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

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FREIGHT MOVEMENT: ASSESSING WHERE WE ARE NOW AND WHERE WE NEED
TO GO

Wednesday, December 20, 2017

United States Senate

Committee on Environment and Public Works

Subcommittee on Transportation and Infrastructure

Washington, D.C.

The committee met, pursuant to notice, at 10:35 a.m. in room 406, Dirksen Senate Office Building, the Honorable James Inhofe [chairman of the subcommittee] presiding.

Present: Senators Inhofe, Cardin, Capito, Boozman, Fischer, Moran, Ernst, Sullivan, Shelby, Whitehouse, Gillibrand, Duckworth, and Harris.

Also Present: Senators Barrasso and Carper.

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

Senator Inhofe. The meeting will come to order.

We are honored to have some great witnesses today, and I will save the introductions. I know there are a couple of introductions that will be made from up here.

This morning we will go ahead with our opening statements, myself and Senator Cardin, and then we are honored to have both the Chairman and the Ranking Member of the whole Committee here, so we will have Senator Barrasso, Senator Carper. Then I understand, Senator Cardin, you have an introduction to make also.

Senator Cardin. Yes.

Senator Inhofe. All right, we will do that

Let's recognize first Senator Carper, because he is going to be coming back and doing his a little bit later.

Senator Carper. Just very briefly. I welcome this important hearing, and I want to thank our Chair and Ranking Member for pulling this all together and giving us a chance to say something. I have a statement I would like to ask unanimous consent that it appear in the record. If I have a chance to come back and give it live later this morning, I will do that.

But again, it is good to see you all. Thank you for joining us. This is important stuff.

Senator Inhofe. Thank you, Senator Carper.

I want to thank all of you for being here today. I would like to thank my friend, Ranking Member Cardin and his staff for their help in getting this hearing together.

You know, I have taken count. I think the last one, other than you and me, that came in the 100th Congress is retiring this year. That leaves you and me.

Senator Cardin. I hope that is not a message.

[Laughter.]

Senator Inhofe. All right. But, anyway, we did come in. We spent a lot of time together, working together in a bipartisan way accomplishing things, and we enjoy continue that. Looking forward to working with my colleagues on this Committee as we work together in legislation that will benefit the users of our transportation networks and the economy.

Since President Trump has been in office, we have seen a 3 percent growth in the economy. We have added over 2 million jobs and the consumer confidence has skyrocketed. However, the economy will only continue to grow if our infrastructure is maintained and expanded to meet our future needs.

In 2015, over 18 billion tons of freight, worth \$19 trillion, moved over our highways, railways, waterways, and through the air. These numbers are only expected to grow, with an estimated 25 billion tons of freight movement by 2045, worth

an estimated \$37 trillion.

Yet, when freight is delayed on congested highways, diverted around structurally deficient bridges, or awaiting movement at our ports and on our waterways, an estimated \$27 billion annually in increased costs are borne by businesses, raising prices on consumer goods. The more delays we see, the further behind we will become.

According to the World Economic Forum, the U.S. ranks 12th in overall infrastructure quality, and the American Society of Engineers, which we have heard several times from, scored our infrastructure as a D+ earlier this year, estimating that we need to spend close to \$2 trillion in the next 10 years to improve all of our infrastructure and our overall economy.

In order to address this need, in the last Congress we passed the FAST Act, which authorized \$305 billion over five years. The FAST Act also established a \$6.3 billion freight formula program for States to invest in freight projects on the National Highway Freight Network, and that is the first time that that had been done. It has created a \$4.5 billion over 5-year grant program to improve the safety and movement of freight. Though the FAST Act was the largest transportation authorization in a decade, we have more work to be done before we close the gap between our funding and our needs.

I am looking forward to hearing from our witnesses today.

I enjoyed meeting them individually and reminding Mr. Parker that we in the State of Oklahoma, our best kept secret is we also are navigable.

Senator Cardin.

[The prepared statement of Senator Inhofe follows:]

STATEMENT OF THE HONORABLE BENJAMIN L. CARDIN, A UNITED STATES
SENATOR FROM THE STATE OF MARYLAND

Senator Cardin. Well, Senator Inhofe, thank you for reminding me how long we have been here. I appreciate that very much. But Senator Inhofe and I have been friends since we both came to the United States Congress in 1987, and I do thank him for his dedication, his willingness to try to find ways to move things forward, particularly on infrastructure. Senator Inhofe has been one of our great leaders, so it is a pleasure to work with you on this Subcommittee that deals with infrastructure with Senator Barrasso and Senator Carper and the members of this Committee.

Today's topic is critically important, Freight Movement: Assessing Where We Are Now and Where We Need To Go. This Nation was built by the fact that we were able to build up an economy, and our infrastructure was critically important for us being able to develop that economic strength that we all are so proud and gives an opportunity to so many people.

The U.S. freight system depends upon the multimodal system of infrastructure. Roads are critically important for our trucks. Rail is important for our freight moving by rail. Yesterday I had a meeting of the Maryland delegation with Mr. Foote, the new Acting CEO of CSX, as we talked about freight issues, including the challenge we have in Baltimore with the

Howard Street Tunnel, where you can't double-stack. So, it is incredibly important that we maintain and strengthen our rail.

We talked about the waterways, and I am glad that Mr. Thomas is here in regards to the Port of Baltimore and the importance that is to the movement of freight and our barges, our pipelines, and certainly our airports. Our airports are becoming more congested, and it is an important part of our freight.

So, Mr. Chairman, over the next 30 years our transportation system, which has powered the rise of our Nation and enabled generations of economic growth, could, could become a drag if we do not pay attention to investing in America's infrastructure.

We already know how many hours a week are wasted in transportation through trucks stuck in traffic. Try to get through the Washington area on any day. Even on weekends it is becoming difficult. Even in the middle of the night. Mr. Chairman, I went home yesterday morning, from here to Baltimore, and there was some construction and it took me longer than it should have to get home last night to Baltimore.

So, there is congestion and we need to do a better job in dealing with that. Trucks lose \$28 billion in wasted time in fuel per year. Twenty-eight billion dollars. So, we have major tensions that we have to pay. Our major hub airports face severe congestion. Aging locks and dams are rising the cost of

moving freight and fuel along the inland waterways. Ports need dredging and modernization if they are going to continue to compete and sustain jobs in our regional economy.

Transit systems, the estimate is \$100 billion of maintenance backlog in our transit systems in this Country. And I can attest to the one here in WMATA and the need for maintenance there. The companies that depend upon our Nation's transportation system and the millions of workers who power these companies will feel these effects.

A robust multimodal freight transportation system is essential. Despite advances, and I really do applaud the leadership of this Committee in the FAST Act and MAP-21 that provides funding sources for these types of program, we need to build upon the prior success of this Committee to provide the wherewithal to modernize our infrastructure.

I am just going to highlight, because, as Ranking Member of the Subcommittee, I should at least promote one aspect of my State, and since Mr. Thomas is here, let me take that opportunity to brag a little bit about the Port of Baltimore and the importance it is to our economy.

We are one of only, I think, four ports on the East Coast that has the depth and width necessary to take on the new ships that are coming through the Panama Canal. That is an important part of our economy. Baltimore has a 50-foot shipping channel

and a 50-foot container berth. What we are able to do, and I can give you a lot of statistics and I will put it in the record, Mr. Chairman, so I don't have to read the entire numbers in regards to the Port of Baltimore, but let me just point this out.

Business at the port generates 13,650 direct jobs, direct jobs, the Port of Baltimore. More than 127,000 jobs in Maryland are linked to port activities. The port is responsible for nearly \$3 billion in individual wages and salaries, and contributes more than \$310 million in State and local tax revenues.

So, none of this can be done without a strong Federal partnership. We can't do it on our own; we need a strong Federal partnership.

Yesterday we had a long discussion about jobs on the Floor of the United States Senate. We all know that investing in infrastructure will not only build the tools necessary so that we can grow our economy; it will create the jobs of the future that we need to support the people of this Nation.

I look forward to hearing from our distinguished panel and I thank them all for being here.

[The prepared statement of Senator Cardin follows:]

Senator Inhofe. Thank you, Senator Cardin.

Senator Barrasso.

Senator Barrasso. Thank you, Mr. Chairman.

Senator Carper, I would be happy to defer to you so that you don't have to then come back later.

STATEMENT OF THE HONORABLE THOMAS R. CARPER, A UNITED STATES
SENATOR FROM THE STATE OF DELAWARE

Senator Carper. I appreciate your doing that.

Listening to what Ben just said about the Port of
Baltimore, just before I leave, I just want to say the top
banana port in America is Wilmington, Delaware.

[Laughter.]

