lengthy reviews, and we need to be able to make the types of reforms that will expedite high priority projects and identify best practices to guide future efforts without undermining bedrock environmental and labor laws or public engagement. We also need to reward States and local communities that coordinate their decision making with their neighbors and prioritize funding for freight projects that will benefit the Nation’s economy.

For these reasons, I hope that the Administration, this Committee, and the many other Committees in Congress who must be heard from, will agree that we must bring this period of short-term patches to a close. We must give the American people and the American economy a well-funded, multi-year authorization bill with new programs and reforms that are focused on the Nation’s future needs.

Last year, the Administration submitted to Congress the Generating Renewal, Opportunity, and Work with Accelerated Mobility, Efficiency, and Rebuilding of Infrastructure and Communities throughout America – or GROW AMERICA – Act. This proposal was a comprehensive four-year, \$302 billion reauthorization proposal which called for substantial funding increases as well as dozens of critical policy reforms. What America received instead was yet another short-term extension, with status-quo policies and flat funding. The President's 2016 Budget proposes a 6-year, \$478 billion multimodal proposal that includes essential program improvements so we can improve safety, support critical infrastructure projects, and create jobs while improving America's roads, bridges, transit systems and railways in our cities, fast-growing metropolitan areas, small towns and rural communities across the country.

Our proposal is fully paid for through an important element of the President's plan for a reformed business tax system that will encourage firms to create U.S. jobs instead of shifting jobs and profits overseas. Specifically, the Administration's proposal would impose a one-time 14 percent transition tax on the untaxed foreign earnings that U.S. companies have accumulated overseas. Unlike a voluntary repatriation holiday, which the President opposes and which would lose revenue, this transition tax would mean that companies have to pay U.S. tax right now on the \$2 trillion they already have overseas, rather than being able to delay paying any U.S. tax indefinitely. And it would be coupled with reforms to eliminate the incentive to shift profits and jobs to tax havens in the future. Revenue from the transition tax – along with projected fuel tax receipts – will fully pay for the GROW AMERICA Act.

Our six-year proposal will provide the funding growth and long-term certainty so desperately needed by our States and local communities so they can make real progress on addressing our infrastructure deficit. The GROW AMERICA Act will also build ladders of opportunity to help Americans get to the middle class by providing transportation options that are more affordable and reliable and by improving their quality of life through greater access to education and new job opportunities. Most importantly, the GROW AMERICA Act will put into place a program structure and funding stream focused on the transportation needs of the future.

As part of our effort to focus on the future of transportation, just last week, I released the Department's 30-year vision for the future of transportation in America – entitled "Beyond Traffic." It is intended to start a meaningful national dialogue on the choices we must make as a nation if we are to avoid a painfully congested future where our transportation system serves as a crippling drag on our economy rather than a catalyst for growth. I would encourage all Committee members to review the document and participate in this dialogue. One thing our report makes clear is that technology will have to play an essential role in helping us get maximum capacity out our existing infrastructure as well as all the new roadways and railways we are going to need to build to accommodate the 70 million additional citizens that will join our nation by 2050.

The GROW AMERICA Act aims to tackle this challenge head on by modernizing the U.S. Transportation system through technology and process innovation. The bill also advances my key priorities of protecting the safety of the traveling public while closing the nation's infrastructure deficit.

Protecting the safety of the traveling public: In 2013, vehicle crashes killed approximately 32,000 Americans and injured more than 2.3 million, making motor vehicle crashes one of the leading causes of death in the U.S. Every life is precious, and one life lost on our roads is one too many. The GROW AMERICA Act addresses safety vulnerabilities on our transportation network, both through increased investment in safety programs, and through policy changes that strengthen oversight and increase accountability. It includes:

- Harsher penalties for manufacturers that refuse to address defective and dangerous vehicles and equipment that endanger the public.
- Authority to require manufacturers to cease retail sale and/or require repair of vehicles or equipment that pose an imminent hazard to the safety of the motoring public.
- Authority to require rental car companies and used car dealers to participate in recalls of defective and unsafe vehicles.
- Streamlining federal truck- and bus-safety grant programs to provide States with greater flexibility to address regional and evolving truck- and bus-safety issues.
- Increased funding to the Highway Safety Improvement Program to help engineers identify hazards and prevent the next crash and help implement lasting safety improvements.
- Authority to make greater progress on eliminating drunk and distracted driving and other key safety concerns by giving States additional funding and flexibility.
- New programs and funding dedicated to implementing positive train control on commuter and intercity passenger rail routes, improving highway-rail grade crossing safety, and mitigating the adverse impacts of rail operations in local communities.

Closing the nation's infrastructure deficit: The GROW AMERICA Act proposes important policy improvements and makes critical investments to close this nation's infrastructure deficit, including:

- *Strengthening policies and providing \$317 billion to invest in our Nation's highway system:* The proposal will increase the amount of highway funds by an average of nearly 29 percent above FY2015, emphasizing "Fix-it-First" policies and reforms that prioritize investments for much needed repairs and improvements to the safety of our roads and transit services, with particular attention to investments in rural and tribal areas.
- *A dedicated grant program for projects that benefit the Nation's commerce:* The U.S. transportation system moves more than 52 million tons of freight worth nearly \$46 billion each day, or almost 40 tons of freight per person per year, and freight tonnage is expected to increase 62 percent by 2040. The GROW AMERICA Act includes \$18 billion over 6 years for a new multi-modal freight program that will relieve specific bottlenecks in the system,

strengthen America's exports and trade, and give freight stakeholders a meaningful seat at the table in selecting funded projects. The new initiative encourages better coordination of planning among the Federal government, States, ports, and local communities to improve decision-making.

