

STATEMENT OF THE HONORABLE LAWRENCE J. HOGAN, JR.

GOVERNOR, STATE OF MARYLAND

BEFORE THE

U.S. SENATE COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

BUILDING BACK BETTER: INVESTING IN TRANSPORTATION WHILE ADDRESSING
CLIMATE CHANGE, IMPROVING EQUITY, AND FOSTERING ECONOMIC GROWTH
AND INNOVATION

WEDNESDAY FEBRUARY 24, 2021

Good morning Chairman Carper, Ranking Member Capito and members of the committee. I am Larry Hogan, Governor of the State of Maryland. Thank you for inviting me to testify at this hearing, and I want to acknowledge Governor Gretchen Whitmer of the State of Michigan.

On behalf of the nation's governors, our hope is that this hearing will serve as a springboard for federal leaders to take action on solutions to sustain and improve our transportation systems. Sound policies and wise infrastructure investments promote economic recovery, facilitate the movement of essential goods and freight, ease congestion, and benefit residents and businesses alike for generations to come.

The COVID-19 pandemic has shown that it is absolutely critical we sustain and improve our transportation infrastructure. In Maryland, our transit systems carry health care workers and other essential personnel to the front lines of this pandemic. BWI Thurgood Marshall Airport and the Port of Baltimore bring in important cargo from all over the world and allow for its efficient distribution to homes and businesses nationwide. Maryland's highways and toll facilities enable the movement of critical goods and services throughout the region. And our motor vehicle services keep commercial operators on the road, supporting a critical link in the supply chain.

Maryland's Transportation Trust Fund took a devastating hit last year as fuel taxes, titling fees, and other revenue sources dropped sharply due to historic reductions in travel volumes. While travel volumes are starting to rebound, the impacts have been significant. We need to be innovative to address these issues and to secure an effective and efficient transportation system.

President Obama and President Trump both identified infrastructure reform as one of their top priorities. Yet, year after year, nothing has gotten done in Washington.

Now, President Biden has rightly put this issue at the top of his agenda, and the nation's governors stand ready to work with him and his administration.

While Washington has been stuck in gridlock, the nation's governors – both Republicans and

Democrats alike – have been taking the lead on rebuilding our crumbling infrastructure.

We have been working together in a bipartisan way – both in our states and between states – to make smart, targeted investments in infrastructure. We have shown that it is possible to make real bipartisan progress without raising taxes or burdening future generations.

Last year, as you know, I had the honor of serving as chairman of the National Governors Association. Recognizing the urgent need for federal action and all that governors could offer on this issue, I made repairing the nation’s infrastructure my signature initiative as chairman.

Throughout the year, we convened a series of summits with the nation’s governors and industry leaders to learn from their experiences and expertise.

Even though the pandemic significantly shifted our focus, in an effort to lay down a marker for future action on this issue, we released a report focused on four key pillars:

1. Relieve Congestion to Boost Economic Competitiveness.
2. Enhance Efficiency by Eliminating Red Tape and Integrating Smart Technology.
3. Strengthen Security and Resiliency by Protecting America’s Critical Infrastructure from Disaster and Cyber Threats, and
4. Finance for the Future by Leveraging Private Sector Investments.

We know these pillars work and have vast bipartisan support because Republican and Democratic governors have been implementing them successfully for years. They are critical to building a strong and sustainable transportation system and stimulating the economy, especially as we work to bring the global pandemic to an end.

These pillars represent exactly the balanced approach to infrastructure that we have already been taking in Maryland, where we have made significant gains in making roads more safe, efficient, and functional.

We are delivering big infrastructure projects that solve congestion challenges and meet other needs by incorporating technology, flexibility, and capacity for future growth. We are prioritizing state of good repair and system preservation efforts while providing safe and accessible mobility choices for all users. Through these efforts, we are establishing a sustainable, customer-focused transportation vision for our highway, rail, bus, air, and port infrastructure. We also are striving to implement data-driven solutions to mitigate hazards and ensure the safety of the transportation network.

Existing laws authorizing the Federal transportation programs expire in 2021, and Congress must pass legislation reauthorizing those programs, as well as the funding mechanism (namely, the

Highway Trust Fund) used to pay for surface transportation construction programs. The major issues that must be addressed include:

- Finding a stable source of long-term funding for the Highway Trust Fund.
- Providing funding to the states through categorical programs, distributed by formula, rather than discretionary grants. This would provide predictable funding streams around which our transportation departments can plan programs.
- Continuing to support innovative project delivery mechanisms such as public-private partnerships and other alternative project delivery methods.
- Balancing the need for streamlined project delivery while never compromising environmental protection.