Senator Carper. And my staff was good enough to drop off
some bananas here so I could have a prop. I also told them just
jokingly yesterday, I told them we are not only the top port for
importing bananas, we are also the top port for importing
prunes. That is not true, but they dropped off this package of
prunes. I would be happy to share them with my colleagues.
After the experience of these last few days, we could probably
all use that. I am not going to say more.

No, on a serious note, I do want to say this. Last night,
when I gave my Floor statement, I talked about all the
ingredients that are part of a nurturing environment for job
creation and job preservation, from access to capital, access to
foreign markets, world-class workforce and infrastructure done
well. Infrastructure, not just roads, highways, bridges, not
just ports, not just rail, all the above and more, broadband and
deployment and so forth.

We have this reluctance to pay for this stuff. We have

this reluctance to pay for this stuff. And a big part of our challenge is to figure out cost-effective ways to make these investments in ways that leverage non-Federal monies, State and local monies, private sector monies.

And that is our challenge. That is our challenge. And it is important, having gone through a tough period of time on tax reform, my hope is that when we tackle infrastructure in the months to come, that we do it the right way and we do it together. It is a great opportunity. If we do that, we will do a much better job.

What did Mark Twain used to say? If we do that, we will confound our critics and amaze our friends. So that is what we need to do. All right? Thanks so much.

[The prepared statement of Senator Carper follows:]

Senator Inhofe. Senator Barrasso.

STATEMENT OF THE HONORABLE JOHN BARRASSO, A UNITED STATES
SENATOR FROM THE STATE OF WYOMING

Senator Barrasso. Well, thank you, Mr. Chairman.

Before I introduce Mr. Spear to the Committee, I would like to just say a few words about today's hearing.

This morning, the Subcommittee is examining Freight Movement: Assessing Where We Are Now and Where We Need To Go. Freight is a vital part of America's economy, and I thank Chairman Inhofe, Ranking Member Cardin for holding this important hearing.

Everyone benefits from goods being shipped on our roads, across our bridges, and through our ports. The freight industry allows for American-made products to go from the heartland to the coasts, and even across the world.

This hearing will also underscore the need to upgrade and maintain our highways and shipping lanes. Addressing America's aging infrastructure is a shared bipartisan goal of this Committee.

This year alone, the Environment and Public Works Committee has held seven hearings on the importance of modernizing America's infrastructure. We have heard testimony on the infrastructure needs of both rural and urban communities, the new innovative building techniques being used, the value of streamlining so that we can cut government red tape and get

building projects started and finished faster, as well as the success of loan leveraging programs so taxpayers get the most bang for their buck.

President Trump has made fixing our Nation's roads, bridges, and rails a top priority. In January, the Administration will outline its broad vision for infrastructure. We have a unique opportunity ahead of us. If we can pass major infrastructure legislation, we will grow our economy and help ensure the health and safety of every American.

So, I look forward to partnering with President Trump and members of our Committee as we work to improve America's roads, bridges, water systems, dams, and ports.

I would also now like to introduce Chris Spear, who has served as President and CEO of the American Trucking Association since July of 2016. Chris is a long-time friend with extensive Wyoming connections, and I am very pleased that he has been invited to offer his expertise at this morning's Subcommittee hearing.

He attended college at the University of Wyoming, where he earned his Bachelor's and his Master's degree; currently sits on the Board of Directors for the University of Wyoming's Center for Global Studies. He began his career with the Senate in 1993, working as a professional staff member for then Wyoming Senator Al Simpson. He continued his work under Senator Enzi.

In 1998, he was nominated by President George W. Bush and unanimously confirmed by the Senate as Assistant Secretary of Labor for Policy in the United States Department of Labor.

Chris also served as Deputy Representative for the Coalition Provisional Authority in Iraq and was awarded the U.S. Department of Defense Joint Civilian Service Medal.

In 2004, he entered the private sector at Honeywell International and then Hyundai Motor Company. In his current role as President and CEO of American Trucking Association, Chris leads the ATA's efforts to advocate and educate on behalf of the trucking industry. He knows how vital freight transportation is to the economy and how States like Wyoming depend on an industry that employs upwards of 7 million people and is responsible for moving more than 10 billion tons of freight annually.

There is no better expert to discuss how we better move America's economy forward.

Mr. Spear, thank you. We look forward to hearing your testimony.

Thank you, Mr. Chairman.

[The prepared statement of Senator Barrasso follows:]

Senator Inhofe. Thank you, Senator Barrasso.

Senator Cardin, I believe you want to introduce one of the witnesses.

Senator Cardin. I am very happy to have David Thomas here today. He was named the Deputy Executive Director of Logistics and Port Operations for the Maryland Department of Transportation, Maryland Port Administration in December of 2016. But David has been with the port now, I believe, 16 years and has a distinguished record and understands all the operations of the port.

His current responsibility includes facility maintenance, crane maintenance, terminal operations, cruise operations, and intermodal logistics.

So, we are pleased that he is here. We are pleased by his expertise for Maryland, but, also, I think he can help us better understand the challenges that we have in moving our commerce and freight through our ports.

He received his Bachelor of Science degree from Towson University, one of the great schools in Maryland, in 1982 in Business Administration. Two children, married and resides in Forest Hill, Maryland.

Nice to have you here.

Senator Inhofe. Thank you, Senator Cardin.

Our other two witnesses that have not been introduced are

Tim Parker, Jr., Chairman of the Parker Towing Company,
Waterways Council, Tuscaloosa, and Mark Policinski, Chief
Executive Officer of the Ohio-Kentucky-Indiana Regional Council
of Governments.

So, we are going to start with our opening statements. We
would ask you to try to confine your remarks to five minutes,
but your entire statement will be made a part of the record.

So, Mr. Spear, we will start with you and work across.

STATEMENT OF CHRIS SPEAR, PRESIDENT AND CEO, AMERICAN TRUCKING ASSOCIATIONS

Mr. Spear. Thank you, Chairman Inhofe, Ranking Member Cardin, Chairman Barrasso for the introduction, and members of the Subcommittee. We appreciate the opportunity to testify on this critical subject.

We are grateful to each of you for recognizing freight in the previous two authorization bills as an important Federal responsibility. This has proven necessary, as the freight sector will need to move 5 billion additional tons over the next decade. That is a 40 percent increase.

This year alone, trucks will move 71 percent of the Nation's freight tonnage, worth more than \$10 trillion. Yet, our national highway network is rapidly deteriorating, costing the average motorist nearly \$1,500 a year in higher maintenance and congestion expenses.

Highway congestion also adds more than \$63 billion to the cost of freight transportation each year. In 2015, truck drivers sat in traffic nearly 1 billion hours, equivalent to more than 362,000 drivers sitting idle for an entire year. Most concerning, in 53 percent of highway fatalities, the condition of the roadway is a contributing factor.

The Highway Trust Fund is projected to run short of the revenue necessary to maintain current spending levels by fiscal

year 2021, creating a huge funding gap that could force States to cancel or delay critical projects. The U.S. spends less than half of what is necessary to address these needs. As the investment gap continues to grow, so too will the number of deficient bridges, roads, bottlenecks, and, most critically, fatalities attributable to inadequate roadways.

ATA's proposed solution is the Build America Fund. The Fund would be supported with a new indexed 20-cent per gallon fee built into the price of transportation fuels collected at the terminal rack, which would generate nearly \$340 billion in new revenue over the first 10 years.

This proposal would stabilize the Trust Fund and resource project backlog. However, we recognize that over time the fuel tax is a diminishing revenue source. To that end, we encourage the Subcommittee to implement a 10-year plan that identifies and provides long-term stability for the federal aid program with new, more sustainable user fees.

ATA recognizes that trucks are but one part of the supply chain. We rely on our air, water, and rail partners to keep the supply chain moving smoothly and efficiently; and we are grateful for the resources provided specifically for freight projects in recent legislation. We urge you to retain those programs and increase funding for freight, while maintaining the share currently dedicated to highway projects, particularly,

freight intermodal connector roads deserve dedicated funding, creating greater connectivity between the modes and a more efficient and safer movement of our Nation's freight.

Finally, Mr. Chairman, I want to state ATA's unequivocal support for continuing a strong Federal role in funding and overseeing highway improvements. States aren't waiting on Congress to act; several have already adopted funding schemes that toll Class A trucks only to fund their roads and bridges.

Now, representing an industry that pays nearly half of the tab into the Highway Trust Fund, and is willing and ready to pay more, we consider such State schemes as nothing more than a fleecing of our industry. Other States have chosen regulatory regimes redundant of existing Federal standards, such as California's duplicative meal and rest breaks, commonly referred to here in Washington as F4A. These burdensome barriers are elevating safety risks to the motoring public, while lining the pockets of highly inefficient toll booth operators and trial lawyers. That is trucking revenue that would have been spent on driver pay, training, and purchasing safer, more environmentally friendly equipment.