- *Strengthening policies and providing nearly \$115 billion for transit systems to expand transportation options:* The proposal increases average transit spending by nearly 76 percent above FY 2015 enacted levels, which will enable the expansion of new projects that improve connectivity, such as light rail, street cars, and bus rapid transit, in suburbs, fast-growing cities, small towns, and rural communities, while still maintaining existing transit systems. These transit investments will play a critical role in supporting communities around the country – for example, providing transportation options in rural communities that have growing numbers of seniors.
- *Strengthening policies and providing nearly \$29 billion for the Nation's intercity passenger and freight rail network:* Highways, transit, aviation, inland waterways, ports and harbors all have dedicated trust funds. Rail does not have a dedicated source of federal revenue. The GROW AMERICA Act will provide predictable, dedicated funding for rail, which will provide States, localities, and railroads with the certainty they need to effectively plan and implement their projects – primarily to improve and expand passenger rail service. This funding will allow our Nation to better address the growing backlog of state of good repair needs on our rail system and deliver the improvements required to accommodate growing passenger and freight rail demand.
- *Expanding and strengthening of DOT credit programs to spur innovative financing and increase overall infrastructure investment:* The GROW AMERICA Act expands financing options under the Transportation Infrastructure Finance and Innovation Act (TIFIA), which leverages federal dollars by facilitating private participation in transportation projects and encouraging innovative financing mechanisms that help advance projects more quickly. The Act will provide \$6 billion over 6 years, which could result in \$60 billion of direct loans. In addition, the Act increases the accessibility of the Railroad Rehabilitation and Improvement Financing Program by reducing the cost of obtaining a loan for short line railroads and increases the availability of Private Activity Bonds by raising the existing \$15 billion cap to \$19 billion.
- *Strengthening domestic manufacturing:* The GROW AMERICA Act will strengthen existing “Buy America” requirements to ensure that taxpayer investments for public transportation translate into American jobs and opportunities for innovation. The Act allows for an orderly phase in by transit suppliers by raising the current sixty percent threshold to 100 percent over multiple years to bring the “Buy America” requirements for transit in line with the requirements in other modes.
- *Expanding access to markets and strengthening rural communities:* America's rural communities are the critical linkage in the nation's multimodal transportation network. From manufacturing to farming, freight logistics to energy production and more, rural America is home to many of the nation's most critical infrastructure assets including 444,000 bridges,

2.98 million miles of roadways, 30,500 miles of interstate highways. Specifically, the GROW AMERICA Act will encourage safety on high-risk rural corridors, provide workforce development in rural areas, make badly needed freight investments, increase deployment of broadband use in rural areas, and improve the Federal Lands Transportation Program to achieve a strategic, high-use transportation system on roads that directly access federal lands.

Modernizing the U.S. Transportation System through technology and process innovation:

Technological changes and innovation have the potential to transform vehicles and infrastructure, logistics, and delivery of transportation services to promote efficiency and safety. Likewise, process innovation has the potential to improve the way that the government operates in the service of the American people. To that end, the GROW AMERICA Act is focused on:

- *Encouraging innovative solutions through competition:* The Act more than doubles the size of the highly successfully Transportation Investment Generating Economic Recovery (TIGER) competitive grant program and cements it in authorizing statute, which will encourage States and localities to bring more innovative, cross-modal proposals to the table and give the Department more resources to see that the most meritorious projects ultimately are constructed. In addition, the Act would dedicate \$6 billion over 6 years to establishing the Fixing and Accelerating Surface Transportation (FAST) program, designed to create incentives for State and local partners to adopt critical reforms in a variety of areas, including safety and peak traffic demand management. Federally inspired safety reforms, such as seat belt and drunk-driving laws, have saved thousands of American lives and avoided billions in property losses.
- *Improving project delivery and the Federal permitting process:* The GROW AMERICA Act will help projects break ground faster by expanding on successful Administration efforts to modernize the permitting process while protecting communities and the environment. The Act will institutionalize capacity within DOT to improve interagency coordination and implement best practices, such as advancing concurrent, rather than sequential, project review, and using the online permitting dashboard to improve transparency and coordination and track project schedules. The Act will also increase flexibility for recipients to use Federal transportation funds to support environmental reviews, and help to integrate overlapping requirements and eliminate unnecessary duplication.
- *Encouraging regional coordination and local decision making to improve outcomes.* The Act includes policy reforms to incentivize improved regional coordination by Metropolitan Planning Organizations, which are local communities' main voice in transportation planning. The GROW AMERICA Act also strengthens local decision making in allocating Federal funding so that local communities can better realize their vision for improved mobility.

The President is committed to ensuring that critical transportation investments are fiscally sustainable. Because rebuilding our transportation infrastructure is an urgent need, the GROW AMERICA Act uses Highway Trust Fund revenues anticipated under current law in combination with revenues generated from pro-growth, business tax reform to fully offset the cost of the GROW AMERICA Act.

Thank you and I look forward to your questions.