INFRASTRUCTURE INVESTMENT

The American Society of Civil Engineers’ 2017 report card gave the state of the nation’s infrastructure an overall grade of D+, citing an investment gap of $2 trillion for infrastructure over the next 10 years. Combined with an estimated yearly deficit of more than $500 billion over the next several years, the federal government’s strained resources cannot address this shortfall.

The Transportation Research Board released a report in December 2018 highlighting the current spending levels on the Interstate Highway System are not enough to address the maintenance backlog or confront growing user demand. The report calls for increased federal and state investment of $45 to $70 billion annually over the next 20 years to improve the Interstate Highway System.

The FAST Act, passed in 2015, was a $305 billion, five-year reauthorization of the highway and transit program through FY20. The FAST Act includes a $7.6 billion rescission on July 1, 2020. Without Congressional action, unobligated balances of highway contract authority apportioned to states would be rescinded. The FAST Act requires the rescission be applied to each state based on the state’s share of unobligated balances.

The Highway Trust Fund (HTF), which funds the vast majority of construction and improvements made to our federal-aid highway system, will face a $12 billion shortfall in FY22. Over the next decade, the HTF faces a $161 billion shortfall at current spending levels.

In the 2018 bipartisan budget deal, Congressional leadership agreed to invest an additional $20.9 billion in infrastructure over FY18 and FY19. The FY19 appropriations bills enacted in February included approximately $10 billion for infrastructure across a number of different agencies.

In 2018, President Trump released an infrastructure proposal that would provide $200 billion in federal funding with the goal of leveraging private, state and local funding to result in a $1.5 trillion investment in infrastructure. In this year’s State of the Union, President Trump highlighted his desire to work with Congress to pass an infrastructure package.

The House Transportation and Infrastructure Committee held a series of hearings highlighting the need to invest in our surface transportation system, water infrastructure, and airports. The Senate Environment and Public Works Committee also held a series of hearings laying the groundwork to move a FAST Act reauthorization bill through committee in the coming months. The House Ways and Means Committee held a hearing on addressing the long-term solvency of the HTF. The Senate Budget Committee marked up a FY20 budget resolution, which assumes Congress will enact
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approximately $85 to $90 billion in new highway user taxes over the next five years to keep the HTF solvent at baseline funding levels.

The HTF is funded through fixed-rate, per gallon, federal excise tax on the sale of gasoline and diesel, a federal sales tax on heavy trucks, trailers and tires, and an annual heavy truck usage fee. The fuel taxes total 90 percent of the amount paid. The 18.4 cent gasoline tax and 24.4 cent diesel tax have not been raised since 1993.

To address the maintenance backlog of our transportation network as well as meet the growing demand being placed on it in the 21st century, financing solutions and a comprehensive modernization of HTF is needed.

An efficient and well-functioning transportation network is essential to maintaining U.S. economic competitiveness. Continued economic growth for the cement industry is dependent on Congress identifying and enacting funding and financing solutions for the long-term solvency of the HTF.

Congress should significantly expand funding for future federal surface transportation program investments to meet identified capital needs. Congress should consider all options, when fixing the HTF’s solvency.

Cement Industry Preferred Options for Fixing the HTF include:

- **Fuel Tax Increase:** Raise and index the federal gasoline and diesel fuel tax rates to keep pace with annual price inflation.
- **Freight Charge:** Initiate a new federal excise tax on the cost of shipping freight by heavy trucks, similar to the federal air cargo tax and dedicate the revenue to the modernization of the National Highway Freight Network.
- **Vehicle Miles Traveled (VMT) Tax:** Charge users based on the amount they drive. Administered electrically or through some other process. One proposal uses a “virtual” VMT setting the rate based on total vehicle miles traveled annually in the U.S., which avoids all privacy issues related to individual driver/vehicle monitoring.
- **Sales Tax:** Taxes on bicycles, electric and hybrid vehicles, trucks and trailers, and auto parts like tires could be increased. This goal is to ensure that users who do not currently pay into the HTF, such as those with hybrids and bicycles, also contribute to roadway infrastructure investment.

Increasing the gas tax has been identified by many as the easiest way to shore up the HTF in the short term. The cement and concrete industry encourages you to support increasing the gas tax as part of an infrastructure bill or FAST Act reauthorization to provide states the financial certainty to address the nation’s state-of-good-reap backlog of our transportation infrastructure.