Federal inaction has allowed States to create a maze of added compliance costs that impede our industry's ability to grow and support our Nation's economy, making State preemption a top priority of trucking companies. This is not about States'

rights. Rhetorical statements in support of devolving responsibility to the States fail to acknowledge the Federal Government's constitutional obligation to support interstate commerce and projects whose benefits extend beyond jurisdictional boundaries.

My written testimony includes GPS heat maps tracking the live movement of freight. These illustrations underscore how freight isn't a local, State, or even a regional problem, as much as today's political rhetoric tries to suggest; it is a Federal issue, and one with serious and measurable national economic and security implications.

I applaud this Committee for its razor focus each of you bring to these problems. ATA is a committed partner to helping each of you and your Senate colleagues produce an infrastructure bill in 2018 that Republicans, Democrats, and, most importantly, the American people can be proud of.

Thank you for the opportunity to testify.

[The prepared statement of Mr. Spear follows:]

Senator Inhofe. Thank you, Mr. Spear.

Mr. Policinski?

STATEMENT OF MARK POLICINSKI, CHIEF EXECUTIVE OFFICER, OHIO-KENTUCKY-INDIANA REGIONAL COUNSEL OF GOVERNMENTS, COALITION FOR AMERICA'S GATEWAYS AND TRADE CORRIDORS

Mr. Policinski. Chairman Inhofe and Ranking Member Cardin and distinguished members of the Subcommittee, thank you for allowing me to share my views.

I am representing both the Ohio-Kentucky-Indiana Regional Council of Governments, as well as the Coalition of America's Gateways and Trade Corridors. These are diverse groups of public and private organizations seeking to increase Federal investment in multimodal freight infrastructure.

OKI, as the metropolitan planning organization for the Greater Cincinnati region, has final authority over all Federal spending on surface transportation. The region is home to the nationally significant Brent Spence Bridge. The bridge is a linchpin on the I-75 trade corridor. It is a bridge that connects Michigan to Miami, and it carries over \$1 billion of goods every day. But it is suffering due to structural deficiencies and overcrowding. This results in costing around \$750 million annually in wasted time and fuel. It is a prime example of U.S. freight needs.

The Constitution's commerce clause calls on the Federal Government to make investments supporting interstate commerce. Seventy-seven percent of all freight crosses State lines, but

States and localities cannot shoulder investment to improve them. I applaud this Committee for prioritizing freight in the FAST Act; it is a down payment on our needs. But, as we know, more is needed to keep pace with a growing global economy. We must remember that, as a percentage of GDP, China spends four times what the United States does on infrastructure.

The FAST Act created a formula program designed to target freight investments and improvements. However, the ability of formula dollars to fund complex freight projects is limited. Recognizing this, the FAST Act created a much-needed competitive grant program, or INFRA, designed to target large freight and highway projects which often span modes and jurisdictions.

Competitive programs encourage applicants to bring forward their best ideas, and they frequently incentivize non-Federal dollars to get involved. INFRA awarded roughly \$800 million in fiscal year 2016 and it leveraged \$3.6 billion in total investment.

But just because a project is more affordable to the Federal Government does not mean it is the most valuable investment for a Country's economy. Projects should first be evaluated on their ability to meet congressionally defined program goals. To foster strategic investment, we respectfully make five recommendations.

Number one, a national vision in investment strategy should

shape and guide the Nation's freight infrastructure system with active coordination among States and regions. A focus on multimodal freight should be established within USDOT's Office of the Secretary to guide policy and programming with a focus on nationally significant projects.

Number two, provide a dedicated, sustainable, and flexible funding source. Investment in the freight network has a much larger return on investment than other transportation spending. Existing programs available for freight infrastructure, like INFRA and TIGER, are vastly oversubscribed. In the first round, INFRA sought \$13.00 in requests for every \$1.00 available. A minimum annual direct Federal investment of \$2 billion above current levels is necessary. Congress should also eliminate caps on non-highway spending under the freight formula and INFRA programs. Freight does not only move on highways. Where public benefit is derived, public investment should be made.

Number three, successful grant applications must meet merit-based criteria that prioritize projects with a demonstrable contribution to the national freight efficiency.

Number four, Congress should oversee the FAST Act implementation to ensure investment aligns with congressional intent and there is sufficient decision-making transparency. Despite Congress's development of strong, merit-based criteria for INFRA, GAO was unable to determine USDOT's rationale for

selecting the first round's 18 successful projects.

And, lastly, a partnership with the private sector. Funding should leverage private participation and provide the largest possible toolbox of funding options. An advisory council of freight industry members and system users could assist USDOT to foster partnerships with the private sector.

I thank the Committee for their time and attention to this critically important topic.

[The prepared statement of Mr. Policinski follows:]

Senator Inhofe. Thank you, Mr. Policinski. Also thank you for being specific, because you specified five things. This Committee is going to have to make some decisions and I think those are excellent suggestions.

Mr. Parker.

STATEMENT OF TIM PARKER, JR., CHAIRMAN, PARKER TOWING COMPANY,
WATERWAYS COUNCIL

Mr. Parker. Thank you, Chairman Inhofe, Ranking Member Cardin, and members of the Subcommittee. Thank you for the opportunity to testify before you today on the topic of "Freight Movement: Assessing Where We Are and Where We Are Going." I know other witnesses this morning will concentrate in their testimony on MAP-21 and the FAST Act, so I will not do that. Instead, I will focus on the importance of the inland waterways transportation system and potential reforms that could modernize this critically important system.

I currently serve as Chairman of Parker Towing Company. We are headquartered in Tuscaloosa, Alabama, and operate 26 towboats and 340 barges. I am also Chairman of the Board of Directors of the Waterways Council, Inc., WCI, which is the national public policy organization that advocates for a modern and well-maintained system of inland waterways and ports.

The inland waterways transportation system is made up of nearly 12,000 miles of commercially active inland waterways, including intracoastal waterways. Of this total, nearly 11,000 miles comprise the fuel tax portion of the system on which commercial operators pay a diesel fuel tax that is deposited into the Inland Waterways Trust Fund. Users like Parker Towing Company successfully advocated in support of raising our taxes

by 45 percent in 2015 to its current level of 29 cents per gallon. This tax currently pays for up to half the cost of new construction and major rehabilitation of inland waterways infrastructure, principally locks and dams, but also including channel deepening.

At the outset, I would note that after having only one order enacted between 2001 and 2013, it is very encouraging to see this Committee putting WRRDA bills back on a two-year cycle with the enactment of WRRDA 2014 and WRRDA 2016. I would especially like to thank this Committee for passing the important policy changes contained in WRRDA 2014, particularly the change in cost-share policy for Olmsted Locks and Dams. This cost-share change from 50 percent Inland Waterways Trust Fund and 50 percent General Fund, to 15 percent Inland Waterways Trust Fund and 85 percent General Fund. This change in policy at Olmsted has led to significant improvements in the construction timeline and cost of the project.

At the November 3rd Inland Waterways User Board meeting just a few weeks ago, the Corps reported that the Olmsted project will be operational next year, perhaps as early as June, with full completion now expected in 2022, in both instances four years ahead of the previously estimated project operation and completion dates. In terms of cost, Olmsted is now scheduled to be completed approximately \$330 million below the

new estimated cost.

Also noteworthy, not only did the cost-share change help Olmsted, it has allowed construction to resume on the Lower Monongahela Locks 2, 3, and 4, Kentucky Lock, and Chickamauga Lock.

Finishing Olmsted as quickly as possible comes at a critical time for the inland system. Starting in early September 2017, locks and dams 52 and 53, which are the locks and dams that Olmsted will be replacing, have been experiencing repeated failures, causing multiple complete closures of the Ohio River. At one point, there were 74 towboats and 842 barges waiting to lock through. These recent emergencies vividly show that locks and dams built in the 1920s, like locks and dams 52 and 53, are in critical need of modernization to maintain American competitiveness.

Currently, we have a portfolio of 25 high-priority inland projects either in construction or waiting to begin construction, with a total cost estimated at \$8.8 billion. At the current rate, many of these projects will not even begin their construction in the next 20 years. We would hope the Committee will consider the same kind of change for the inland waterways that was included in last year's WRRDA for deep draft coastal ports. In WRRDA 2016, Congress changed the cost-share policy for funding the construction of deep draft ports with

depths of 45 to 50 feet from 50 percent non-Federal project sponsor and 50 percent Government to 25 percent non-Federal project sponsor and 75 percent Federal Government. By doing the same thing for the Inland Waterways Trust Fund, this Committee would allow for the inland navigation capital program to remain operating at or above the \$400 million level that has been achieved since the cost-share at Olmsted.

Thank you for the opportunity to be here today, and I look forward to participating in this roundtable discussion.

[The prepared statement of Mr. Parker follows:]

Senator Inhofe. Thank you, Mr. Parker.

