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Committee on Environment  
and Public Works Washington, D.C.

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THE IMPORTANCE OF MAP-21 REAUTHORIZATION: PERSPECTIVES FROM  
OWNERS, OPERATORS, AND USERS OF THE SYSTEM

WEDNESDAY, FEBRUARY 25, 2015

U.S. SENATE

Committee on Environment and Public Works

Washington, D.C.

The committee met, pursuant to notice, at 9:30 a.m. in room 406, Dirksen Senate Building, the Honorable James Inhofe [chairman of the committee] presiding.

Present: Senators Inhofe, Boxer, Boozman, Crapo, Vitter, Rounds, Capito, Wicker, Carper, Whitehouse, Gillibrand.

STATEMENT OF THE HONORABLE JAMES INHOFE, A UNITED STATES SENATOR  
FROM THE STATE OF OKLAHOMA

Senator Inhofe. The hearing will be open.

Let me thank the five of you who have come from far corners. We appreciate very much your being here. Our feeling, and I know I speak for Senator Boxer, we kind of need to get an outside the Beltway perspective. So this is the opportunity that we have for it. We appreciate very much the witnesses being here.

Unfortunately, what used to be the best transportation system in the world is now deteriorating, and our global competitors are greatly outpacing us in infrastructure investment. We hear this, and we see this as we go around, we see what is happening in China, we see what is happening in the other countries. The American businesses rely on an efficient, reliable transportation network. More than 250 million vehicles traverse the highway system each year and businesses require a reliable transportation system.

Now, I think anything I would say for members of this panel and for the five of you who have come in here to testify, it would be redundant. You are all familiar with the crisis that we are facing right now. We have Gary Ridley, whom Senator Boxer and I know very well, from Oklahoma, who has testified probably than anyone else has before this committee over the past 20 years or so. And the rest of you, we appreciate very much your being

here.

I am not going to use my time, because in case that Senator Vitter comes, who is the chairman of the subcommittee, I want him to have that opportunity. So with that, I will retain the balance of my time.

[The prepared statement of Senator Inhofe follows:]

STATEMENT OF THE HONORABLE BARBARA BOXER, A UNITED STATES SENATOR  
FROM THE STATE OF CALIFORNIA

Senator Boxer. Senator, is it my turn?

Senator Inhofe. Yes.

Senator Boxer. Thank you.

Mr. Chairman, you and I don't agree on a lot, we know that. But we do agree on the absolute importance of having a Class A transportation system. I think that this partnership that we have shown over the years is more critical now than perhaps ever, because we are just a few months away from a shutdown of the Highway Trust Fund. And I am going to ask unanimous consent to put my statement into the record, if I might.

Senator Inhofe. Without objection. I will also put mine into the record.

Senator Boxer. Okay. I am going to summarize it in two minutes.

Here is the thing. We are going to hear today from this diverse panel. I am so proud, Steve, you are here. We are hearing it from every stripe, from red States, from blue States, from purple States, from conservatives and liberals alike. We need a bill and we need it now.

I want to say that last Congress, this committee, to the shame of the Senate and the House, and I say that knowing Democrats controlled the Senate, Republicans controlled the

House, to the shame of the Senate and the House, this committee was the only committee to do anything on this matter. We passed a really good bill. We are working on another bill now.

I had thought once we had acted, we would see all the other committees in both the House and Senate fall into line. They didn't do it. And I am very worried. Very worried, that I see that same kind of lackadaisical attitude about what we are facing.

Look, we just averted a port strike in our great State. We have taken 40 percent of the imports. And what happened, and thanks to the Obama Administration, really, they helped a lot on this. We all worked together, Republicans and Democrats, to stop that strike. And we averted it.

But what happens to those goods? They go on trucks, mostly, and they go across our great Nation. They stop in Oklahoma, they stop all over. And if our Nation's roads are in disrepair, and 50 percent of them are, and our Nation's bridges are in danger of collapsing, and more than 60,000 of them are, we are in a dire circumstance.

So I will stop at this point. I will retain my time in case there is an opportunity to give it to someone else later. But let me be clear. I don't think, Mr. Chairman, with your great leadership, we need a lot more hearings. I think we need to continue our good work our staffs have started.

And I think we need to take the lead and get this going. Because what I see coming is another extension. My chairman knows how expensive that is, and how absurd that is. And I will say, if you went to the bank to get a mortgage and the banker looks at you and says, oh, you are great, you get the mortgage, but it is only for six months, you are not going to buy the house.

Well, if we can't tell our people that they have a guarantee of several years at least, they are not going to build those roads. They are just not going to do it.

So with that, I would retain the balance of my time.

[The prepared statement of Senator Boxer follow:]

Senator Inhofe. And I will do the same.

I would only say this. What you are witnessing here is unusual in Washington, because you have a proud, outspoken liberal and a proud, outspoken conservative in total agreement on what we should be doing. We do have that old outdated document out there called the Constitution that kind of tells us what we are supposed to be doing here. This is what we are supposed to be doing here.

With that, let's start with Mr. Braceras. Mr. Braceras, we will start with you and we will kind of go across for your opening statements. Then we will open up for questions.

STATEMENT OF THE HONORABLE CARLOS BRACERAS, EXECUTIVE DIRECTOR,  
UTAH DEPARTMENT OF TRANSPORTATION

Mr. Braceras. Thank you, Chairman Inhofe, Ranking Member Boxer and members of the committee.

Thank you for the opportunity to provide input on the need to reauthorize MAP-21. My name is Carlos Braceras, and I serve as the Executive Director of the Utah Department of Transportation. Today it is my honor to testify on behalf of the State of Utah and AASHTO.

Throughout the history of our Country, transportation has played an integral role in the success of our economy. While States have done an admirable job of addressing transportation within their boundaries, there is clearly a need for a cohesive national transportation system. Our Federal highway program is a federally-funded Stated-administered program based on the 100-year old partnership between the Federal Government and State DOTs. Nearly half of all the capital funding for highway and bridge projects comes from the Federal Government. Eliminating the Federal participation in this partnership will leave too big a hole for the States to be able to make up on their own.

State DOTs have a strong partnership with their local governments and their respective States. The transportation planning process requires State DOTs to work extensively with local planning agencies and the public in developing multi-modal

transportation plans and identifying projects that are supported by the Highway Trust Fund. This process works well, and is the foundation of the performance-based programs established under MAP-21.

Rather than drastically altering the federally-funded, State-administered nature of the Federal Highway Program, and facing consequences of such disruption, we should highlight examples where State DOTs have strong, productive partnerships with local governments, and where the transportation planning process is working well.

In Utah, as with all of our sister States, the success of our communities, both large and small, is critical. As such, we have developed what we refer to as the unified plan, in which all our metropolitan planning organizations, cities, counties and transit authorities, have come together to develop a unified plan of projects that will address the goals of the State and individual communities for the next 30 years. In Utah, we speak with one voice toward an agreed-upon set of goals.

As Congress considers policy changes in the next reauthorization bill, it should build on the successful reforms of MAP-21. We all share the goal of utilizing the resources invested in our transportation system as effectively and efficiently as possible. We can accomplish this by streamlining the project delivery process, such as clarifying that States

participating in the NEPA delegation may make project-level conformity determinations, give the States the ability to approve designs and right-of-way acquisitions, allow State DOT modal administrators to use categorical exclusions determined by other modal administrators.

Furthermore, Congress should consider authorizing a consolidated funding pilot program. This would build on the program consolidation efforts made in MAP-21 by treating all core funding programs as a single, consolidated apportionment. States would only be eligible to participate in the program once they have established performance management systems that ensure accountability and transparency.

Utah is ready to step forward and pilot such a program. I am convinced that we will be able to demonstrate that we will be able to better meet both the transportation goals of this Country and those of Utah.

I encourage Congress to seek additional opportunities to continue moving the Federal highway and safety programs toward performance and outcome-based programs that emphasize results as opposed to process.

In conclusion, AASHTO remains committed to helping Congress pass a robust, long-term surface transportation authorizing bill as soon as possible. The current extension expires in the middle of the spring construction season. Already, several State DOTs

are postponing needed projects that are scheduled to go out to bid.

The sooner Congress acts, there is a greater likelihood that these projects will be built this year as opposed to being pushed back another year. This week, hundreds of State DOT leaders from nearly every State in the Country are just a couple of blocks away, attending AASHTO's 2015 Washington Briefing. Over the next couple of days, most of them will be up here on the Hill, meeting with their Congressional delegations, advocating for a long-term surface transportation bill that addresses our surface transportation investment needs.

I would like to thank you once again for the opportunity to testify today. I will be more than happy to answer any questions the committee has.

[The prepared statement of Mr. Braceras follows:]

Senator Inhofe. Thank you very much, Mr. Braceras. I should have mentioned, Mr. Braceras is the Executive Director of the Utah Department of Transportation.

Next, the guy who gets the prize for coming the farthest, Steve Heminger, from the California Transportation Commission.

STATEMENT OF STEVE HEMINGER, EXECUTIVE DIRECTOR, METROPOLITAN  
TRANSPORTATION COMMISSION

Mr. Heminger. Thank you, Chairman Inhofe, Senator Boxer and members of the committee. Good morning.

Just for the record, again, my name is Steve Heminger and I am Executive Director of the Metropolitan Transportation Commission, which is the metropolitan planning organization, or MPO, for the San Francisco Bay Area. A few years ago, I also was privileged to serve on one of the two congressionally-chartered commissions, the National Surface Transportation Policy and Revenue Study Commission. I very much appreciate this opportunity to testify today on the still-relevant title subject of that commission's report: Transportation for Tomorrow.

United States Senators have a lot on their plates. So let me make three brief points. First, I want to thank this committee for the considerable progress you have made in reforming the Nation's surface transportation program. The emphases in MAP-21 on program consolidation, performance-based outcomes, freight policy and permit streamlining are all welcome developments. Your bipartisan leadership is helping States and MPOs make better investment decisions and deliver those projects faster to our constituents.

Second, despite these advances, Federal policy, in my opinion, still lacks sufficient focus on the investment needs of

the Nation's economic engines: the metropolitan areas that more and more Americans call home. The fact is, the U.S. economy will rise or fall based on how well our metro economies compete in the global marketplace.

For example, Bay Area residents contribute almost 60 percent more to our gross domestic product than the average American, 60 percent more. In regions as diverse as Houston and Boston, this metro dividend is nearly 40 percent above the national average.

Now, the Federal-State relationship is the cornerstone of American federalism, and the transportation arena is no exception to that. But that should not preclude a new performance partnership with dedicated funding between the U.S. DOT and the Nation's MPOs. We need to keep those economic engines primed.