Finding a viable solution to providing sustainable, long-term funding for transportation needs is especially critical. It is estimated that states will see about a 40 percent drop in highway funding from FY 2020 to 2021. In the past, similar shortfall situations have led to the possible reductions in federal reimbursements to states for existing obligations, raising serious cash flow problems for states, and causing project delays. Additionally, because of a projected shortfall in the Mass Transit Account, new federal transit obligations are expected to be zeroed out between FY 2021 and FY 2023. We must act decisively to address these problems.

As Congress considers the next surface transportation authorization act, states should be granted maximum flexibility to address local needs and pressing problems. Congress should pursue a funding approach that supports all modes of transportation. This initiative should include increased formula funding for transportation programs. Formula funding provides a steady, predictable source of funding that can be relied upon as a foundation for long-term capital programming and for certain eligible operations activities. There is a broad consensus among the states that additional federal funding and investment in infrastructure is warranted and that maintaining existing program levels will not suffice.

Additionally, more can be done to streamline the delivery of critical projects. The efficiency of project delivery is measured by three key determinants: the cost and duration of a project, project outcomes, and the ease of maintaining the asset. Past measures designed to eliminate redundant reviews and streamline permitting processes, such as those contained in the FAST Act, have been effective; however, these measures must be expanded to ensure that projects are delivered on a least cost basis without sacrificing thorough environmental reviews. Beyond permitting and process reforms, efforts must also be made to increase the efficiency of infrastructure itself, by incorporating new technological capabilities related to increased connectivity, autonomy, digital information, and electrification.

We also need to explore innovative, alternative financing mechanisms to fund projects and

ensure transportation needs are met and sustained long-term. A valuable tool in these efforts is public-private partnerships, or “P3s.” P3s leverage the power and creativity of the private sector to fund and deliver projects that meet critical needs, on top of allowing us to stretch scarce dollars even further.

Maryland has had great success with P3s. Thanks to a P3 agreement between the Maryland Port Administration and Ports America Chesapeake, the Port of Baltimore has seen record growth and is poised for even more growth in the years to come. This partnership allowed the Port to add a second 50-ft berth this year. As a result, the Port of Baltimore set a record this month for 6,000 container moves conducted by longshore workers from the Maersk Edinburgh – the most ever from a single ship in the 315-year history of the Port. The P3 forged with Ports America created the capacity to enable this achievement. We are also in the process of removing the last pinch point for double-stacked containers on rail along the East Coast by expanding the Howard Street Tunnel through another P3 made possible by investments from CSX and state and federal transportation funds.

Likewise, we are pursuing complementary P3s that will greatly enhance our transit and highway systems in the National Capital Region, one of the most congested systems in the nation. The Purple Line is a 16.2-mile light rail line under construction in Montgomery and Prince George’s counties. In addition, we are working to build a new American Legion Bridge across the Potomac River, add high-occupancy toll lanes across the bridge and up I-270, and improve transit and bicycle/pedestrian access along these heavily traveled corridors through a Progressive P3. These critical projects would not be possible without partnering with the private sector.

Clearly, we must sustain and improve the nation’s transportation infrastructure, but Congress should not focus its attention on these needs alone. I encourage Congress to consider what other actions might be taken to support the sustenance, modernization, and expansion of the full portfolio of public infrastructure assets, such as water and wastewater systems, dams and reservoirs, electricity grids and power plants, and broadband networks. This analysis should consider the special circumstances of rural and economically distressed communities, as well as large cities and urban populations.

Looking ahead, Maryland will continue to develop creative solutions to address its transportation needs, but the federal government must also embrace and support these efforts. My hope is that the new administration will work collaboratively with Congress and the states to find constructive solutions to pressing problems. The American people deserve a strong state-federal transportation partnership. They deserve infrastructure they can be proud of through sustained investment. They deserve an investment in our nation that helps our economy thrive. They deserve relief.

Perhaps most of all, I respectfully urge Congress and the Biden administration to make this effort bipartisan. Any reforms that do not have support from both parties are destined to fail and even further divide our nation. No party has a monopoly on good ideas. There is no reason why this should be a partisan issue. Governors have already shown that there are more than enough innovative and common-sense ideas that have strong bipartisan support. We can get this done by strengthening, not burdening future generations. That is the foundation of our approach in Maryland, and it was the guiding principle of our national infrastructure initiative.

Thank you again for the opportunity to speak with you today. Together, we have an opportunity to create a world-class transportation and infrastructure system – one that will serve as an example to the world for generations to come.