Mr. Thomas.

STATEMENT OF DAVID M. THOMAS, DEPUTY EXECUTIVE DIRECTOR OF
LOGISTICS AND PORT OPERATIONS, MARYLAND DEPARTMENT OF
TRANSPORTATION, MARYLAND PORT ADMINISTRATION

Mr. Thomas. Chairman Inhofe, Ranking Member Cardin, and members of the Committee, thank you for inviting me to participate in today's hearing focused on national freight movement.

The Helen Delich Bentley Port of Baltimore is one of the busiest and most diverse seaports in the United States. We have six public marine terminals and 30 privately-owned marine terminals located in our harbors.

Of approximately 190 major U.S. ports, the Port of Baltimore ranks first and handles more cars and light trucks, farm and construction equipment, and imported sugar than all other major U.S. ports. In total, it ranks 9th among major U.S. ports for total dollar value of international cargo handled and 14th for the total amount of international cargo tonnage.

For the last several years, the Port of Baltimore has been ranked among the most productive container ports in the Nation. The Journal of Commerce named us the fourth fastest growing port in North America in 2016.

Overall last year, our port saw 31.8 million tons of international cargo cross its peers, valued at approximately \$49.9 billion, and we expect to surpass both of those numbers

this year.

Today, the Port of Baltimore can accommodate some of the largest container ships in the world. We have the necessary infrastructure to welcome ships that can safely transit the newly expanded Panama Canal.

The Port of Baltimore is the leading economic engine for the State of Maryland. We feel strongly that if freight is moving efficiently through our port, then our economy is moving efficiently as well. Business at our port generates over 13,600 direct jobs, while about 127,000 jobs in Maryland are linked to port activities.

Yes, we are having success now, but we also have hurdles that we need to clear.

A pressing need is for double-stack rail clearance in and out of our port. For those of you who aren't familiar, double-stack rails is stacking of two international or domestic containers on top of one another on a rail car for transportation into or out of our major port. The ability to do this doubles capacity and creates operating efficiencies in the overall supply chain.

The Class I railroads do not currently have that ability to handle double-stacked trains in Baltimore. The CSX-owned Howard Street Tunnel, located in the City of Baltimore, is a 122-year-old freight tunnel that does not have the required clearances

under its current configuration. Recently, new engineering technologies were developed that would bring the total project cost for increasing the clearances of the tunnel to less than a \$500 million project.

The Maryland Department of Transportation and CSX agreed to share \$290 million of the total \$445 million project cost. We then submitted, as a public-private team, for Federal funding for the balance of the project cost under the 2016 FASTLANE grant program. Despite very positive feedback from USDOT officials, we were unsuccessful. Still, we felt we have a strong application and we are optimistic that we will be successful if we applied again in round two.

The deadline to apply for funding under the now INFRA grant program was November 2nd, 2017. Only a few short days before that deadline, we were informed by CSX that they were pulling their support for the project. Without CSX, the owner of the asset, we could not move forward with the grant application. The ability to handle double-stacked trains is not only critical to the Port of Baltimore's long-term future, but it would create an improved intermodal connection both regionally and nationally.

Currently, the Howard Street Tunnel is viewed by industry as a freight logistics bottleneck. In CSX's own words, the tunnel, with increased clearances, would remove trucks from

highways and generate \$640 million in benefits to 25 eastern States. An improved tunnel would mean a more efficient logistics network, creating more intermodal movements and supporting additional jobs.

We must also be sure our waterways can handle these larger ships. Efficient freight movement through ports like Baltimore depend on adequate authority and funding for U.S. Army Corps of Engineers to complete channel maintenance and dredging. Channel dredging is the maritime equivalent of highway construction maintenance.

We also must dispose of the dredged sediment responsibly. Congress has provided many allowances for this purpose, including beneficial uses of dredged sediment for ecosystem restoration. The Port of Baltimore, for example, has a congressionally authorized project known as Mid-Chesapeake Bay Island Project that uses dredged sediment from our 50-foot deep channels to restore natural habitat in the Chesapeake Bay. The project is currently awaiting preconstruction engineering and design funding.

The Port of Baltimore urges you to support projects like this that tie directly to efficient freight movement. Like all WRRDA 2014 projects, it faces deauthorization in calendar year 2021 if it does not receive Federal funds for construction.

The Mid-Bay Island Project is critical to the Port of

Baltimore's channels because it will provide approximately 40 years of sediment placement capacity. I ask this Subcommittee to support report language in the next Water Resources Development Act to ensure continued authorization of the Mid-Bay Island Project.

In closing, the Federal Government plays a vital role in providing efficient freight flow performance. For ports to perform efficiently, Customs and Border Protection must be adequately funded and staffed. In 2015, the last time CBP was funded to hire additional staff, only 10 of 2,000 staffers were assigned to our seaports. This is a supply chain problem. Ports need this additional support of CBP to keep cargo moving. Without it, the flow of cargo through our Nation's ports cannot perform at peak levels.

Again, thank you for allowing me the opportunity to speak before the Committee.

[The prepared statement of Mr. Thomas follows:]

Senator Inhofe. Thank you, Mr. Thomas.

As was made obvious to us in our opening statements, Senator Cardin and I have been on this Committee since we have been in the Senate, and we were on the comparable committee in the House prior to that, so we have been through all of the reauthorization bills since 1987. So, I kind of needed to remember that one of our big problems used to be we had too much money in the Highway Trust Fund. That is not a problem anymore.

So, we are looking at, and it was called to your attention by you, Mr. Spear, in my opening statement that we didn't have a freight provision in all these reauthorization bills until MAP-21 and then again in the FAST Act. Let's start with you. Is there anything you didn't say in your opening statement concerning the progress, the positive things you can attribute to the freight provisions in both MAP-21 and the FAST Act?

Mr. Spear. Well, I think both bills, Mr. Chairman, represent a significant step forward, largely because you are prioritizing, you are trying to look at a problem as it is growing. Alongside with the economy, we are seeing congestion, as I stated in my written and oral statement, \$63 billion our industry loses each year to congestion. We know where the bottlenecks are. We track them every year; we report on them every year. That research is done in concert with our industry and the Department of Transportation.

So, taking the authorization bills and prioritizing it, and putting a real good focus on freight, not just the program itself, but the grants, as well as the strategic plan, which, as I understand, in MAP-21 we are a little bit delinquent on in terms of reporting back to you on what that is supposed to look like. So, the Administration, I believe, needs to do more in terms of prioritization and building a strategic plan that allocates that money accordingly, and has the most impact in those bottleneck areas.

But I think the last two authorizations were quite significant because they put the focus on where the problem is. Now we need to continue funding it and begin really working with the agencies, Federal, State and local, to get the maximum out of the requirements.

Senator Inhofe. Mr. Policinski, you stated, and I didn't write it down, repeat it for me, the amount of applications that were made as opposed to the awards on the grant program.

Mr. Policinski. Thirteen dollars in requests for every dollar.

Senator Inhofe. Thirteen to one.

Mr. Policinski. Thirteen dollars in requests for every one dollar available.

Senator Inhofe. I see. I see. So, would you agree with the comments made by Mr. Spear on the things that were good in

the program; it is just a matter that it is not adequate enough?

Mr. Policinski. Well, it is monumental what you did. For the first time you recognized freight as being a primary driver of transportation spending. We believe that freight is the future. We are all part of a global economy for the first time. Our competitors are from all over the world, as are our business partners, bankers, or lawyers. The simple fact is that by concentrating on freight, you elevate projects from large projects in our region, like the Brent Spence Bridge, a \$2.6 billion project solely involved that is going to move freight dramatically for the Nation, all the way down to smaller projects like double-stacking, which we invest in as well.

By bringing freight to the forefront, you make it easier for us to carry the case to the public that this type of spending must be done. So, what has been done is invaluable.

Senator Inhofe. Well, I was Chairman of this Committee during the 21 and then the FAST Act, and I have to give credit where credit is due. The one who actually focused on this was Alex Herrgott on our Committee. Now he is in the White House, so he is transferring that initial concern that he has for freight that you will see, I think, in the legislation that comes forward.

Mr. Parker, I have said that one of our best kept secrets in Oklahoma is our navigation way. Everybody knows about

Baltimore and all of this, but we are there, too. And here is the problem that we have. We are considered to be a newer State, and we were; our State was in 1907, so we came along later in this.

However, now we are passed our lifespan on all the locks and dams that we have. We are having really serious problems right now, particularly in two of our locks and dams, the deterioration that is taking place. One of the best things that happened is we put the provision in allowing users to participate financially. That doesn't happen in government very often, that they actually want to, and have to give permission to give the government money. That is essentially what we went through.