Finally, if we want better conditions and performance from our roads, bridges and public transit systems, we are going to have to figure out a way to pay for it. So how deep is the hole we have dug? Let me start with that, and just give you one snapshot of the San Francisco Bay Area. Our long-range plan devotes nearly 90 percent of all the money we have available, 90 percent over the next 25 years, just to operate and maintain the existing transportation network.

The Federal program is 13 percent of our total funding. One way of looking at that is, you are getting eight to one leverage off of your investment in California, which is a very good

return. It also means that we are not here asking you for a handout. We are asking you for a little help, because we are doing most of it.

But when you spend nearly 90 percent of your budget on maintenance, over the next 25 years, in the face of the growth we are seeing, we are leaving a lot of expansion projects on the table, because we simply can't afford to pay for them. Even after spending 90 percent of all of our money on maintenance, we still have \$10 billion plus shortfalls for State highway repair, for local road repair and for the public transit system state of good repair.

That is the situation we are in. That is how deep the hole is. And that is why I say, and I think it is no surprise to this committee, that level funding just won't cut it.

Now, the members of this committee probably have forgotten more about politics than I will ever know. But I do know this. Since the Federal gas tax was last adjusted in 1993, 42 States, 42 States, have raised their rates, some by a little, others by a lot; some by indexing, others by voting. These States range from the brightest red to the deepest blue. Somehow, all those governors and state legislators figured out a way to pay for needed transportation improvements.

Moreover, the math is pretty compelling. As an example, doubling the current Federal user fees on gasoline and diesel

fuel would generate over \$30 billion per year and create more than 300,000 jobs, yet it would cost the average motorist less than 30 cents per day.

Now, a recent American president confronted a similar predicament to the one we are in today. I would like to read a quotation from him about how he fought his way through it.

"Common sense tells us it will cost a lot less to keep the system we have in good repair than to let it crumble and then have it start all over again. Good tax policy decrees that wherever possible, a fee for a service should be assessed against those who directly benefit from that service. Our highways were built largely with such a user fee, the gasoline tax. I think it makes sense to follow that principle in restoring them to the condition we all want them to be in."

That was President Ronald Reagan in 1982. I think the words are still true today.

So let me end where I began. Your reform agenda is working. But there is no free lunch when it comes to infrastructure. Indeed, the only question is whether we want to pay now to improve our roads and rail lines, or whether we want to pay later in crumbling facilities that will curtail our economic potential.

I remain optimistic that this Congress will make the right choice. And in light of the quotation I have just read, perhaps I should conclude by saying, let's just win one more for the

Gipper.

Thank you very much.

[The prepared statement of Mr. Heminger follows:]

Senator Inhofe. That has a great impact on me, anyway.  
Thank you very much.

Mr. Riordan is the President and CEO of Neenah Enterprises.  
We recognize you to tell us about Neenah Enterprises, we will  
give you a few seconds to go over.

STATEMENT OF THOMAS J. RIORDAN, PRESIDENT AND CEO, NEENAH ENTERPRISES, INC.

Mr. Riordan. Thank you, Mr. Chairman. Chairman Inhofe, Ranking Member Boxer, and members of the Senate Committee, on behalf of my company, Neenah Enterprises, and the National Association of Manufacturers, that I also represent, thank you for the opportunity to testify about the importance of Federal investments in our transportation infrastructure.

With its headquarters and largest foundry in Neenah, Wisconsin, Neenah Enterprises consists of two business operating entities. Our best-known business is Neenah Foundry, which is one of the top suppliers of municipal castings including manhole frames, lids, covers, grates, trench castings and decorative tree grates. Since 1872, Neenah Foundry has been a consistent leader in producing durable castings that are used in every State across our Country, and we proudly make all of our products here in the U.S.

Our other business, Neenah's industrial division, represents about 70 percent of our revenue and is a key component provider to many of the world's leading manufacturing companies, designing and building cast iron and forged parts for the heavy truck, agriculture, construction, HVAC, energy and other industries. We are one of the largest independent manufacturers of castings in the U.S. and part of the largest recycling industry in the

Nation, turning scrap steel into useful products in an environmentally friend manner.

As Chair of the NAM's Small and Medium Manufacturers Group, I often hear about the business challenges that my peers face, from escalating costs of healthcare to the increasing burdens of regulation. The health and condition of our Nation's infrastructure on the transportation network is also of significant concern to manufacturers. Our transportation infrastructure underpins the movement of goods within our economy. It is vital for our day-to-day business and our long-term economic prosperity.

Neenah is hugely dependent upon the transportation infrastructure, ports, rail and highways. As an example, our largest facility has over 15,000 truck visits each year. The logistics planning that goes into each of these visits is very involved, and delays based on traffic congestion often drive significant expense overruns on a daily basis. The cost of scheduling, rescheduling, paying overtime, customer and vendor disruptions, production delays and lost business all add cost and challenge our competitiveness by raising our total cost of doing business by about 1 percent each year.

These excess costs are diverted away from other business activities such as product development, new capital projects and investments in our workforce. Congestion is really a hidden tax

and an increasing drag on American competitiveness. As congestion continues to challenge the Nation's highway network, especially in metropolitan regions, capital spending on highways, roads and bridges fell 3.5 percent between 2003 and 2012, according to a recent NAM study. The study, entitled Catching Up, also revealed that spending on public infrastructure dropped 10.5 percent between 2003 and 2012 in the same time period.

A more sustained and focused effort is going to be needed in the long term to help reverse these troubling trends. We can and should do better than allow our Nation's infrastructure base to continue to erode.

In the short term, manufacturers are counting on Congress to help facilitate commerce by moving a well-funded, multi-year surface transportation authorization that secures the financial health of the Highway Trust Fund. Manufacturers support this committee's efforts to ensure our transportation system is on more solid and robust footing.

I very much appreciate and thank you for the opportunity to testify this morning.

[The prepared statement of Mr. Riordan follows:]

Senator Inhofe. Thank you very much.

Mr. Gardner is the Vice President of Supply Chain and Customer Experience for Ingredion Incorporated. Why don't you tell us about it?

STATEMENT OF DAVID GARDNER, VICE PRESIDENT, SUPPLY CHAIN AND  
CUSTOMER EXPERIENCE, INGREDION INCORPORATED

Mr. Gardner. Good morning, Chairman Inhofe, Ranking Member Boxer, and distinguished members of the committee. Thank you for the opportunity to testify today.

My name is Dave Gardner and I am Vice President of Supply Chain and Customer Experience for Ingredion Incorporated. In my role I am responsible for operations, including raw material sourcing, logistics, and customer service. I am testifying here today on behalf of the U.S. Chamber of Commerce.

First, let me first tell you a little bit about Ingredion. We produce hundreds of value-added ingredients from plant sources, including corn, tapioca and rice. We manufacture our products for the food industry, beverage, pharmaceutical, corrugating, paper, and animal feed industries. Our ingredients add crunch to crackers and fiber to cereal bars. They can make a soft drink sweet with calories or sugar free, plastics biodegradable, body lotions silkier, and tissues stronger and softer.

In fact, our products appear in roughly 80 percent of all the products that you would find on a grocery store shelf, either in the product, in the package or in the packing itself. We are a multinational, FORTUNE 500 company headquartered in the Chicago suburb of Westchester, Illinois. We have a global R&D facility

in Bridgewater, New Jersey. We employ roughly 11,000 people globally and have 2,000 employees in the United States.

Our supply chain is a worldwide network of 35 manufacturing plants and 24 R&D centers around the globe. In North America we operate 13 manufacturing plants, with seven of those in the United States. Our largest plant is in the Chicago area.

Our primary raw material is corn, which we ship to our plants from the Farm Belt via rail and truck. Our finished products are distributed to customers across the Country by a network of rail, truck, warehouses, and break stations. Needless to say, a smooth-functioning surface transportation system is not only essential to Ingredion's business, it impacts the bottom line of our business and of our customers.

Logistics costs represent a significant portion of our inbound corn costs and delivered finished product costs. In 2014 alone, our transportation costs, excluding the cost of fuel increased by 3.6 percent, far outstripping the rate of inflation.

An outdated transportation system leads to increased freight costs, variability in delivery times, higher inventories, poor customer service, and an overall uncompetitive situation for us and for all other industries. Let me just touch on few examples to illustrate how a neglected infrastructure impacts us.

Last year, it took longer to transport corn from the farmers and storage elevators to our facilities. This resulted in

millions of dollars in increased freight costs, higher manufacturing costs due to plant downtime, and curtailed production.

The transportation industry is struggling. In 2014, the average train speed decreased by over 6 percent and delay times increased by 10 percent. As a result, we had to increase product inventories and address a shortage of rail cars to transport our products, leaving us to struggle to meet customer demand.

As the network moves slower, we are forced to increase our rail fleet and to make suboptimal sourcing decisions. Chicago is a primary transportation hub and the location of our largest plant. The increased rail volume through Chicago is causing unprecedented delays. For example, it can take up to three days to just get a rail car of product out of the Chicago area. A customer is a mere seven-hour drive away, it can take up to five days to deliver them product by rail.

Because we cannot consistently rely on rail to deliver products to our customers on time, we are often required to revert to trucks, at a more costly position than rail. However, the trucking industry is also severely challenged. Available truck capacity compared to truck demand is at an historic imbalance. This has been amplified by tightening regulation on driver hours and deteriorating highway infrastructure.

Our ability to respond to our customer needs is directly

impacted by the availability of trucking capacity. As truck capacity tightens, our on-time delivery rate suffers. Ingredion's incidence of late deliveries over the last two years has almost doubled since 2012.

But our story is really just a small pixel of the bigger picture. Increased transportation costs are impacting the broader American business community. According to the Council of Supply Chain Management Professionals, U.S. business logistics costs was \$1.4 trillion in 2013, and this equates to 8 percent of the GDP

Today marks the first time that Ingredion has testified before members of Congress, but we can no longer afford to remain silent. We came here today to add our voice to the growing concern by businesses calling for improvements to the Nation's infrastructure systems.

I would like to thank the committee for their continued work and attention on the reauthorization of our surface transportation programs. MAP-21 ended years of short-term extensions that created a great deal of uncertainty for businesses such as ours. We are eager to see a long-term solution come out of Congress this year, and we know that you agree.

Thank you very much for the opportunity to be here today, and I look forward to answering your questions.

[The prepared statement of Mr. Gardner follows:]

Senator Inhofe. Yes, we do agree.

Mr. Rowen is the President of Susquehanna Glass Company.  
You are recognized.

## STATEMENT OF WALT ROWEN, PRESIDENT, SUSQUEHANNA GLASS COMPANY

Mr. Rowen. Good morning, Chairman Inhofe, Ranking Member Boxer and other members of the Committee. My name is Walt Rowen. I am the owner of Susquehanna Glass Company. We are a small, 100-year old glass decorating company based in Columbia, Pennsylvania.

