American Road & Transportation Builders Association

TRANSPORTATION MAKES AMERICA WORK!

May 3, 2012

Dear Conferee:

Enactment of a multi-year reauthorization of the federal surface transportation program before June 30 is one of the most proactive steps Congress can take to help boost the U.S. economy. This program has endured more than 30 months of temporary extensions. The resulting funding uncertainty has stifled lettings of long-term transportation infrastructure improvement projects in many states.

Many members of Congress reference the surface transportation bill as a "jobs bill." While the direct and indirect employment benefits of federal transportation investment are undeniable, simply approving a transportation bill does not guarantee job creation. The fact is that, in most situations, employers hire new workers when markets expand and shed jobs when markets constrict. That simple principle applies directly to the decisions you will make during conference negotiations. <u>As such, we urge you to ensure any conference report, at a minimum, provides inflation-adjusted FY 2011 levels of surface transportation investment as approved by the Senate</u>. <u>Failing to do so would solidify the job-threatening $2 billion cut in highway improvement funds enacted as part of the FY 2012 appropriations process</u>.

The American Road & Transportation Builders Association (ARTBA) has consistently supported a six-year surface transportation bill to provide the private and public sectors with as much certainty as possible to deliver multi-year transportation improvements. While our support for as long a duration bill as possible remains, sacrificing investment levels and jobs for additional years of authorization is not an acceptable trade. If conferees want a reauthorization bill that goes beyond FY 2013, the appropriate course of action is to generate the revenue necessary to at least preserve the purchasing power of the FY 2011 levels of highway and public transportation investment for each year of the authorization.

There are many positive policy reforms in the House and Senate reauthorization proposals and we thank all members for their thoughtful approach to improve federal-aid transportation project delivery. As conferees work to reconcile proposals from both chambers, we urge you to:

- Support the Senate-proposed creation of a new formula program to facilitate goods movement over the U.S. highway network. This proposal reinforces the clear federal responsibility in the transportation area to support interstate commerce and would provide states a source of capital for projects that deliver national benefits.

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- Support reducing the myriad of highway program spending categories as proposed by the Senate and House Transportation & Infrastructure Committee. Consolidating the highway program and providing states with increased flexibility, including the ability to add new highway capacity where appropriate to meet national transportation objectives, would help improve the return on investment of federal highway resources.

- Oppose proposals to expand the eligible use of limited Highway Trust Fund resources. The financial challenges facing the Highway Trust Fund are the primary reason the reauthorization has been delayed for more than two years. Allowing new modal eligibilities for chasing already inadequate trust fund revenues to maintain the federal-aid highway system would simply compound a problem that will exist well after the life of the conference report.

- Support the creation of a performance management process for surface transportation funds as proposed by the Senate. The U.S. has a national transportation network and it is the responsibility of the federal government to ensure the safety and reliability of this system. While state and local governments should have expanded flexibility to meet national transportation objectives, there must also be a process to ensure accountability and outcomes for recipients of federal funds. At a minimum, the Federal Highway and Transit Administrations should be required to make the public aware of how funds are being utilized in a real-time basis by publishing detailed contract award and obligation data on their web sites.

- Oppose provisions in the Senate bill that would place unnecessary restrictions on public-private partnerships relating to long-term lease arrangements. Aspects of the Senate bill would preclude private activity bonds from being used for toll projects, deny lease projects current accelerated depreciation rates, and remove facilities leased to the private sector from a state's apportionment calculations. Rather than erecting barriers to increased private sector involvement in transportation improvements, the final conference report should encourage states to pursue all avenues for financing projects.

- Support comprehensive reform of the transportation project environmental review and approval process. The House and Senate have approved commendable provisions that would expedite the delivery of transportation projects. We urge you to incorporate the House-proposed reforms to strengthen the U.S. Department of Transportation as the "lead agency" for approving transportation projects and eliminate duplicating reviews under the National Environmental Policy Act and the transportation planning process. We urge conferees to also broaden the sphere of transportation improvements that are treated as Categorical Exclusions—as proposed by both bills—because few projects warrant a full environmental analysis. We also support the proposals to expand opportunities to delegate environmental reviews to interested and qualified states, particularly with respect to Categorical Exclusions.

- Support the House-passed provision to ensure the availability of recycled coal ash—a key material for road and bridge improvements. The U.S. Environmental Protection Agency has acknowledged reusing coal ash in applications such as concrete for transportation improvements leads to "significant environmental benefits." However, the agency is considering designating coal ash as a hazardous material, which would increase the cost of materials for transportation improvements by $5.23 billion annually over the next 20 years.

- Support increasing available resources for the Transportation Infrastructure Finance and Innovation Act (TIFIA) program. The Senate-passed bill and the House Transportation & Infrastructure Committee both endorse increasing TIFIA resources to $1 billion a year. While TIFIA is not a substitute for core program investment, expanding the TIFIA program would certainly make financing assistance available to a broader sphere of projects.

While this latest reauthorization of the federal surface transportation program has been delayed longer than virtually all parties would like, the legislation before conferees is a vehicle to advance critical policy reforms to the highway and public transportation programs that would help restore public confidence in federal transportation investments and yield benefits for years to come. It is also an opportunity for members of Congress to demonstrate that they can effectively govern on a matter that impacts virtually every American on a daily basis. We urge all conferees to work to find common ground between the House and Senate positions on reauthorization legislation and to produce a conference report before June 30.

Sincerely,

T. Peter Ruane

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President & CEO