So, we have come a long way on that, but we also have, on some of the far inland, like we are in Oklahoma, the lifespan has now already passed us. So, I am interested, you said in your testimony that a change in the cost-share in Inland Waterways Trust Fund might be helpful. How would you suggest that would impact project delivery?

Mr. Parker. Thank you, Senator. Using the example at Olmsted, when you made the policy change there that enabled the Corps to go in and, with adequate funding and proper planning, able to bring the Olmsted Lock and Dam \$330 million in early, under budget and under time, we can take the same policies. And

if we are able to make this policy change that we are requesting, I think it will enable us to go ahead and reinvest in these aging locks and dams we have throughout the system, not only the Arkansas River, but throughout the Country, and I think that is an important aspect to that to keep this infrastructure up to speed and up to date.

Senator Inhofe. That is very good. I appreciate that.

Senator Cardin.

Senator Cardin. Well, again, thank you, Mr. Chairman. I thank all four of our witnesses. I think this Committee will continue to strengthen our authorization bills, including the movement of freight. But we are going to need to come together on the revenues necessary to support the type of infrastructure this Country needs, which will help our economy and will create jobs.

Mr. Parker, I appreciated your statement of your industry supporting increased diesel fees in order to get the necessary resources to deal with our inland waterways. I think we need to look at that type of an example to figure out how we can make sure we have adequate resources devoted towards infrastructure improvements. And it is intermodal; if you don't pay attention to all of the means, you are going to short-change the efficiency factors of moving freight through America.

Mr. Thomas, I want to talk about two issues that you did

raise. First, let me talk about Mid-Bay for one moment. Mr. Parker also mentioned the fact that this Committee has been successful, at least recently, in passing biannual WRRDA bills. I hope we will have a chance to pass another WRRDA bill next year. We do that because we can then adjust some of the policy issues to keep projects on track.

Mid-Bay I find to be very interesting. My predecessor, Senator Sarbanes, authored the Poplar Island authorization, which was unique for its time because it allowed for the availability of dredge material to be placed, which is not always without controversy. This was one that was supported because it was part of environmental restoration.

So we not only were able to keep our shipping lanes dredged to the necessary level, but we were able to put the dredge material to use by reclaiming islands that used to exist in the Chesapeake Bay, and actually had habitation to be returned for the natural importance within the Chesapeake Bay of having these land masses to protect erosion, etcetera, and gives us the habitat for different species that are in the region. So, it was a win-win situation, very popular. Everybody likes it and it was very efficient.

Lo and behold, we recognized that Poplar Island will be at capacity, and we recognized that many years ago. We recognized it, I guess, with the Army Corps in 2009, when it produced the

chief's report recommending the construction of Mid-Bay. Now, here is the interesting thing. They recognized that probably about 20 years before it would be ready to actually be functioning, because that is how long it takes; it is not something that can be done overnight.

And that is, I guess, one of the points I wanted to raise, Mr. Chairman. You need lead-time for a lot of these projects. And now we are running into a situation that, because it is inactive, it may not be further authorized. We are working to make sure, in fact, it continues. Congress not only authorized it, is prepared to move forward on it.

But how important is it that we stay on track for Mid-Bay?

Mr. Thomas. Well, for Mid Bay, every port job, every Baltimore job adds benefit to the national economy, and there would be substantial job losses and economic impact without this project if the dredging of the 50-foot authorized channel depth is delayed due to the acceptable dredge material placement site being put online. Without Mid-Bay, MPA expects that within two to three years of the most recent dredging event, the 50-foot channel would shoal to a 45-foot depth, resulting in the following losses that we calculate: approximately 12,780 direct jobs, \$800 million in personal wage and salary income, and \$656 million in business revenues, and \$85 million in State and county municipal taxes that would be put at risk if we were not

able to maintain our 50-foot channel.

Senator Cardin. I thank you for that.

Mr. Chairman, I want you to know that Mid-Bay, for the Maryland delegation, bipartisan delegation, this is our top priority, to make sure that we stay on track with Mid-Bay for the dredging of the Baltimore Harbor.

You talked a little bit, also, about the double-stacking at Howard Street. That is somewhat unique, that we have one of the few bottlenecks for double-stacked trains through Baltimore. You gave numbers. You were ready for an INFRA grant request and you had to pull it because CSX changed their views. That was the former CEO, who recently passed away. I take it you strongly support us moving forward if we can get CSX to move forward?

Mr. Thomas. Yes, Senator. Thanks for that question. I think the Port of Baltimore, we are very well positioned today, due to our public-private partnership that we entered into back in 2010. It gave us the ability to expand our Seagirt container terminal.

And we are big ship ready. We have a very strong consumer market. We have the 50-foot deep channel. We have new container berths, new cranes. We have productive labor. The one box that we do not check off is the double-stacked rail and having that ability to grow our cargo volumes through the Port

of Baltimore. We estimate with the Howard Street Tunnel coming online, if we were successful, that would increase our volumes roughly 100,000 containers annually. They said 6,000 construction jobs during that project and another 7,200 jobs linked to the Howard Street activity if it is completed.

Senator Cardin. Thank you.

Mr. Chairman, I would ask unanimous consent that Senator Harris, who was here a little bit earlier, that the letter from the Port of Los Angeles, including two charts, be made part of our record.

Senator Inhofe. Without objection.

[The referenced information follows:]

Senator Inhofe. Senator Moran.

Senator Moran. Mr. Chairman, thank you. Thank you to you and the Ranking Member for convening this hearing.

Let me ask kind of a specific question, then a broader one. I will start with Mr. Spear.

Good morning. You indicate in your testimony some doubts about the INFRA program and its impact on or the consequences in rural aspects. That program has a 25 percent set-aside, and I wondered if you would expand on what we might be concerned or should be concerned about when it comes to rural projects.

Mr. Spear. Well, I think prioritization is really pivotal, and the last two authorizations reflect that. I think making certain that we preserve the 1956 Federal Aid Highway Program that is largely centered on distributing funds down to State and localities, those States and localities are an integral partnership with the freight program priorities, but they are also receiving their funding, as well.

I think what we are seeing, because funding is so strained, that everybody is competing for the same type of funds. The prioritization of the last two authorizations is helpful, but increasing the funding on top of what has already been done is really where we need to see more results I think will occur on the local level.

So I think it is a funding issue. You have the framework

in place, but putting more money into the programs is what is really going to see a lot of results at that level.

Senator Moran. I appreciate your highlighting that. What we have discovered time and time again is that off-system roads and bridges, which are so important, particularly in a State like Kansas or Oklahoma in getting grain to market, there just is no source of any revenue to rebuild, restructure infrastructure that lends itself, then, to trucking across the Country. Getting it from farm to market has to begin someplace. It is a pretty rural place in the case of our State. So, thank you for that reminder.

My broader question is, I use this as an opportunity to tout something that I think is important to the economic well-being of our Country and would have an impact upon all transportation modes, and that is NAFTA. The value of our ability to export commodities and manufactured goods across borders, particularly those to the north and the south of us, in my view, is a significant component certainly of how we earn a living in Kansas.

I would highlight that I believe there is a sense out there that agriculture, in particular, will always be just fine because Mexico, Canada, and others will always want our agricultural commodities. I wish that was true. I hope that is true. I think when it comes to quality, no one can compete with

us. But it is interesting to me to see the cost of freight and the differential between our ability to get grain to Mexico, as compared to Argentina or even Russia, when we use waterways and the Gulf to get grain to Mexico. We have a competitive, I don't know that I would say disadvantage, but the competition is great for us to be able to compete economically with grain coming from someplace else being shipped even as close to us as our neighbor to the south.

So, I wanted to give you, first, the opportunity to tell me how, if NAFTA went away, what it might mean to the consequences to freight and the use of trucks or the use of our waterways, and, secondly, the opportunity to highlight what you have been telling us in this hearing, the importance of investment in infrastructure so that we can compete in a global economy.

And that could be you, Mr. Parker, you, Mr. Spear, or anyone. But if you could highlight for me the value of trade with Mexico and then, secondly, how important it is to be able to be competitive globally as a result of being able to compete with efficient infrastructure.

Mr. Spear. I will quickly answer it. From our perspective in trucking, it is absolutely essential. I mean, to tweak or even walk away from our obligations under NAFTA since 1994. It is not a perfect agreement. Perfect agreements, I don't believe in that; I think there are always imperfections. It is trying

to improve it in a manner that is reflective of the economy that we are finding ourselves in. But since 1994, trucks now move 76 percent of the NAFTA surface freight. Eighty-one percent of the border crossings with Mexico are moved by truck; 71 percent with Canada.

To tweak or walk away from it, we talk about the recession of 2008, it is not only a recession we would be looking at; it would be catastrophic to our economy. I also think our partnerships to the north and south, Canada being our largest trade partner in the world, would really jeopardize national security. Our ability to work with other countries on different levels, trade is an integral part of that, beyond the economic benefits. National security benefits, trucks are very much a part of that. We connect all the modes; we really make a lot of the freight move through connected means. And to walk away from those obligations or to really tweak them would have a dramatic effect on every State, including Kansas.