Our products don't make body lotions creamier, but I can guarantee you, California wine tastes wonderful in our wine glasses.

[Laughter.]

Mr. Rowen. Thank you for allowing me to testify before you today and share my comments about the importance to us of reauthorizing the funding for the Highway Trust Fund.

My company provides decorated glasses and barware to major retailers, internet flash sites, small retailers and other tabletop companies around the Country. We rely on the freight and trucking industry to ship our finished products all over the Country to retailers and directly to their customers. Last year, my business shipped over 57,000 small packages via UPS and FedEx and we generated more than a million dollars in freight charges. So clearly, our success as a company relies very heavily on our ability to deliver products efficiently and cost-effectively to our customers.

One of our business models has been to gradually shift from

shipping large shipments to retailers and their DCs, or their distribution centers, shifting to more of a direct-to-customer package delivery system, relying more on UPS and FedEx. So today, we really balance both of those areas, both trucking shipments and small UPS packaging.

Investment in our Nation's infrastructure is an investment in America, pure and simple. Not only would this benefit businesses like mine that rely on the shipping industry and well-maintained roads, it would create new opportunities for small businesses. About 147,000 of our Country's 650,000 bridges are failing. This is especially apparent in Pennsylvania, where I live. We have the third-largest number of bridges in the U.S., over 25,000, but we lead the Nation in the number of bridges classified as structurally deficient. And a mere 30 percent of Pennsylvania's roads have been labeled in good condition, only 30 percent in good condition.

What is more, one-third of America's major roads are in poor or mediocre condition. There are 4,000 dams in need of repair and 36 percent of our urban highways are congested. Rebuilding America's roads, bridges and schools offers tremendous opportunities to small businesses. Not only do they participate in the building projects and their supply chain, they run the hotels, coffee shops, restaurants and other businesses that serve people working on those projects. The economic impact to the

American economy is unfathomable when you devote these funds to these kinds of construction projects.

In fact, Small Business Majority's polling found 69 percent of small business owners favor investing \$50 billion in infrastructure projects that would create jobs. If the cost of freight continues to rise while our roads deteriorate, it will become harder and harder to move my products and make a profit. This would seriously be detrimental to my bottom line. UPS and FedEx have just started to price small packages differently. Instead of just paying for weight, we are paying for the size of the package. That is going to increase my cost of shipping dramatically.

Investing in our Nation's roads, bridges and other physical infrastructure supports access to customers and vendors, while at the same time creating demand for the goods and services small businesses have to sell. We need infrastructure investments that will be beneficial for business and the economy. I hope you will strongly consider small business support for reauthorizing funding for the Highway Trust Fund.

Thank you sincerely for the opportunity to comment on this important issue.

[The prepared statement of Mr. Rowen follows:]

Senator Inhofe. Thank you, Mr. Rowen, and thank all of you for your opening statements.

What we are going to do is have five-minute rounds, and have two rounds. This is to accommodate members who are going to have to come late and maybe leave early. So there will be plenty of time.

I will go ahead and begin with the most unpopular of the subjects and that is, I have been very frustrated over how we pay for a multi-year reauthorization. Some of my colleagues have talked about supporting a concept of shifting the Federal program back to the States by cutting the Federal user fees, some of them 15 cents, some of them, whatever the amounts. And then letting the States pick up the tab.

Now, if such a thing were to become a reality, Idaho would have to raise its State gas tax by 25 cents, West Virginia by 32 cents. Your State, Mr. Braceras, of Utah, would be 19 cents that you would have to increase this. And in Montana, 44 cents. So there was a reason for this. I often say one of the few things that really does work in government is this system. And this is coming from a conservative.

So I have often said, and I remember on the Senate Floor when we had our 27-month bill that the conservative position is to go ahead and do an authorization bill. Number one, you get all the reforms, streamlining and all that stuff, and number two,

if you don't do that, it is going to cost about 30 percent off the top. And that is not the conservative position.

Now, when you talk about devolution, as several are suggesting, I am probably the right one to talk about this. Because, and my colleagues don't know this, but 25 years ago, Connie Mack from Florida and Jim Inhofe from Oklahoma were the fathers of devolution. We thought then that oh, that was so much fun on the stump to talk about how, go back to Oklahoma, why make an unnecessary trip of our dollars in Oklahoma to Washington and back, until we realized how it didn't work. Obviously, it was more fun to be for it than against it. But nonetheless, that is happening.

[Laughter.]

Senator Inhofe. But anyway, interstate commerce doesn't stop at State boundaries. No State is an island. I have read extensively on Eisenhower, I have always been a great admirer of his. My other committee is Armed Services Committee. He used to say, it is just as much about national defense as it is interstate commerce. Interstate connectivity and national defense access are equally important.

So I would just say, that my position, and what I am going to do is have only one question. One question. We will start with you, Mr. Braceras, and we are going to work down. Now, in five minutes, we will cut me off and go to the rest of them, then

we will continue. So that will give you more time to think about this. All right, Mr. Braceras, do you agree with me? What do you think?

Mr. Braceras. Mr. Chairman, I would say the answer of whether or not to devolve the Federal program is if you believe there is no Federal purpose in transportation. I believe that there is a strong purpose in our Nation's transportation in having a strong Federal role. Companies such as, based in Oklahoma, Advance Pierre Food Services, they produce their products but they depend on a vibrant, well-functioning, safe transportation system in every State of this Country. For our Country to continue to be successful and be an economic leader, we need a strong Federal transportation system.

Senator Inhofe. That is good. One follow-up question on that. What if a State, if you went through this concept and a State decided that they were not going to increase their taxes? Your State of Utah, for example, what would happen to the national system?

Mr. Braceras. We depend on the Federal program to maintain and operate our transportation system. We have a strong State system. Our Federal program constitutes just under 25 percent of our program. But the Federal program is what we maintain and preserve the State's transportation system on. So you would see roads continue to deteriorate, bridges to continue to

deteriorate. So that Federal role is critical to the State of Utah.

Senator Inhofe. Thank you, Mr. Braceras. Mr. Heminger?

Mr. Heminger. Mr. Chairman, I certainly do agree with you. And there is another quotation I am recalling from President Eisenhower when he submitted his interstate highway bill to the Congress. He noted that activities like transportation and communication are things that knit our Country together. I think he said without that, we would be a mere alliance of many separate parts.

I think we are called the United States of America for a reason. If you think the Federal Government is done with transportation, I suppose you could devolve the program. I come from a State that has probably the best chance of standing on its own two feet. We are a nation State by any stretch of measure. But there are jobs that even we can't do. And Senator Boxer mentioned the import of goods and the flow of commerce coming into our ports. That is not just a California issue, that is a national issue.

I would finally mention one thing that doesn't often get talked about in devolution. If you were to head down that path, the last time I checked, I think it is something like 30 or more States have restrictions in their State constitutions that would prohibit them from using gas tax money on public transit. And

that is a pretty big pill to swallow in States around the Country where we rely on Federal aid to public transit.

Senator Inhofe. Thank you very much. I am going to cut my time off now and we will come back for the three of you on the same issue.

Senator Boxer?

Senator Boxer. Mr. Chairman, thank you very much. You are a leader on national defense. And you are a leader on the Highway Trust Fund. The last person that brought that together was Ike, Eisenhower. He was President in the 1950s when you and I were just really little kids.

Senator Inhofe. You were littler than I was.

Senator Boxer. Not by that much, unfortunately. But here's the deal. It was Ike who started the interstate highway system. And he did it because of national defense. Because he said, as you said, this is one Nation under God. He may have said under God. And the bottom line is, we have to move these goods. This is essential for our national defense, for our national security. And of course, for our economic security.

So we are on the high ground here. I couldn't agree with you more that this is one place where Republicans and Democrats should come together. And we have proven we can do it in this particular committee.

Now, this panel is just terrific. And I guess I have a

political question to ask Mr. Braceras. Have you spoken this passionately to your Senator Hatch? Does he know your feelings about the impact of this?

Mr. Braceras. I believe you might mean Senator Lee. Yes, Senator Hatch believes in a strong Federal role.

Senator Boxer. No, I mean Senator Hatch. I am talking about Senator Hatch for a reason. Senator Hatch is the one with Senator Wyden is going to figure out how to fund the trust fund. And so far, we have seen nothing come out of that committee, either when Senator Wyden was in charge, frankly, or when Senator Hatch was in charge. Lots of ideas.

And if I could just say, for myself, I am open to all of them. And the reason is, I am open to all of them, because I think this is so critical to our economy. If you just look at construction workers, and I want to say to my private sector people here, thank you for being here. We, at the height of the Great Recession, we had more than 2 million workers, is that right, Bettina? Two million construction workers out of work. Today, we have 600,000 construction workers out of work. It is such a long, difficult task to get everything back to where it was before the Great Recession.

If we fail to act, and Senator Hatch and Senator Wyden together don't figure out a funding mechanism, I mean, I have been talking to other colleagues on the other side of the aisle,

Mr. Chairman, and we are thinking about teaming up and offering some things like repatriation and other things, on the Floor itself, just to get moving. Because we are headed into very, very dark waters here.

So I would just like to ask each of you the consequences, and put it as tightly as you can in my remaining time, the consequences of our not acting, and maybe at the last minute, throwing together a six-month or a five-month extension. What are the consequences on the ground? I think we are going to start with you, Mr. Braceras.

Mr. Braceras. Thank you, Senator. The consequences would be significant. If you believe that the projects that we work on are important to safety, for preservation, to save this Nation's money, we could lose a construction season if we wait too long. For us, when we get the go-ahead from Congress, we are ready to go on those projects that still need to be appropriated. It takes a month to advertise, it takes a month for WRDA contracting. In cold weather States, we could potentially lose an entire construction season.

Senator Boxer. And that means lost jobs and businesses really hurting.

Mr. Braceras. And projects costing more money next year than they do today.

Senator Boxer. Okay. Mr. Heminger, do you agree with that?

Mr. Heminger. Yes, I do, and I want to emphasize that last point. In life, time is money. But especially in construction. And when you are ready, you are ready. Then you have to let it go and some other job gets in the way. And then you're three or four down the pecking order.

California has better weather, we have more local money. So in a sense we are a little bit better able to deal with this uncertainty. But it is frustrating for all of us, as I know it is frustrating for you, not to have the predictable funding that you need for long-term infrastructure investment.

Senator Boxer. Mr. Riordan?

Mr. Riordan. Senator, we absolutely agree. On behalf of National Association of Manufacturers and my company as well, I have been personally involved in a construction equipment company in the past. I have seen first-hand the delays, cost overruns, confusion that go with the start and stop nature of this process. I would urge the committee to consider the fiduciary responsibility from the standpoint of making sure we spend money in an intelligent, well thought-out basis.

