

Statement for the Record of
The American Society of Civil Engineers
on
“Paving the Way for Funding and Financing Infrastructure Investments”
United States House of Representatives
Committee on Ways and Means
January 29, 2020

Introduction

The American Society of Civil Engineers (ASCE)¹, appreciates the opportunity to submit a statement on the importance of long-term, sustainable revenue solutions to rebuild our nation's crumbling infrastructure system. ASCE continues to be eager to work with the Committee in the 116th Congress and beyond to strengthen and find long-term revenue solutions to address our nation's infrastructure revenue deficit.

Our nation's infrastructure systems are critical to our public safety, national security, and economic competitiveness. In the 20th Century, the federal government led the way in providing the much-needed revenue to build an infrastructure system that had been the envy of the world. Leading back to the Works Progress Administration projects completed during the Great Depression, to the creation of the Interstate Highway System in the 1950s and 1960s, the 20th Century will be remembered as a time when Americans took pride in building and paying for a strong and lasting infrastructure foundation. However, since that pivotal time, federal leadership and investment have decreased, and the condition of the nation's infrastructure has therefore suffered.

Presently, much of our infrastructure has reached the end of its design life. Coupled with long-term underinvestment and inadequate support for many key programs, including the Highway Trust Fund (HTF), a large and growing investment gap of \$2 trillion over the next decade has emerged. This gap must be closed if we hope to both repair and modernize our infrastructure systems to be competitive in the 21st century.

If we are to achieve lasting progress for our infrastructure, the federal government must commit to not only financing infrastructure programs, but to funding them. Any financing opportunities must supplement – rather than replace – long-term funding solutions. Additionally, all levels of government and the private sector must do their part to increase this investment in order to restore America's world-class infrastructure.

Failure to Act: Closing the Infrastructure Investment Gap for America's Economic Future

Infrastructure is the foundation that connects the nation's businesses, communities, and people, serves as the backbone to the U.S. economy, and is vital to the nation's public health and welfare.

In 2016, ASCE released *Failure to Act: Closing the Infrastructure Investment Gap for America's Economic Future*². This economic study analyzed the impact of current infrastructure investment trends on America's GDP, jobs, personal income, and businesses. The study determined that the

¹ ASCE was founded in 1852 and is the country's oldest national civil engineering organization. It represents more than 150,000 civil engineers individually in private practice, government, industry, and academia who are dedicated to the advancement of the science and profession of civil engineering. ASCE is a non-profit educational and professional society organized under Part 1.501(c) (3) of the Internal Revenue Code. www.asce.org.

² Failure to Act: Closing the Infrastructure Investment Gap for America's Economic Future. (2016) www.asce.org/failuretoact

U.S. is on track to invest only half of what is needed in infrastructure over the next decade. This underinvestment will cause our infrastructure to further degrade, resulting in a loss of 2.5 million jobs, \$3.9 trillion in GDP, and \$7 trillion in lost business sales by 2025. In addition, poor infrastructure will cost each American family \$3,400 a year, or \$9 a day, in personal disposable income. To catch up and fill in the investment gap, we must invest an additional \$144 billion each year, which is an average investment of just \$3 per day per household. This small investment would put \$3,400 back into the wallets of American families each year for a three to one return.

Solutions

Our nation's elected leaders need to act quickly to address the widening investment gap for infrastructure systems and it is the federal government which has historically been the leader in strengthening our infrastructure network. Because of this vital federal leadership role, we urge Congress to:

- Fix the HTF by adding 25 cents to the federal motor fuels tax. The current user fee must be raised and tied to inflation to restore its purchasing power. This idea has been led by the U.S. Chamber of Commerce and would provide a much-needed infusion of \$394 billion over ten years and combat the \$1.1 trillion investment gap of surface transportation capital needs. Electric vehicles should also be taxed to account for their presence on our nation's roads and Congress should establish a broad pilot program to better understand how a Mileage-Based User Fee (MBUF) could be implemented in the future.
- Raise or eliminate the cap on the Passenger Facility Charge (PFC) which would provide airports a much-needed revenue boost and the ability for long-term planning and modernizing of our aviation system for the 21st century.
- Appropriate funds out of the Harbor Maintenance Trust Fund (HMTF). Congress should sign into law legislation like H.R. 2440, the Full Utilization of the Harbor Maintenance Trust Fund Act, to increase expenditures accordingly.
- Support the tax-exempt status of municipal bonds and reinstate advance refunding as part of a multi-investment approach that can help state and local governments make strong infrastructure investments.

Ultimately, ASCE asserts that our nation must prioritize the investment needs of our infrastructure system which is critical to our nation's public safety, national security, and economic competitiveness. Fixing the HTF as well as other strategic, robust, and sustained investments, must be made quickly if we hope to close the growing funding gap and restore America's world-class infrastructure. ASCE thanks you for holding this hearing and looks forward to working with the Committee to find solutions to fixing our nation's infrastructure system.