Senator Moran. Thank you.

Mr. Parker?

Mr. Parker. Senator, with or without NAFTA, American agriculture is in intense competition around the world. We know what the Brazilians are doing and everything else. And, of course, as you so correctly stated, our key is our interior infrastructure; our rivers, our rails, our highways, and our

ports.

I think the two things that we could do to make sure that we keep American agriculture competitive as it relates to the rivers is the policy change I suggested relative to the Inland Waterways Trust Fund, General Fund Obligations, and the use fund fee. That would be a huge step towards modernizing these aging locks and dams and making sure that we can keep American agriculture competitive in these world markets.

The other thing is the Navigation Ecosystem Sustainability Program, NESP as it is frequently referred to, which is on the Upper Mississippi River, Illinois River. That is a key component going forward and we would hope that the Congress will direct some steps to start that funding to look at changing those locks to 1,200-foot locks to help agriculture in that area moving forward.

Senator Moran. Mr. Parker, thank you very much. We don't have navigable waters in Kansas, at least that I can find, and we certainly didn't find them under WOTUS, but I would say that, as a Kansan, we care greatly about those waterways, those locks and dams; among several other methods, they are our connection to the rest of the world.

Thank you.

Mr. Parker. Thank you.

Senator Inhofe. Senator Whitehouse.

Senator Whitehouse. Thank you very much, Chairman. I welcome the panel and I appreciate, when we have these infrastructure hearings, where the bipartisanship of this panel is so apparent and of this Committee is so apparent.

Mr. Spear, the ATA has taken a position that it would support adding a price to gas and diesel to pay for additional highway road and related infrastructure, is that correct?

Mr. Spear. That is correct, Senator.

Senator Whitehouse. Mr. Policinski, does your organization take the same position?

Mr. Policinski. We do in fact support increasing the gas tax.

Senator Whitehouse. And one of the reasons for this I take from an article titled ATA President Pushes Federal Gas Tax Hike to Pay for Infrastructure Plan in which Mr. Spear is quoted as saying, "Taxpayers are already paying dearly for the government's inaction on fixing our Nation's highways." Could you explain what you mean by that?

Mr. Spear. Yes, I do, and your State is a good example, Senator, Rhode Island.

Senator Whitehouse. We are actually one of the highest cost States in terms of car damage from bad road repair that there is out there.

Mr. Spear. That is correct.

Senator Whitehouse. We are coastal and old and so forth.

Mr. Spear. It doesn't matter how big your State is, everybody is feeling it, and at least to the previous questions about States.

Senator Whitehouse. So, you are referring to the hundreds of dollars that consumers have to spend in repairing their vehicles from bad roads that have been pretty well documented to this point.

Mr. Spear. That is correct. I testified, oral and written, that \$1,500, on average, per motorist is what they are spending on maintenance and congestion fees. States like Rhode Island probably wouldn't be having to tax Class A trucks to pay for their existing roads and bridges that we have already paid for through taxation.

So now we are being double-dipped to help pay for those roads and bridges because the Federal Government is not adequately funding the programs that it has created. So that is a problem. In contrast, that \$340 billion through the 20-cent increase that I testified about, that is, on average, \$100 per motorist for a year, per year for all roads and bridges in the Country.

Senator Whitehouse. So, by adding a little bit to the cost of fuel, you could make an investment in the quality of roads that would save far more than the motorist would experience from

paying that added price in savings to them in wear and tear and damage and delay in their vehicles.

Mr. Spear. Absolutely. That \$100 extra from the 20-cent tax gives you all \$340 billion in new revenue in the first 10 years for roads and bridges. You go out here to I-66, one way, one day on one road, they are now hitting you at \$44.00 just to go a few miles. You have almost paid half of what you pay for a year through the taxation on the 20-cent we are talking about for all roads and bridges.

Senator Whitehouse. While we are talking about roads and bridges and highways, let me ask you guys. We have seen that a lot of freight goes through Rhode Island, in and out of Rhode Island by rail and it goes in and out by highway; I-95 goes right along the coast through Rhode Island. In Sandy, we saw I-95 closed because it was flooded, and we have seen flooding of the Amtrak rail system. Particularly in Connecticut it is very, very high-risk from sea level rise and from storm surge.

Let me ask you guys, how alert do we need to be to the sea level rise and storm surge effects on coastal infrastructure? Chris or Mark, Mr. Spear or Mr. Policinski. Go ahead, Mr. Spear, let me ask you first.

Mr. Spear. Well, I think it is certainly a concern. As infrastructure ages, you have to maintain it, but you also have to add to it. I mean, the economy demands it because of the

demands that are on our industry.

Senator Whitehouse. And if it faces new risks, we should prepare for the new risks, correct?

Mr. Spear. Absolutely. As freight increases, you have to add infrastructure, short-up.

Senator Whitehouse. Mr. Policinski?

Mr. Policinski. There is no way you can look at the fact that you just stated and say we shouldn't be prepared. We have to be prepared.

Senator Whitehouse. So, let me turn to Mr. Thomas and our ports representative. First of all, let me thank you for the Port of Baltimore's participation in the North Atlantic Ports Association and your support for the marine planning efforts that help keep our ports efficient.

And I would like to have their letter made an exhibit in this proceeding, if I may.

Senator Inhofe. Without objection.

[The referenced information follows:]

Senator Whitehouse. Mr. Thomas, what we have heard from Norfolk Naval Station is that sea level rise is imperiling the very existence of that base, and that even if you raise the piers as the sea levels rise, it is really hard to go back and raise all the infrastructure behind the piers; the schools, the houses, the roads, the markets. It is an ecosystem, an economic ecosystem, and the military is now predicting that Norfolk Naval Station may be out of business in just a few decades.

What is the lesson from this for our ports, our commercial ports like yours?

Mr. Thomas. Thank you for that question and the recognition with NAPA. I was just able to attend the annual NAPA meeting and it is on all ports' radar screens with how they are going to deal with sea level rise. And I can tell you the Maryland Port Administration, we have begun development of a port resiliency program for climate change that incorporates a 2010 vulnerability assessment for all of our port infrastructures.

So, currently, all port infrastructures that we build, new builds now, we have raised. We are at a plus 10, so we have raised it 2 feet above current elevations. Our newest automobile port at Fairfield Marine Terminal was built at plus 10, taking into consideration what the studies are showing us with sea level rise. It is a real thing.

Our newest project that we are working on now is at Dundalk Marine Terminal. We have rehabilitation of three berths there as well that we are going to raise to 10 feet. And to your point, you can raise the berth to 10 feet, but what happens behind it? So those are the things that we are struggling with now. We have a couple strategies. We are constructing stormwater vaults/

Senator Whitehouse. I think out of courtesy to my colleagues, I should cut you off there. If you want to fill out your answer a little bit further, I more than welcome you to do it in writing. But we are now a minute over and there are other colleagues waiting, so, if you will forgive me, I will defer to my other colleagues. But I appreciate it, Mr. Thomas. Thank you.

Senator Inhofe. Thank you.

Senator Shelby.

Senator Shelby. Thank you, Mr. Chairman.

Mr. Chairman, first, I would like to submit the bio of Tim Parker, who is testifying here, and ask that it be made part of the record.

Senator Inhofe. Without objection.

[The referenced information follows:]

Senator Shelby. I have a few observations here. I believe that the infrastructure, the ports, the intermodal centers, the river systems, the locks, everything that goes with it, our highways are at a critical time that we have to do something here in the Congress about. If we don't, we are going to cripple our economy, I believe, down the road. You have to move things. Everybody here knows this. You have to move freight. That is the key to it, whether it is through the oceans, in our ports, through the river systems, through the trucks, through the railroads. It works together.

Mr. Chairman, I believe, and I have talked with you about this before, and a lot of them, this is ripe for a bipartisan infrastructure bill. It is going to cost money and we have to figure it out, and we can't think small; we have to think big, as Chairman Inhofe has for years.

Senator Inhofe. Let me interrupt you at this point and share what I have shared with you with this Committee. We have already been doing this.

Senator Shelby. I know.

Senator Inhofe. We have been over to the Democrat side; we have had private meetings on the floor. And we have been successful in the past.

Senator Shelby. Absolutely.

Senator Inhofe. In these areas, as well as the WRRDA

bills. This will continue.

Senator Shelby. It is ripe for a bipartisan push right now, I believe, Mr. Chairman, and so forth.

Now, I would like to focus. I was very interested in the Port of Baltimore, which is very important to Senator Cardin and Mr. Thomas talking about. You are 50 feet deep, I understand, is that right?

Mr. Thomas. Yes, sir.