As manufacturers would say, planning is best done in advance. It is extremely difficult and extremely disruptive to have a start and stop nature, not only for private manufacturers who depend on this lifeline all the time, but frankly, for everybody else involved in the process.

Senator Boxer. Would you write us a letter? I think NAM is very influential.

Mr. Riordan. We would certainly be happy to do that.

Senator Boxer. Okay. Mr. Gardner? And I won't ask Mr. Rowen that question, because he sits here as a consumer of the roads. I understand. But I am talking about what happens on the ground if we have another one of these extensions.

Mr. Gardner. My comments really support Mr. Riordan, where I think a long-term commitment allows us to do better planning, better execution of capital investments. But more specifically for our business, we are on a three-year to five-year planning horizon. We are making decisions today on where we locate our plants and how we move our products based on what we see today. With the uncertainty in what the investment strategy is going to be, we may be making decisions that really aren't in our long-term best interests or the best interests of our customers.

Senator Boxer. Thank you.

Senator Inhofe. Thank you, Senator Boxer. Senator Boozman?

Senator Boozman. Thank you, Mr. Chairman. And thank all of you for being here. Your testimony is really very helpful as we go forward.

The good news is that there is tremendous Congressional support in getting this done, on both sides of the aisle.

In Arkansas, and I will just kind of throw this open for

whoever wants to jump in. In Arkansas we have seen some accelerated project delivery as a result of the common sense reforms in MAP-21. The reforms improved the Department of Transportation process.

However, I have also heard in Arkansas and other areas from folks who believe that the reforms have done little to expedite work required by other agencies, such as the EPA, Fish and Wildlife and the Corps of Engineers. Can you comment about this? I think this is so important. I agree, we have to figure out a funding process and make this thing work. This is one of the things, though, that if you look back, we haven't increased the gas tax in decades. Yet we have increased the regulation tremendously.

If you look and see the project that was done in Oklahoma, when you had your bridge collapse, the project in Minnesota where the bridge collapsed and was literally rebuilt in a year, not shot-cutting the things that we needed to have in place, but the agencies working together in a timely fashion without the gotcha attitude.

Can you comment about that? And also, now or at some other point, what we would like, I think, on the committee, very, very much, you all are on the ground. It needs to come from the ground up. Give us some ideas, some real life situations that we can help cut through. Mr. Braceras, we can start with you.

Mr. Braceras. Thank you, Mr. Boozman. First of all, I would like to really applaud Congress for the reforms in MAP-21. It allowed for good decision-making to be made in a very responsible way, a transparent way. Really it is about delivering your product to the market as quickly as possible. Those products that we deliver, those transportation projects, they save lives and they save the taxpayers' money by delivering them quicker.

I would say that the reforms have helped the Federal Highway Administration and USDOT accelerate those projects. But their sister agencies in the resource areas, they are in a very difficult position. They have a mission to uphold the regulations that Congress has passed. I would say that they don't necessarily always share the same understanding in the need to move those projects forward as quickly as possible.

So any attempts or efforts that Congress could make to help clarify your intent with some of those resource agencies would help them make their decisions quicker. It certainly doesn't steamroll the process, but we can certainly streamline the process.

Senator Boozman. Thank you. Mr. Heminger?

Mr. Heminger. Senator, I would first of all urge your committee to study the example you cited, which is the Minneapolis bridge collapse. My recollection, it was put back

into service in 13 months. Probably if they had done that regular order, it would have taken 13 years. A lot of it has to do with concurrency. I know Secretary Foxx was before you not too long ago, and he was using that phrase over and over again. The more we can do things in parallel and not sequence, where we are waiting for one whole activity to stop before we start the next one.

Secondly, our State of California has accepted delegation of the National Environmental Policy Act. We have a strong statute called CEQA, so I think we are in a good position to do that. But I think other States could consider that as well.

Thirdly, I do think you are right to identify the permitting process. In my experience, it is not so much the environmental review process, it is trying to get all of this alphabet soup of both State and Federal permitting agencies on the same page. In California, we have started to pay for staff at some of these agencies. When you all fund a bill for highways, you think you have the highways funded. But if we don't fund EPA and Fish and Wildlife, those guys can stop a highway project just as much as your not funding it can stop a highway project.

So I think focusing on those permitting agencies and trying to get them staffed up, putting clocks on reviews and things like that, that in my opinion is where you can really gain some time.

Senator Boozman. Very good. Thank you, Mr. Chairman.

Senator Inhofe. Did you want the other three to respond? That is an excellent line of questioning. I could just deduct that from your second five minutes.

Senator Boozman. If you don't mind.

Senator Inhofe. Yes.

Mr. Riordan. Senator, we agree as well, the National Manufacturers Association. Part of the challenge, I think, any project has is certainty around timing and cost. The more there is regulatory uncertainty that will not only disparage and kind of slow down development, but frankly, will also increase the cost and time that is required.

One of the key concerns that my company has is recognizing we need to be responsive and respectful of the environment. On the other hand, as Mr. Heminger has just said, I think the time clock and the requirements for quick, prompt, certain review is just absolutely critical in the life blood of our Country in terms of commerce here. Frankly, one of our concerns is that if this does not happen, and it frankly turns into one of the most public, challenging works project there is in terms of the Keystone Pipeline and all the delays and all the drama that has gone with this, our Country will come to a halt in terms of any development from the standpoint of infrastructure and highways.

Mr. Gardner. Senator Boozman, we have a company that is really built on continuous improvement. It has been core to our

manufacturing operations, and over the last year we have really brought that into all of our business processes. What we have demonstrated to ourselves is that really, by leaning or simplifying our processes, we can really deliver the desired result without compromising the intent of the objectives of the program.

So we are really supportive of anything that we can do to simplify the processes, allow the use of funds to be done more cost effectively. Certainly the permitting area would be the area that we need to focus on the most, because our company deals with permitting. From an environmental perspective, on a regular basis, we see some of the challenge and we can certainly recognize how that would impact all of the infrastructure investment as well.

Mr. Rowen. Senator Boozman, I am not going to answer your question from a detailed standpoint, because I am not in the industry, construction or transportation industry. But I am an owner of a company and I make business decisions every day about investments.

I will give you two examples. They seem a little crazy, but they are, I think, to the heart of the matter. I had to just make a decision about buying a new tow motor and a new furnace for my glass decorating business. I spent probably about \$50,000 in those two investments. I realized that over the last two

years, I was spending a lot more repairing my tow motor than it would cost me to build a new one. The same was true of the dryer. I had some defective product because the dryer wasn't working. It cost my business money. And when I sat down and looked at the numbers, I realized that I was making a much smarter investment spending \$50,000 today so that I could save a lot of money down the road.

I think that is what government needs to do more of.

Senator Boozman. Thank you, Mr. Chairman.

Senator Inhofe. Thank you, Senator Boozman. Senator Whitehouse?

Senator Whitehouse. Thank you very much, Chairman, and thank you for your energetic leadership on this public works bill.

Following up very directly on Mr. Rowen's point, we have information out of my home State of Rhode Island that Rhode Island motorists pay nearly \$500 million every year in car repairs for whacking into potholes and dealing with the crummy road infrastructure that we have to live with. So if you want to talk about saving money to real people and putting real money in their pockets, it is \$662 per year per motorist in Rhode Island, if you divide out 496 by the number of motorists.

That is twice as much, more than twice as much, as the Highway Trust Fund spends in Rhode Island every year. So we have

the situation in which, perhaps in theory, to protect taxpayers, we are letting our roads crumble and become really lousy. And the actual effect on the pocketbook of the average homemaker is that they lose money. They pay \$662 fixing the car instead of a little bit more in the gas tanks and heading smoothly down a safe and proper road.

So if any of you have observations that are similar to that from your trucking companies you work with or anybody else, I think it is important to help us build that story of how it doesn't save money to save money on infrastructure. All it does is move costs to the private sector and people have to write the check out of their own checkbook for the realignment of their front axle, because they whacked into a pothole that nobody took care of in time.

So I would urge you, if you don't mind, if you have stories that could help us with that case, to submit them for the record.

The second thing we have begun to see, particularly from our dear friends on the House side of the building, is a penchant for taking a piece of legislation that ought to pass, is ready to pass, has broad bipartisan support, and then adding to it something controversial that they couldn't pass through regular order but now, by virtue of attaching it to the piece of regular and by and large non-controversial legislation, they get to take a whack at it. Sort of the drug mule theory of legislation. You

try to get your contraband through by putting it on something else that is traveling legitimately rather than trying to get it through regular order, which in most cases you probably couldn't get it through regular order, which is why they are using this strategy.

So the reason I bring that up is that this is an important bill. It has a deadline in May. There is always the prospect that somebody is going to think, oh, this would be a really clever thing to attach something really controversial to to really stick it to somebody.

What would your advice be if we are faced with the prospect of having unrelated measures attached to the Highway Bill? Go ahead, Director Braceras.

Mr. Braceras. Thank you, Senator. We would obviously encourage a clean Highway Bill to come through, recognizing the importance of the work that needs to be done by all transportation agencies in this Country.

You mentioned earlier about those costs of repairing vehicles. Think about the loss of work time when they are taking care of and making those repairs. We have a saying in Utah: good roads cost less. If you invest and do the right treatment at the right time on a pavement, on a bridge, you can save over 20 times the cost of if you wait and let it deteriorate even further. So it is critical for the economic foundation of this Country that

not only the transportation system function well from a congestion and a safety perspective, but that we preserve it in a proper condition. So we would encourage that the reauthorization of this bill be a long-term, clean Highway Bill.

Senator Whitehouse. Thank you. I assume that is a unanimous sentiment from the panel?

Mr. Heminger. I would also say, Senator, that we actually confronted that situation with MAP-21. I think the fact that Senator Boxer, who was then chairman, and Senator Inhofe were working so closely together, and you got that large bipartisan vote on the Floor, I think that is the best defense you have against those kinds of riders trying to attach themselves to the bill. Because when folk see that kind of support, they know they are climbing up a pretty tall hill.

Senator Whitehouse. I couldn't agree with you more. I think there is an issue or two where Senator Inhofe and Senator Boxer might disagree. But when they get together, as they do on these public works and highways bills, they are a formidable pair. They have done a very good job at defending against that kind of behavior.

But I think it always helps to make a record that supports the fact that industry folks and folks who depend on this infrastructure would also like to see these bills go forward clean and through regular order.

Thank you, Chairman.

Senator Inhofe. Thank you, Senator Whitehouse. I would only comment that I don't think you are going to see that. I was with Congressman Shuster last night, and we talked about that very thing. He is going to make a real effort to make sure that doesn't happen.

Thank you, and Senator Rounds.

Senator Rounds. Thank you, Mr. Chairman. Thank you for your leadership. Thank you for your history.

I am still kind of stuck on the thought that no State is an island. It seems like maybe we will get back to that one in a while, sir.

In the meantime, thank you for being here. I come from South Dakota, which is as far away from the ocean as you are going to get. But as a very large State with a very low population, we still sit right in the middle of the Country and we have two interstates that run through the State, one north and south, I-29, and one east and west, I-90. Four hundred miles east and west and 200 miles north and south. We rely on the Federal Highway program to maintain our economic competitiveness and ensure the safe and reliable transportation system on which not only my constituents, but constituents across the United States rely on to get back and forth across the Country.

Businesses rely on it. We are an ag State. We have to be

able to get our products to market, just like your folks do in your States. We want that.

Now, if we were to take advantage of, or take a serious look at devolution, our State would have to increase its share of the gas tax from 22 cents to 58 cents per gallon simply to stay on par. I would like to hear from you what your thoughts are about the economic perspective of this issue, the viability of this type of a plan and why or if we should be discussing this at the Federal level as a viable opportunity.

I would like to just go through very quickly, and I know the chairman was looking at doing that, but if I could, just a real quick one, because I do have one more question and it is one that I would like to get into as well. Can we start right here with you, sir?

Mr. Rowen. Thank you. I never like to consistently be at the end of the line.

[Laughter.]

Mr. Rowen. Pennsylvania is called the Keystone State for a lot of reasons. But when you look at the transportation system and the geography and movement of goods back and forth between where goods are produced and where they need to go, one of the largest areas of the Country population-wise and economically is the northeast. Any product that has to come into the northeast or be shipped out of the northeast to the rest of the Country

goes through Pennsylvania.

If you look at the geography of Pennsylvania in terms of the health of the road systems, Pennsylvania roads are some of the worst in the Country for one very specific reason. Well, two reasons, there is a lot of traffic. The second is that its north-south location is the worst possible for roads, because it is not cold enough and not warm enough. Roads deteriorate because it gets cold and warm and cold and warm. That freezing and thawing breaks roads up.

So Pennsylvania has to take a huge amount of traffic to service the Country and yet we have an enormous repair bill every year because of our geography. If there is not a better reason to spread funding out as a national infrastructure, I can't think of one.

Senator Rounds. Thank you.

Mr. Gardner. Senator Rounds, we operate our business on a North American basis. So we are very reliant on the complete network across the Country and through Canada and Mexico. We really are supportive of a Federal program, because we need that integrated solution. There is probably not one State where we are not moving either product or raw material from and to our facilities, or to. So as a result, we really do need an integrated solution. We recognize that each State should pay their fair share as well. But having the integrated solution is

really the only option for us.

Mr. Riordan. Senator, having been involved in global manufacturing for about 35 years of my career, what I find interesting is the state of our broad union is so interconnected with the rest of the world these days, compared to 15, 20, 25 years ago. But the most preeminent example of that is, as you suggested earlier, no State is an island by itself. Here in the U.S., what is very difficult to get your hands around is how truly interconnected, in many cases whether it is pass-through freight from Pennsylvania through the heartland, out to the east coast, west coast, wherever it happens to be, it is very difficult for people not directly involved in this process to truly understand what the impact is of not having a federally-functioning process for allocating resources in order to support the infrastructure. It is just crucial.

Senator Rounds. Thank you. Mr. Chairman, my time is about up. I will yield back and we can proceed.

Senator Inhofe. Thank you.

Senator Vitter is here, who is the chair of the Subcommittee on Transportation and Infrastructure, we should have gotten to him earlier. Senator Vitter?

Senator Vitter. No, I am fine to be here and listen to more of the discussion. Thanks, Mr. Chair, for holding this important hearing. Thanks to all of you for all of your testimony.

Certainly, count me in, count me in as the Chair of the Infrastructure Subcommittee. Also count me in coming from Louisiana. We face absolutely these same challenges and needs.

Actually, Louisiana is one of five States where the proportion of bridges that are structurally deficient is in double digits. Our figure is 14 percent. Another 15 percent are functionally obsolete. We rank 19<sup>th</sup> in the Nation for urban interstate congestion, about 32 percent of the miles on our urban interstates are congested.

In Louisiana, this is a critical economic development issue. I really think we have moved into a second stage of economic development. The first stage, I think, was dominated by a focus on incentives, getting industry to our State, which has been real successful.

But I think we are in a second stage where the critical factors are not those incentives, it is capacity, infrastructure and workforce capacity. Those are the two limiting factors that business leaders talk to me about all the time. We need capacity in terms of infrastructure, roads, bridges, also ports, waterways. And they need the capacity in terms of skilled workforce, workforce training. So I am very, very interested in this.

I am going to repeat a comment I made at the last hearing we had in this committee on the subject. I want to encourage us to

all sort of cut to the chase on the financing side. We tend to spend months around here talking about pie in the sky, financing ideas and having this broad debate that is pretty irrelevant in the real world. I would like to encourage us, May isn't that far away, right? So I think it is time to cut to the chase.

In my opinion, and I am open to other ideas, in my opinion, that real world cut to the chase reality includes three big options. Maybe there are others, and I would love to hear them. But it includes three big options. First of all, the traditional gasoline tax, increasing that. In my opinion, that need to include a tax offset for middle class families, so that at least everyone except the very wealthy don't pay more Federal taxes, either on the income tax side or the withholding side. I think as a practical matter, there needs to be that sort of hold harmless if we increase the gas tax. I think that is a political reality, particularly on the House side.

Number two, a concept Senator Boxer mentioned a few minutes ago, which I am certainly open to if we do it right, which is repatriation of foreign income and elements of business tax reform. And number three, increased domestic energy production with that royalty and that revenue dedicated to infrastructure. I think that is the short list of real world, practical, doable solutions. But again, I am open to other ideas.

So my question is, do you have a reaction to those three

categories of ideas, and would you add anything to that shot list of doable, realistic financing ideas?

Mr. Heminger. Senator, I will go first. I mentioned in my testimony I served on one of the national commissions that was created a couple of bills ago. We spent the better part of two years looking for an alternative to the gas tax, and we couldn't find one.

Now, the general fund, obviously, is large enough to support an infrastructure program. But I think we have seen recently with all of these extensions the peril of relying on the general fund. The general fund has a lot of other things to do. In our State of California, we have had very bad experience being in the general fund and competing with other general fund priorities. So having a dedicated user fee I think is far superior. I really don't think there is any other revenue source large enough and consistent enough to support the program.

Senator Vitter. Any other thoughts?

Mr. Braceras. Yes, Senator, I think there are some key principles that Congress should consider when they take up this challenge. And that is the one of sustainability, one that will allow it to grow, one that is user-based and one that is transparent to the users. The users need to understand what they are paying for and what they are getting.

So I agree with Mr. Heminger, a gas tax is a very direct way

to do it. People understand where it is coming from, where it is going. In the State of Utah, we are addressing our growth. We are growing very fast. We are addressing our growth in terms of the mobility needs with the sales tax. The legislature has determined that 17 percent of the statewide economic activity is coming through the transportation sector. So they have decided that 17 percent of that statewide sales tax will be dedicated just to the mobility portion and the gas tax is being used to preserve, maintain and operate that transportation system.

So Mr. Chairman, user base, one that is not a one-time funding source, but an ongoing funding source, provide sustainability and start to address some of the inflationary issues that we are dealing with as well.

Senator Vitter. Any other thoughts?

Mr. Gardner. Yes, Senator Vitter. I think we are supportive also of the gas tax. We think it is really the simplest way to put a user fee in place. It really does also encourage sustainability and energy conservation, so anything we can do to use less gasoline will be promoted by the additional tax.

We also think it is affordable. We have seen that big correction in the cost of fuel in the last year, and we think to the most extent that is going to continue for some time to come.

Mr. Rowen. To the affordability of the middle class, almost

my entire workforce is definitely middle class. We think about their incomes, because they get it from us. We think about their expenses. But the other thing we have to realize is that over the last 15 years there has been a significant economic advantage to gas efficiencies of most automobiles.

So if you think about the impact of the tax, because it is paid on a per gallon basis, it can be somewhat mitigated because of increased efficiencies of gasoline.

Mr. Riordan. One last comment, if I may, Senator. Manufacturers in general are very supportive of user fees in order to pay for infrastructure, pay for maintenance, pay for repair. One of the key concerns that we have is making sure it is sustainable, which I believe that a user fee would be.

Concern on repatriation is that that it may not be sustainable. It is not so visible, and it may be an easy solution from the standpoint of having a perception of something else paid for, but back to the comments that were made before, we believe it is critical that the costs line up with development and that it is a transparent basis for everybody.

Senator Vitter. Thank you all very much. I appreciate all of your testimony and all of your work.

Senator Inhofe. Thank you, Senator Vitter. Senator Boxer?

Senator Boxer. Thank you, Mr. Chairman. When Senator Vitter and I worked together on funding ideas, I want to pick up

on his point. That was the reason I asked you, Mr. Braceras. I know that Senator Lee believes in devolving. And I know Senator Hatch believes in the trust fund. But he and Senator Wyden need to come up with a plan.

Now, I would ask unanimous consent, Mr. Chairman, I just want to put into the record a memo that I put together with various funding sources. Could we put that into the record?

Senator Inhofe. Yes, without objection.

[The referenced information follows:]

Senator Boxer. Okay. And I want to make it clear that Senator Vitter and I totally agree that there ought to be an offset if we go with a higher gas tax for middle class and working poor. We have put it out here in this paper. If the option chosen is a 6 cent gas tax increase, the average household drives 15,000 miles a year, then the average household will pay an additional \$36 in gas costs. Therefore, the household would receive a refundable tax credit of \$36.

So it is pretty straightforward. Because we all don't want our middle class to be paying more. This makes sense.

I also want to point out, Mr. Chairman, something that I fail to mention as often as I should, which is the cost to the automobile owner of roads that are in disrepair. You keep going over those roads, and you know what that does to your car. I am trying to get the average cost. But it is significant.

So when we do repair our roads, we are saving costs. It is true, it is sort of hidden. But it is there, and it is very important.

So in this paper that I put out, I sent it over to Congressman Ryan and Congressman Levin over there. I never heard back from them. Everyone just seems to be hiding underground here. So I never heard back from them. Finally I heard from Congressman Levin, he said thank you for your ideas. I was hoping for a little more.

But what we did is we said, one way to go is the Chamber of Commerce way, which is an increase in the gas tax and with an offset. That was one way to go. Another way to go was following the Virginia model, which is replace all existing highway trust fund fees with one fee on the wholesale price of fuel. That is the way they went.