Senator Shelby. That is optimal. In Mobile, in Alabama, we are 45 feet and we are trying to go to 50. If we go to 50, we will be one of the deepest ports on the Gulf. Everybody knows, and you spoke for it, what that means for the port, what it means for Baltimore on the East Coast and what it could mean for Mobile, Alabama, which is a busy port moving towards, more and more, like a freight of the world container. We used to be mainly a commodity, shipping commodities in and out; and we still do that. Most ports do.

Mr. Parker, what is your observation? You have been chairman of the Port Authority; you and your family have been in the barge business a long time, transportation on water. You speak for the Water Council. How important is the modernization, all of it, highways, but speaking of the Port of Mobile, to the southeast and to the State of Alabama?

Mr. Parker. Senator, it is critical, as you can imagine,

not only for our balance of trade deficit, helping our export products move, but keeping our industrial plants competitive, modern as they bring raw materials in.

You have championed the Port of Mobile and the deepening project there, and we know the benefits, as all ports do. Deeper drafts means lower ocean freight rates, more competitive products moving in and out. So, I applaud you for what you have done and hopefully we will keep pushing in that direction and get that deeper channel.

Senator Shelby. On behalf of the Truckers Association, I think a lot of your remarks have been spot on, but we all, whether it is Rhode Island, whether it is Alabama, whether it is New York, whether it is California, we are facing the same challenges, are we not, sir?

Mr. Spear. Absolutely, Senator. Mobile, Baltimore. I was just up at the New Jersey-New York Port Authority giving a talk, and we were talking about how they have deepened and modernized technology and so on. They have really made that port very efficient. But if you can't move the boxes on the trucks, it doesn't matter how much money you invest in the port.

Senator Shelby. That is right.

Mr. Spear. Doesn't matter. So that intermodal connectivity is absolutely pivotal. That is what the heat maps I put in the testimony is to illustrate that it doesn't stop

right there. Those trucks, those rails, those things go well beyond that port into many States, and the economy reflects that. The price of goods that we pay will reflect that. So, to the earlier point that Mr. Parker made, it is absolutely paramount to invest.

Senator Shelby. The health of the economy is based on efficiency in the marketplace, isn't it?

Mr. Spear. Absolutely.

Senator Shelby. And transportation is so essential to moving goods and services.

I thank all of you. I think we have gotten something out of this. I am a junior member of this Committee. I am on a lot of others, so I came on this Committee because I believe that we are going to do an infrastructure bill; that we need it desperately, and I want to work with the Chairman and Ranking on all of this. We have to do it and we have to do it soon, have we not, Mr. Chairman?

Senator Inhofe. We do.

Senator Shelby. Thank you.

Senator Inhofe. Thank you, Senator Shelby.

Senator Duckworth.

Senator Duckworth. I want to thank the Chair and Ranking Member for convening today's hearing, and I want to thank our witnesses for participating in this very important conversation.

Mr. Chairman, transporting freight efficiently and effectively is the linchpin of a prosperous economy. Few States play a greater role in our national freight system than my home State of Illinois. It is the epicenter of our rail network and our inland waterways system. To compete in a 21st century global marketplace, we must consider our transportation system as a competitive advantage. Unfortunately, this advantage is rapidly eroding.

Mr. Policinski, broadly speaking, do you agree with the American Society of Civil Engineers that the United States has somewhere in the ballpark of about \$2 trillion in infrastructure investment gap over the next 10 years?

Mr. Policinski. Not only do I agree with it, but I hope that people would shout it from the rooftops over and over again. It is a driving force. The need is so great. We can't look the other way. In comments that Senator Shelby made about a bipartisan approach, it is very important to the Country that we do this, not just economically solving this problem, but the idea that Congress can come together and address such an important issue that has such a direct impact on jobs is something that we cannot just turn from.

The steps that this Committee has made and Congress has made to put freight forward have been dramatic and very important, but our job isn't done. People often say, well, we

have to do more on freight because there will be 70 more million Americans by the year 2045. Well, there will be 2 billion more people on this earth in 2045, and those people will be residing in countries and economies that will be competing for our businesses, for our jobs, for our income.

So, the idea that we have a shortfall in how we fund our freight program, how we fund our highways and our ports is a dramatic statistic, and we cannot look away from it because literally freight is the future.

Senator Duckworth. Thank you. Thank you. I couldn't agree with you more.

Mr. Parker, with that \$2 trillion gap, would you agree that our inland waterways system requires somewhere \$110 billion over 10 years to rebuild our locks, levees, and dams?

Mr. Parker. Well, these are fuel taxes that we pay. We generate about \$110 million, \$115 million per year, which is matched right now. So, we need to continue that. But if we do the policy change we talk about, we can get back to a \$400 million per year program. That will go a long way to getting our locks and dams, particularly our older locks and dams modernized, up to date, and make sure that we keep the industry in Illinois competitive in world markets.

Senator Duckworth. I couldn't agree with you more. In fact, speaking to what my colleague, Senator Moran, mentioned,

we had bumper crops the last several years in Illinois, but the southeastern United States bought corn and soybean from Brazil because they could get their crops into the United States faster than we could move crops down to Mississippi from Iowa and Illinois; and we still have silos that are filled with grain.

My concern is that the President has secured, now, a \$1.5 trillion tax cut that is geared towards large corporations and the ultra-wealthy. I hope that we can finally see the details of his plan to rebuild our aging infrastructure. Unfortunately, the President and his allies prioritize the trickle-down shell game over building up the middle class through the proven economic engine of infrastructure investment, and this is, to me, a really disturbing trend.

Mr. Spear, your testimony suggests that the President's budget, a roadmap of his policy priorities that cuts \$150 billion from transportation spending, is misguided as it relates to infrastructure investment.

Mr. Spear. I wouldn't go so far as to say it is misguided. It is certainly inconsistent with what we have been advocating. We go big, we go bold, and we are willing to pay more. We are already paying half the tab into the trust fund as the trucking industry, and we are only 4 percent of the vehicles on the road. But when you are moving 70 percent of the domestic freight in this Country, that is our backyard. You invest in your

backyard. That is our plant, so to speak. So, having good roads and bridges reduces the amount of maintenance, it reduces congestion costs. These are all measurable returns for raising the fuel tax. It hasn't been done since 1993. Had it been indexed, we wouldn't be having this discussion right now.

And the lack of funding coming down to the States and localities to connect all the modes and to address the economic demand, States are picking up the slack and they are doing a lot of things that are destructive to our industry. They impede our ability to grow and embrace interstate commerce and really serve consumers the way we would expect.

Senator Duckworth. Thank you.

In my last 12 seconds, I just want to say that during the campaign, President Trump repeatedly suggested that repatriating overseas corporate revenue could pay for robust infrastructure investments and, unfortunately, those revenues were exclusively used to buy down the corporate tax rate in this new tax bill and zero repatriate dollars would actually be set aside for infrastructure, and there is about \$1 trillion there.

The Republican tax bill also preserved a loophole that allows hedge fund and private equity managers to pay capital gains rates on their carried interest, which President Trump repeatedly pledged to eliminate. Responsible reforms that close this loophole would generate enough revenue to rehab every lock

on the inland water system twice.

Adding insult to injury, President Trump reportedly will rely on budget cuts to pay for his infrastructure proposal, cuts that will hurt Illinois families and businesses.

So, to summarize, despite all the rhetoric, the President and his allies did nothing to plan for infrastructure investment in their budgets; in fact, they cut infrastructure spending by almost \$200 billion. Their trickle-down tax bill does nothing to build up infrastructure. And now the President plans to pay for his proposal on the backs of hardworking Illinois families while preserving handouts for Wall Street.

I hope we can dispense with shell games next year. Forty-four million jobs rely on our freight transportation network. We need to roll up our sleeves and get serious about how we are going to invest in our infrastructure and grow our economy, because countries we are competing against, like South Korea and Japan and China, they are making these investments and we are not, and we are going to get left behind when we should be dominating the world.

So, with that, I yield back, Mr. Chairman.

Senator Inhofe. Thank you.

We will now hear from my partner in the McClellan-Kerr Navigation Way, Senator Boozman.

Senator Boozman. Thank you very much. Speaking of that,

Senator Inhofe mentioned the importance of that system and the wear and tear on the locks and dams, and he has been a tremendous champion and we really do appreciate. The State of Arkansas really does appreciate your leadership in that area.

Sometimes I don't think we are very smart in the way that we do things. Arkansas now has a 9-foot channel. We would very much like to go to 12 feet. We can do that with a relatively inexpensive expenditure. Certainly, that would make less openings, less wear and tear on the locks and dams in the sense you can carry about 40 percent more product on the same barge.

Can you talk a little bit about that, just the importance of really thinking through these things, the importance of trying to get a situation where we can take the dollars that we have and spend those most efficiently?