Another is adjusting existing fuel fees, and that is all going to be in the record for you to see. Another is the repatriation, plus a smaller increase in the gas tax. And then another is a new fee on the sale of new and used vehicles, which if you put a 4 percent fee on the sale price of new and used vehicles, you get \$89 billion over six years, which is enough to fill the hole. And another is an honor-based fee on vehicle miles traveled. We also felt, and I know this is controversial, that we ought to look at different bonding authorities. Because the Build America bonds have been very, very successful.

So here is the thing. I will put this in the record, and it doesn't reflect anybody's opinion but mine. But it shows that I am willing to go to all of these and give an offset to the middle class and working poor for that.

Reports show that crumbling roads cost \$750 per vehicle each year. Can you imagine? That is wear and tear. So all this talk about \$36 pales in comparison to the benefit of this. So I am going to close and say this. I am working with the construction

industry to get us all together in April, Republicans, Democrats, business, labor, everybody in between, State, I met with the National Association of Counties yesterday. And I think frankly, I am a person that used to organize around issues. I still organize around issues. If I don't see anything moving forward, if there is just a lot of ho-hum, I think we need to get together and stand together and show the desperate situation we are in. I know no one hates these short extensions more than my chairman. He hates it because of how expensive it is.

So can I ask each of you if you would be willing, if we do put together such a bipartisan event, would you be willing to either come or send a statement? I am seeing everybody nodding yes. Well, that means a lot to me. Because I think you are such compelling witnesses, and I thank the Majority and the Minority side for bringing together such a wonderful, astute group. I am just saying now, I am very calm on the outside. But on the inside, I am not calm.

Senator Inhofe. You are a tiger.

[Laughter.]

Senator Boxer. I am not calm. Because I don't like where we are headed now. I don't see it. The only action I see is from this committee. And it is great. But where is everybody else?

So I want all of you who are here today and in the audience,

please these other committees and the House people. They all say they want to do something. But they all said that the last time and we got stuck with this little extension which is really dangerous for our economy. It is dangerous for our citizens. It is costly, it is bad.

So on the inside, I am absolutely desperate to get this done. As Steve said, it is not so much about my State - it is. We need the Federal help. But honestly, it is about most of the other States. Because we do have that long construction season. With climate change, we don't even have rain any more, it is the saddest thing. For whatever reason it is, we do have a drought. And we do have a longer construction season than anyone else. So we have fewer problems in this regard. And we can advance funds, because we are a nation State, we are I think the seventh or eighth largest nation, considering our GDP.

This is about the Country, one Country under God. That is what this is about. So Mr. Chairman, I just am so grateful for your leadership and look forward to continuing our working together.

Senator Inhofe. The one thing you didn't mention, the reforms that come. I have to say this in a complimentary way about Senator Boxer, because there are some things that we did in our reforms, and this goes back to 2005, it goes to the 27-month bill, that I didn't really think we were going to be able to get

those two. That is a huge thing from a conservative perspective and advantage.

By the way, I might mention I am visiting with the ACU this afternoon on this very subject, which I will cover in just a minute.

We are joined now by Senator Capito.

Senator Capito. Thank you, Mr. Chairman. I would like to thank the ranking member, because I was on the conference committee for MAP-21 and we just had our West Virginia transportation folks in yesterday. Some of the reforms that were in that bill, we are reaping the benefits, they were very complimentary on how it is working State to Federal. Hopefully we can continue to do that.

One of the things I wanted to ask about, and I apologize for not being here for the initial testimony, is the public-private partnerships. That is another thing that I heard my State DOT, is we are really maxing this out in West Virginia, going in a cautious way. But it is incredible to me the amount of savings that these three Ps can do for a State and really stretch our dollars. Route 35 in my old Congressional district is a great example. We are about ready to let a contract, or they have a request for bids right now.

So I would just ask one question, and I have two questions. So whoever wants to answer this, maybe Mr. Braceras. What

experiences have you had with the experience of PPPs, and do you have any suggestions for the next generation of PPPs?

Mr. Braceras. Thank you, Senator, for that question. I think first of all you have to look at what you would define as a P3, a public-private partnership. It is really a spectrum of how you do your work. We outsource almost all of our design engineering, most of our construction engineering and obviously all the construction. We were the first State to utilize design-build on a highway infrastructure, one of the first States to use construction manager general contractor.

Basically, the more we can define outcomes that we want to achieve and leave the means and methods to those who are doing the work, the better we are going to see better outcomes, we are going to see better value and return to the taxpayers. So I encourage further any expansion, any abilities to help bring the private sector in as partners in delivering our program. We are a relatively small State, and some people look at P3s as maybe under a tolling arrangement. We have done some analysis on that. We have also looked at availability payments in doing this as well.

So all of these are tools. I don't believe they are a financial answer to our transportation system. But I think they are important components that we need to keep available.

Senator Capito. I think they add predictability, too. And

at this point, when we have low interest rates, this is really where we should be maximizing this opportunity.

I am going to pivot here to Mr. Riordan and ask a question on ground level ozone. Ozone in a highway hearing, yes, we wonder about that, but they are very linked, as you know. EPA recently proposed a change to the national standard for ground level ozone that will most likely end up between 60 and 70 parts per billion. We don't know exactly where they are going to set that standard. But my entire State would be out of compliance, the State of West Virginia, meaning significant highway projects that are vital to West Virginia could be delayed or compromised. And those jobs would be lost.

Let me just give you an example. If you have ever been to the Greenbrier, which I hope you all go and please visit, it is a very rural part of West Virginia. That county is Greenbrier County. That would be out of compliance with the new ozone limits that are being talked about.

So I would ask you a question. What difficulties could States face in implementing these new measures to meet a more stringent ozone standard?

Mr. Riordan. It is a very significant concern on the part of manufacturers, Senator. I think the challenge that we see as manufacturers and again, based on my role as the chairman of the Small Medium Manufacturing Group which represents 12 million of

the 13 million manufacturing folks that are working here in the U.S., a key concern is will it only defer or delay increased costs from a highway standpoint, but the broader concern that we have as it relates to, as you move closer to the effectively background level of ozone, costs go up exponentially and the benefits go down dramatically. Our concern is very, very significant as it relates to, back to your point of the entire State of West Virginia. Our analysis shows that about 97 percent of the U.S. potentially would be in a non-attainment zone, which would de facto freeze development from a manufacturing standpoint. So this is a huge concern, not only as it relates to our quest in terms of moving the Highway Bill forward and continued infrastructure development, but the broader manufacturing industry at hand.

Senator Capito. Right, and then that obviously is transportation projects as well, particularly larger ones.

So Mr. Chairman, I would like to say that I know this is an area where you have great concern as well. It is amazing to me that we are going to put new standards on ozone regulations when the compliance hasn't even been achieved to a significant amount in the former standards that were placed upon the rest of the Country. So I want to join with you and shed a light on this and see how we can do this better. I think there are lots of ways we can.

Thank you all very much.

Senator Inhofe. Thank you, Senator Capito. Senator Wicker?

Senator Wicker. Thank you, Mr. Chairman.

I want to thank Senator Capito for bringing up the question of ozone. There are two things I find frustrating about this new rule. Jurisdictions that have made progress in actually lowering the ozone level are now being rewarded with the back of the hand and being found in non-attainment, after having made progress. Also so many areas, including perhaps, you are familiar with DeSoto County in Mississippi, which is a suburban county of Memphis. There is nothing that the activities in DeSoto County have done to raise the ozone level. It comes from the west and it comes from the metropolitan area. And yet development and job creation are being stifled in this suburban county, through no fault of their own. And there is really very little they can do to prevent it, since the ozone comes from someplace else. So thank you, Senator Capito, for mentioning that.

Mr. Braceras, let me preface my question with a fairly lengthy beginning. The President recently issued an executive order. It exposed the area where Federal agencies will be required to follow floodplain management, expands it from the 100-year floodplain to the 500-year floodplain. Currently there are projects to raise roads to above the 100-year floodplain to address the risks. Now that will not be enough.

There will be increased costs because of limitations on building in the floodplain. There will also be costs for mitigating any impacts to the floodplain and complying with "zero rise" policies that say a project cannot have the effect of increasing flooding. The rule would be used by Federal agencies overseeing new infrastructure projects in transportation, energy, housing and water supply. Agencies will be required to choose one of three approaches when building or completing maintenance to infrastructure. One, use the best available climate science, or two, build two feet above the 100-year flood elevation as a 1 percent annual chance of flooding that instance, or three, build to the 500-year flood elevation. There is a .2 percent annual chance of flooding in that instance.

The rule could have significant impacts to the distribution of Federal highway aid, USDOT TIGER grants, HUD CDBG grants, Federal loan guarantees, FEMA flood insurance and flood plain management and disaster response programs. What impacts related to cost would your member agencies face, Mr. Braceras, if they were required to build or repair Federal highways two feet above the current 100-year flood elevation?

Mr. Braceras. Senator, I always struggle with specific answers being given to States in terms of how to solve issues. Everything that we do we need to evaluate the risks, the benefits and the costs associated with that and make strategic decisions

on what is best for the taxpayers, their safety and bring that all together.

Now, Utah is a relatively dry State. But believe it or not, we have areas that are dry washes that have been defined as navigable waterways and require extensive permitting in order to make decisions. I would be concerned about the ability for States to make the proper decisions for infrastructure preservation. So if we are going to have to touch a piece of roadway or bridge, and as soon as we touch it we are going to need to bring it up to a new standard, that keeps States and municipalities from doing the right treatment at the right time and thereby costs taxpayers more in the long run and maybe creates unsafe conditions.

So every time we make a decision, we should evaluate it in the context of the benefit cost in the larger picture, not just regarding a specific resource.

Senator Wicker. And when you mention cost, that is cost for mitigation, for change design or change location, or for different or more expensive materials. Would anyone else on the panel like to jump in and help us understand this issue better? Mr. Riordan?

Mr. Riordan. Senator, we have significant concerns on the broader context of obviously this, along with the waters of the U.S. regulations that are being promulgated. In our mind,

frankly, it is similar to discussion we just had on ozone, where NAM has put together a study that shows the ozone regulation would be the most expensive rule ever promulgated within the Federal Government, costing a potential \$2 trillion.

A key concern is, I don't have the facts behind what this proposed regulation would cost in terms of floodplain. But again, it is a question of, as I would call it from a manufacturing standpoint, what problem is it we are trying to solve here, and is this the most cost-effective way of doing it.

Senator Wicker. Thank you. Thank you, Mr. Chairman.

Senator Inhofe. Thank you, Senator Wicker.

We are going to recognize Senator Rounds, but let me kind of announce this, so that my two members who were not here at the opening of this meeting. I commented that confession is good for the soul, and I confess that 25 years ago, Connie Mack from Florida and I were the two fathers of devolution, until we realized why it wouldn't work. The reason that Senator Boxer brought up my concern as it affects our defense system is that I was the ranking member on the Senate Armed Services Committee in addition to working on this committee.

So after everyone is all through and gone, I am going to ask you to go ahead and continue down to respond to the questions that I first asked. You have done a pretty good, and Senator Rounds brought it up, but I want to talk about it in a little

more detail. Senator Rounds?

Senator Rounds. Thank you, Mr. Chairman.

I would like to follow up on the line in terms of the streamlining that could be done to save dollars. I think that is one of the most important things we have to do, in order to maintain credibility when it comes to how we spend tax dollars, whether they be at the State level, local level or at the Federal level.

Sometimes I am not so sure that we are seen as looking at saving dollars here at this level. In fact, every time we seem to get involved in a project, it gets more expensive. A lot of that has to do with a regulatory process that creates expense. I understand there are good people who have good desires to have things work appropriately and to protect natural resources and so forth. But it comes at a cost. And part of the cost is that people who are paying those taxes wonder why it costs more to get projects done.

If we are going to ask States to increase gas taxes or if we are going to ask people to pay a higher gas tax or any other type of a tax, I think we ought to be able to show them that we are doing the best we can to be efficient in the delivery of those services. Could you help us a little bit with any suggestions you may have in terms of how we streamline the process, save dollars, and for lack of a better term in the business community,

talk about getting more bang for our buck?

Mr. Heminger. Senator, I would like to return to the word that Carlos used. It is risk. I think we have designed a system now that tries to suck every little bit of risk out of a project development process, and in doing so, we have guaranteed that everything will take too long and cost too much. I think we need to be candid with the American people that if you want it to go faster, we might have to take a little risk, and something might go wrong and we might have to start over and do it again.

But we have been doing that to a considerable extent in our region, in our State, where we have begun design activity before we have an environmental clearance. And we are taking a risk that the environmental process won't surprise is with something. And sometimes we are surprised. But more often than not, and we have gained that time on the schedule by taking that risk.

I think the more the Federal Government can formalize that process and be a partner in taking some risk, I think risk-taking and entrepreneurship is rewarded very often. But sometimes you fail. I think we have to be willing to fail a little bit more to make our system work better.

Mr. Braceras. Senator, following on Steve's comments, the only one who doesn't make a mistake is somebody who doesn't do anything. What I try to encourage our Staff in the Utah Department of Transportation is to be innovative and to try new

things.

What I talked about in my testimony is anything we can do to move towards an outcome-based program as opposed to one that has been for many, many years focused on process, and that is true with State level agencies as well as with Federal agencies. We have almost gotten to the point where people are afraid to make a mistake. And the best way not to make a mistake is not to make a decision. So during the process, we can pull that process out and draw that process out longer. There is no real reward for getting to that outcome, to that final decision point.

So anything Congress can do to identify what the goals are and that all Federal agencies and State agencies understand what those goals are, as few restrictions on that process, because that allows innovation to come into play and allows us to be able to focus on how we are going to achieve. Once people own the how, once those people doing the work have the ability to determine how they are going to accomplish that goal, they become accountable and you find innovation taking place.

So outcome-based, less process-based.

Senator Rounds. Anyone else?

Mr. Riordan. Senator, in my testimony I mentioned that our costs of transportation delays, poor productivity, customer frustration adds about 1 percent to our costs. Several Senators earlier today mentioned the cost of car repairs. Mind you, that

is only the tip of the iceberg on the consumer side.

I think the business community clearly understands and can quantify the impact to it. But eventually a lot of that gets passed on to consumers, one way or another. I think what the broader concern is is the visibility behind what does this really cost the average middle class person, in terms of car repairs, delays in their own personal life, being late for work and getting docked against that, and all the other drama that goes with the poor and deteriorating infrastructure we have.

I think we talked about \$36 gas tax increase compared to a lot more than that. How do we make what I would describe as the business case to the broader U.S. consumer of understanding that and recognizing this gas tax increase is a bargain? Any business person would take this deal in a second with a five to ten to 20 times payback.

Mr. Gardner. I think we talked about before really any opportunities to simplify processes and challenge the status quo is well supported by us. We are seeing some of the intents of that in the programs. We talked about environmental permitting is really probably the biggest bottleneck. So anything we can do in that area is going to be helpful.

I think the most important thing is just to make sure that we are making the right investments and that the investments are focused on congestion and road quality. Because we can directly

correlate congestion to additional costs for our industry.

Mr. Rowen. Leadership. It is all about leadership. Get the message out. We have all heard today, and every one of us sitting in this room today understands that raising the gas tax is going to save virtually every American money, if not a lot of money, in other areas. So you simply have to, the American public will buy something that is a good deal. They are great at recognizing deals.

I think that the fear that comes out of the political process of the concept of raising taxes is, can be mitigated by leadership, by a clear, concise message that you are doing this to make things better for all Americans, and in the end, it is money well spent.

Senator Rounds. Mr. Chairman, I think the group here that has answered the question tells us, number one, they are prepared to make an investment, but they expect us, with leadership, to provide that it is done as transparently as possible, and the delivery, if we are going to expect people to put more dollars into the system, we are going to make a commitment that we will see that they are spent as efficiently as possible. I think that means we have a big job ahead of us.

Senator Inhofe. Thank you very much, Senator Rounds. We are going to recognize Senator Carper, but I want to make a comment here about this. A lot of people don't understand what

we are talking about. First of all, I would like to have us not really talk about a gas tax increase. It is a user fee. Now, user fees are popular. Look at the inland waterway user fee, the stakeholders, those who are paying for it are the ones who want to have it. So I think that is a good way of putting it.

Secondly, keeping in mind, as I said in my opening statement, that this is what we are supposed to be doing here. Read the Constitution. In fact, I will quote something if you will bear with me a second, Senator Carper.

Senator Carper. Take all the time you want.

Senator Inhofe. The American Conservative Union, in their document that they helped us get this passed on the 27-month bill, they are saying, "Not passing a bill will hurt our already suffering economy." And then the two elements, quoting the Constitution, the two elements that are the most basic responsibilities of the Federal Government are national defense and the development of a national transportation infrastructure.

I say this, and we have to keep saying it, because somehow, people forget what we are supposed to be doing here in Washington. This is what our founding fathers said, it was their idea. It was put forth. The reason I mention that Senator Boxer talked about my concern over defense is that I had that job as ranking member on Armed Services. So I made quite a study, I say to my good friend, Senator Carper, of Eisenhower and the

statements that he made back when he first gave birth to this concept.

The last one I will leave with you, he said, "Interstate commerce doesn't stop at the State boundaries. No State is an island," as you repeated from my statement before. It is just as much about national defense as it is interstate commerce. That is what we are talking about here.

Senator Carper?

Senator Carper. I am Tom Carper, and I approved this message.

[Laughter.]

Senator Carper. As the senior Senator from first State to ratify the Constitution, I applaud your use and reference to the Constitution here this morning.

Welcome, everybody. It is great to see you. Thank you so much for joining us and trying to help us find our way through an important issue. Colleagues hear me talk a lot about our jobs. Our job is not to create jobs. My job as governor was not to create jobs. Our job is to help create a nurturing environment for job creation. And you can't do that without a great transportation infrastructure.

Since 1993, as you know, when we set the Federal gas tax at 18.4 cents, 42 States have increased their State gas tax rates. Twenty States have taken action to increase revenues for

transportation in just the last five years. Eight of these were either in 2013 or 2014. I understand that 12 more, another dozen, are considering action this year or next.

How many of these States have said, we are ready to go it alone and we don't need a Federal partner? How many of those States have said that? Let's go down the list. Mr. Braceras?

Mr. Braceras. Thank you, Senator. The State of Utah has made an amazing commitment to transportation. Utah recognizes that it is the backbone and one of the foundational elements for our economy. So we have made a large commitment, almost 20 percent of our statewide sales tax goes to transportation, 24.5 cent gas tax goes to transportation. But we rely on a Federal transportation system, and it is very important to us.

Senator Carper. Thank you.

Mr. Heminger, how many States have said, well, we are ready to do this by ourselves, we don't need that Federal money?

Mr. Heminger. Certainly not California. In 1993, the statistics you are quoting, Senator, our gas tax was 16 cents. It is 46 cents today. So we are certainly willing to do our share. But we are looking for a Federal partner to come along with us.

Senator Carper. Thank you. Same question, Mr. Riordan.

Mr. Riordan. Senator, I am not familiar with the specific facts in the State of Wisconsin, but I don't believe they are

willing to go it alone.

Senator Carper. All right, thank you.

Mr. Gardner?

Mr. Gardner. I am also not familiar with the State of Illinois, but I can say that we are supportive of a federally-directed program, because our business relies on the complete transportation network to deliver our products.

Senator Carper. Thanks. And finally, Mr. Rowen.

Mr. Rowen. Senator Carper, earlier I was talking about the geographical significance of Pennsylvania, the fact that so much traffic going into the northeast goes across Pennsylvania, and then the geographical impact of the weather on the Pennsylvania roads. So there is just no way Pennsylvania could be forced to pay for all the maintenance of the roads in Pennsylvania.

Senator Carper. Thank you. My staff, at my request, did some analysis. They found in States that have raised revenues for transportation, 90 percent of legislators who voted for a revenue increase won their primary, won their general election. They were re-elected. But so, over 90 percent of them were Republicans, just under 90 percent of them were Democrats. What lessons can we take from that information, from action at the State level? Mr. Rowen?

Mr. Rowen. Pennsylvania just elected a new governor. And he was elected on the idea that he was going to tax natural gas

coming out of the State. So the idea that, and I understand it is a different kind of a tax, but Pennsylvania looked at the need for infrastructure and said, we need to get more revenue. And Governor Wolf was honestly willing to put on the table that process. So he clearly did exactly what you are recommending.

Senator Carper. Thank you. Mr. Gardner?

Mr. Gardner. I think it demonstrates that the general public is willing to support this additional tax. As we have talked about already this morning, it just makes good business sense. A small increase in your annual costs has payback in terms of reduced repair costs to cars and certainly for businesses, it has a great payback in terms of reducing congestion.

Senator Carper. Thank you. Mr. Riordan, any lessons learned you think we could take from those statistics I just cited?

Mr. Riordan. Good question, Senator. I believe that the American public clearly believes in the fairness principle of user fees make sense for people who are using the roads and infrastructure that goes with that. That said, I think manufacturers in general support all the above discussion in terms of how to fund this as it relates to recognizing, back to the chairman's comments earlier, about the criticality of the infrastructure, whether it is public-private partnerships or

other mechanisms here. But this issue is much, much too important to leave languish. Because frankly, we continue to lose ground against our major competitive countries, China in particular. And frankly, our long-term best interests are best served by getting off of this and developing a coherent, long-term approach.