Mr. Parker. Well, you are absolutely right, Senator, a more efficient system, whether it is loading barges deeper or bigger locks or more efficient locks that lessen maintenance, that will help the whole system lower freight costs, make American agriculture, our industrial plants, steel mills, coal mines more competitive in the markets they have to serve. So, I think there are a lot of things we can do, and we appreciate the leadership that this Congress has and this Committee has with the last WRRDA bill. And if we can enact policy changes like we have talked about this morning, I am confident that the Corps of

Engineers, given the resources, can manage these projects and effectively move this Country forward.

Senator Boozman. I was going to talk about the importance of the intermodal system, and the good news is you have heard from every member in the panel regarding that. Democrats, Republicans are united in getting our systems such that they work together, and that is so, so very important to our economy.

Mr. Spear, let's talk about some specific things. I understand now that there is a significant shortage in truck parking spaces. Can you talk a little bit about that and if there is anything that we can help you with in that regard? What is the solution?

Mr. Spear. It is a shortage. Within the last five to seven years we have really begun to do a lot of research to capture the problem, and it is reflected on the lack of investment in our infrastructure. While we are maintaining a lot of the infrastructure, we are not adding more infrastructure.

We are also adding a lot of regulatory requirements on our industry. One of them is the 30-minute rest break that came into effect in 2013. So now you have drivers, for good reasons, so that they are not fatigued, pulling over on shoulders, on on- and off-ramps, in undesignated places, putting themselves, their equipment, and the motoring public in jeopardy. That is

elevating risk.

The infrastructure simply does not accommodate the truck parking situation, yet we are requiring these drivers to be rested. So, it is a reflection. It is a regulation, it is an indirect, but it has an impact on our industry and the movement of freight. Because we are not investing to expand infrastructure, this is what you get.

Senator Boozman. Very good. You mentioned increasing the fuel tax as a pay-for. Have you got any other ideas besides that that we could delve into?

Mr. Spear. We definitely do. In the written testimony, I go into greater detail, but registration fees. States already collect them, so there is a very low administrative burden, that is \$29 billion in extra money in addition to the \$340 billion in new monies over the first 10 years you would receive in the 20-cent at the rack.

We look for other ways to work with Congress and other modes to raise revenue, particularly for connectivity. We put some criteria in the testimony to be certain that it is consistent, whatever policy, to make certain that it is inexpensive to pay and collect, that it has a low evasion rate, that it be tied to highway use, not diverted to other causes, especially if we are paying into it. That is a sensitive point with our industry and in avoiding creating impediments to

interstate commerce. So those criteria we would apply to any proposal. We would entertain anything that Congress puts on the table. Meeting those criterias, we would shape our support around that.

We recognize that the fuel tax is antiquated, and probably beyond 10 years it is not going to capture the environment we are in. So, we would challenge Congress to really look beyond a 10-year bill and start talking about, now, what we are going to do to collect fees to fund future infrastructure. You are going to have a lot more hybrids, a lot more alternative fuel vehicles on the road in the next 10, 20, 30 years, and the way that we raise revenue is currently not capturing that audience, and it is just going to make the problem worse.

So, we would work with you to identify new means to raise revenue, but our Build America Fund is our centerpiece and we think it is the wisest, most efficient, cost-effective, lower than 2 percent administrative cost to put money into roads and bridges immediately, so that is what we would advocate.

Senator Boozman. Thank you.

Very quickly, Mr. Parker, we went without the big water resources bill, the WRDA bill, from 2007 to 2014. Can you talk about the importance of getting the WRRDA bills done on a 2-year cycle so that we don't get ourselves in that situation again?

Mr. Parker. Thank you, Senator. Yes, I think it is

critically important that we are not constantly playing catch up; we stay ahead of the curve, we do the proper planning, do the studies, the chief reports done. So, I think that 2-year cycle is just critical in this whole process so we can look ahead and adapt to the changes and just not playing behind the curve, so to speak.

Senator Boozman. Right.

Thank you, Mr. Chairman.

Senator Inhofe. Thank you, Senator Boozman.

Senator Gillibrand.

Senator Gillibrand. Thank you, Mr. Chairman.

Mr. Spear, I would like to ask you some questions relating to an important safety issue that I have been working on, preventing underride crashes. An underride crash is when a car slides under the body of a large truck, such as a semitrailer, during an accident. When these accidents happen, a car's safety features are not able to protect passengers because most of the car slides under the trailer and the truck crashes straight through the windows and into passengers. The passengers in their car often suffer severe head and neck injuries, including decapitation, on impact with the truck. These accidents are fatal even at low speeds.

This past summer, four individuals were killed when their car slid underneath a disabled milk tanker that had swerved to

avoid a deer in New York State. Two cars crashed into the truck and continued to slide completely under the truck. All four people were pronounced dead at the scene.

I recently introduced a bill to require trailers to be fitted with underride guards so that the car could no longer slide underneath the truck during an accident. Are you aware that the National Transportation Safety Board has recommended that trucks be equipped with side guards and improved rear guards since 2014?

Mr. Spear. Yes, ma'am.

Senator Gillibrand. And are you aware that the Insurance Institute for Highway Safety petitioned the U.S. Department of Transportation to require stronger rear guards on trucks after studying how guards that comply with the current federal regulations often fail and result in serious injury or death?

Mr. Spear. I am, Senator.

Senator Gillibrand. And are you aware that the Insurance Institute for Highway Safety performed a successful side underride guard at 40 miles per hour?

Mr. Spear. I am, Senator.

Senator Gillibrand. And would providing a weight exemption for the weight of adding an underride guard make it easier for industry to add this safety measure?

Mr. Spear. Most definitely, Senator.

Senator Gillibrand. And do you think this is a safety measure we should push forward with?

Mr. Spear. I wouldn't dismiss it. And I applaud you. One fatality is too many. Forty thousand a year is just inexcusable. We need to be doing more. One area that I would ask that you press NTSA on at DOT is to speed up their analysis of this and report back on the weight, the added weight of the underride guard to be sure that it does not compromise the integrity of the trailer itself.

We are talking about 80,000 pounds in these trailers. You are adding more weight underneath it. You don't want to be trying to solve a safety problem by creating another one. So, I would very much like to have that report, that data back that validates that the added weight of the underguards would not compromise the integrity of the trailer itself.

Senator Gillibrand. I think the weight is not that much. I think it is about 800 pounds a panel. So relative to the overall weight, it is not a lot. And from what I understand, the only opposition was because it just means they carry less freight. So, they are putting money in front of safety.

Mr. Spear. Well, your exemption is appreciated.

Well, I think it would also add to the cost of the requirement. If you are saying that we have to reduce freight to pay for the added weight of the underguards, that is going to

be a massive figure. We are talking millions of trailers, so that is a big number. So, I think the exemption is well taken.

Senator Gillibrand. If cost is the only issue, those are the kinds of things Congress can address.

Mr. Spear. Well, I am saying that the added weight, making certain it does not compromise the integrity of the trailer, if it is not a problem, then why not report on it?

Senator Gillibrand. Okay.

Mr. Spear. Thank you.

Senator Gillibrand. Separate topic. With regard to highway infrastructure, leasing highway infrastructure to private entities, in your opinion, who would benefit from selling or leasing our highway infrastructure to private entities?

Mr. Spear. That is really hard to say. Certainly not my industry and certainly not the American people. We are 7.4 million strong. We are 1 in 16 jobs in the U.S. and we are the top job in 29 States. We are paying half the tab into the trust fund and we are moving 70 percent of the freight. If we did the 20 cents on the gallon at the rack, that is \$340 billion in extra money that you all can spend on these priorities, on the great framework that you put together.

We are paying half the tab and we are willing to pay more. I think that is the best means of doing it. We believe that

tolling, particularly on existing roads and bridges, these schemes are extortion. They are double-dipping. When we are happy to pay more and we are offering it up here, I would recommend you take that; that is a good deal.

Senator Gillibrand. Thank you.

Thank you, Mr. Chairman.

Senator Inhofe. Thank you, Senator.

Senator Cardin, do you have any further comments to make?

Senator Cardin. I just want to thank the panel. I think this has been an extremely important hearing, and I just would underscore the point that Senator Shelby made and I think our witnesses, that we have to find a bipartisan way to get the revenues we need in a package that will allow us to move forward with infrastructure in this Country, and we have to do that in the tradition of this Committee.

Senator Inhofe. Well, I thank you, and let me just give the panel our assurance that is going to happen. I can remember during the last year, year before last, when we would have our meetings, when I would report on what this Committee is doing, I would always say, now from the Committee that really does things. And we are going to continue to be the Committee that really does things.

It has been very helpful to have all of your input in this Committee. We thank you very much for coming.

[Whereupon, at 12:02 p.m. the committee was adjourned.]