Senator Carper. Thank you. Mr. Chairman, my time is about to expire. Can I just have one more minute?

Senator Inhofe. We actually had two rounds.

Senator Carper. Thanks so much.

I want to touch again on what you just said about all of the above. Because we have an all of the above energy policy, which I think is good. For many years, and we talk about our baseload for electricity generation, for many years it was coal, it was nuclear, 40 percent coal, 20 percent nuclear. Coal is still, close to 30 percent, is going to be significant for, I think, a long time. Natural gas is close to 30 percent now I am told. But those were basic, the baseload.

I think for transportation funding, we need a baseload. And I believe maybe most appropriately it is the user fee. The baseload could include things like, we are going to open up some new lands off of Virginia or North or South Carolina or Georgia, there would be leased income from that, there would be, if there is oil and gas out there, there would be some revenues generated.

That could be part of the all of the above approach. Then we could actually find ways to save money. The Department of Transportation has a bunch of ideas.

When the last two-year transportation bill was put into effect, I think they looked hard to find ways, how to rebuild roads, highways, bridges in a more cost-effective way. So that could be, if you will, part of the all of the above approach.

But I have been thinking a lot about it, and I think the President has a proposal. I am not a big fan of repatriation, but the President has an interesting proposal and that could be part of an all of the above approach as well. So thank you for mentioning that term.

Back to you, Mr. Heminger, if I could. Again, my question was, what kind of lessons should we take away from the fact that over 90 percent of the Republican State legislators got re-elected after voting for user fee increases and almost 90 percent of the Democrats got re-elected? What should we take from that?

Mr. Heminger. I think the simple answer is that most Americans do understand the user fee concept. It is sort of the PR genius of our profession that we have labeled a user fee the gas tax. And I don't know when we started doing that. But that was our original sin.

But the public understands that they are paying a fee that will be used to fix their roads and transit systems. They get

that connection and they support it.

Senator Carper. I like that, original sin. That is good.

Mr. Braceras. Senator, I agree with Mr. Heminger on the need, that it needs to be linked to the user. That is an important concept. But I also believe that the public needs to know what they are going to get for their investment. They need to know what those outcomes are going to be, and we as government officials need to be absolutely transparent on how their money is used and what we achieve with their money. I think if you can demonstrate that, the public can recognize a good business deal.

Senator Carper. Good, thank you. We often talk about the jobs that could be created from a full-funded transportation bill. I have heard 600,000 jobs, 700,000 jobs. A lot of jobs for people, frankly, who have been looking for work for quite some time. We also need to think about the investments we could make in our transportation infrastructure that could have broader economic impacts.

A recent report by McKinsey Global Institute found that the U.S. must spend at least, get this, \$150 billion more a year on infrastructure through 2020 to meet our Country's needs and to maintain global economic competitiveness, \$150 billion. The upside of this was that in doing so, it would add 1.5 percent to our annual economic growth and create at least 1.5 million jobs. So that is 1.5 percent addition to economic growth and about,

almost 2 million jobs. From your perspective as owners and users of this system, does any of this sound even close to being true and accurate? Mr. Braceras?

Mr. Braceras. I don't have the numbers off the top of my head, Senator, but yes, absolutely. I think we talk sometimes too quickly about the benefits of a transportation bill and what they have on the construction industry. And those are important jobs. But really what is important is how well the transportation system works for the business owners who we have here today. They will make different and more effective decisions if they have a transportation system that is safe, reliable and has the lowest cost of ownership for them.

So I think that is the important part of our transportation system.

Senator Carper. Thank you. Mr. Heminger?

Mr. Heminger. Senator, I don't think it is an accident that what we regard as the golden age of the American economy in the last century coincided with when we were building the interstate system, any more that I think that it is an accident that when you see the economies in Asia and to some extent in Europe taking off because of infrastructure investment, that is not a coincidence, either. We need to get back to that business here in America.

Senator Carper. Thank you. Mr. Riordan?

Mr. Riordan. Senator, manufacturers in general absolutely agree with the points you made. Frankly, the National Association of Manufacturers has developed a similar study that shows the same kind of comprehensive benefits available to us if we are smart and move this forward.

Senator Carper. Good, thanks.

Mr. Gardner. Senator, we also agree. I think what we have seen in manufacturing is that for every job we create, there are probably another two and a half jobs that are spinoffs as well. So it is quite probable, what you are seeing there. From our company's perspective, we are making investment decisions based on what we see in terms of infrastructure today. So any commitment we can make to that infrastructure will help us make better decisions.

Senator Carper. Good. And last, but not least, Mr. Rowen.

Mr. Rowen. It is incomprehensible, as a business owner, for an entity or organization not to invest in infrastructure, if all the economic numbers say that the amount of money you invest will pay dividends ten-fold over in the future. It is incomprehensible that that could happen. And this is a Country that we talk about capitalism. Capitalism is the root of our economy. This is a capitalistic concept. It is a business decision, pure and simple. As leadership, you simply have to sell it. You have to sell it first to the people who make the

decisions, so it is your Congress that authorizes this. Then you have to simply sell what is an absolutely obvious decision, a business decision, to the American public.

Senator Carper. Good. I think it was Andrew Jackson who used to say, one man with courage makes a majority. Mrs. Jackson said, one woman with courage makes a majority.

[Laughter.]

Senator Carper. But we need some men and women around here with courage, political courage, to do what I think most of us know needs to be done. And I am encouraged that some folks on this committee, a number of my folks in the Democrat and Republican party here in the Senate and hopefully in the House will be willing to show that kind of leadership and courage. If we do, people will join us.

I think at the end of the day, we will be rewarded for that. Leadership has been defined as the courage to stay out of step when everyone else is marching to the wrong tune. I think people want us to make the right decisions. My hope is that we will. Thank you.

Senator Inhofe. Very good, very good, Senator Carper.

As I said, I want to give the last three an opportunity to respond to the question that I opened up with. I say to my friend, Senator Carper, who is one, a lot of people are not aware that our old friend from Florida, Connie Mack and I, 25 years

ago, were the fathers of devolution until we realized that it wouldn't work. So they are responding, and we had just gotten through two of them.

But before doing that, we have our Secretary of Transportation here, Mike Patterson. Hold your hand up, Mike.

And of course, everybody knows Gary Ridley.

Let me ask one question to you, Mr. Rowen. You said something I didn't know. Did you say, did I understand there is some dedication of part of the revenue that is derived in the, either from natural gas or oil in Pennsylvania under your new governor? Is that correct?

Mr. Rowen. Under the previous administration, it was my understanding that they were charging an impact fee at extraction. But I believe that that amounted to something like 1 or 2 percent.

Senator Inhofe. But it was something, a recognition. See, most people think when you are talking about oil and gas production that we are talking about the western United States. That is not true anymore.

Mr. Rowen. No, absolutely not.

Senator Inhofe. With the Marcellus in Pennsylvania and New York, I have heard arguments, pretty persuasive arguments in Pennsylvania, that it could be your second largest employer right now. So it is a major thing.

And that is a source. And that source was one of the three that Senator Vitter brought up. No one responded to that, the other two but not that. Would anyone want to respond to that in terms of a partial source that is out there? If we can get to the point in this Country when we start, and we will get to this point, start really having the Federal land give us the benefits that we are currently getting from State and private land, while we have gone, increased by 61 percent in State and private, we have actually decreased by 6 percent in Federal. I see that as an opportunity to go out and develop a new, consistent source to supplement any changes that might be made in the user fee.

Does anyone want to refer, make any comments about that portion of his suggestion?

Mr. Heminger. I guess, Mr. Chairman, just in one respect, as you know, the Federal gas tax is not levied on consumers. It is really levied at the refinery, and everybody down the chain just reimburses the one ahead of them. So to the extent that you already have the tax at the refinery, it is not too much farther to take it back to the place where you are digging it out of the ground.

Senator Inhofe. Very good point.

Mr. Heminger. So it seems to me from the user fee perspective, it would be consistent. One thing I would be concerned about is, I know oil and gas exploration can be a

pretty risky business and it can go through cycles. I think one thing we always look for, and you have been emphasizing, is predictability and reliability of the revenue stream.

Senator Inhofe. Any other comments?

Mr. Riordan. Mr. Chairman, I would agree with Mr. Heminger's comments. And one other additional point is the transparency that goes with that, whether it is the wholesale level or extraction level.

Senator Inhofe. Sure.

Mr. Riordan. But I think it is important to be clear and transparent in general as well as with the American public relative to where this is coming from, and again I would echo the comments of the hit and miss concern that the extraction level, the faucet can turn on real hard and it can't turn off real hard, as you know.

Senator Inhofe. I understand that. Also, I might suggest there is a way of doing this in a more consistent basis. I come from an oil and gas State, and we know how to do those things. Any comment on that, Mr. Gardner?

Mr. Gardner. Yes. I was going to say that I think the Federal leadership is absolutely critical. We need a complete, integrated solution across the United States. I think the gas tax, or a user fee, is a very simple concept that can be sold, and we see it supported at the State level.

I would also say that the States and all the companies that use the systems also need to demonstrate they are making investments. I can say from an Ingredion perspective, we are investing in transportation management systems so we can be smarter with the use of trucks. We are maximizing payloads so we can use less trucks and we are redesigning our distribution network to minimize the number of miles.

So we are making our effort. I think we need a complete, integrated solution to beat this problem.

Senator Inhofe. We have actually gone over our time, but since I initiated a question to be responded to by all five, I think Mr. Heminger was as far as I got. Any comments for the last three having to do with devolution?

Mr. Riordan. Mr. Chairman, I think you, as they say, hit the nail right on the head. This is one of the fundamental legs of the service and the contribution from the national or the Federal Government. I find it hard pressed, and frankly, manufacturers in general find it hard pressed on how the Federal Government can walk away and pass the problem of funding or not back to the States. The criticality of the interstate highway system, as you alluded to earlier, was very much dependent upon planning and vision at the Federal level. I think we would strongly encourage that to continue.

Senator Inhofe. Yes, thank you. Agreed?

All right. Let me thank our panelists. You have been very helpful. We have held you longer than we had said we would. But the intensity of this issue is so significant. As you have witnessed, it is one that is bipartisan. It is one that we all know. I think one of my jobs is to kind of explain the Constitutional requirements that we are talking about when we talk about a system.

So we are going to try to make this work this time. I remember, I have been at this for so long, I remember back when I was in the House T&I Committee, we had one problem with the Highway Trust Fund. We had too much surplus. Are you guys old enough to remember that? Well, we did. And we all know what happened to that, and that is why we need to get back and start doing the job that the Constitution says that we should be doing.

With that, we will adjourn.

[Whereupon, at 11:30 a.m., the hearing was adjourned.]