



ASSOCIATION OF  
EQUIPMENT MANUFACTURERS

AGRICULTURE  
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**Statement of the Association of Equipment Manufacturers (AEM)  
Before the Subcommittee on Surface Transportation and Merchant Marine Infrastructure,  
Safety and Security  
Senate Committee of Commerce, Science, and Transportation**

**Surface Transportation Reauthorization: The Importance of Long-Term Reauthorization**

**May 5, 2015**

**Chairman Fischer, Ranking Member Booker, and Members of the Subcommittee:**

Thank you for the opportunity to appear today before this distinguished subcommittee to offer some perspective on the importance to manufacturers of passing a long-term highway bill.

My name is Nick Yaksich and I am Vice President, Government and Industry Affairs of the Association of Equipment Manufacturers (AEM). Based in Milwaukee, Wisconsin, AEM represents nearly 900 manufacturers of heavy equipment for construction and agriculture. Our membership includes almost every piece of equipment you would see on a farm or construction site.

Manufacturers' need for safe and reliable transportation to conduct their businesses – to efficiently access supply chains and move our products to market – faces great uncertainty with a lack of long term commitment to fund our nation's transportation system.

Unfortunately, we've had to wrestle in recent years with the effects of deteriorating transportation infrastructure across the United States. Congress's inability to effectively address the chronic shortfall facing the Highway Trust Fund is eroding manufacturers' bottom line, and the effect is reverberating throughout the economy.

The Highway Trust Fund is slated to run out of spending authority later this month, and we understand Congress is preparing to adopt another short-term measure to extend the Highway Trust Fund for just a few more months.

On behalf of manufacturers, I want to use this opportunity to urge you to break the cycle of patchwork fixes and meaningfully provide a longer term fix to the Highway Trust Fund.

These short-term bills harm manufacturers in a few key ways:

First, as I mentioned earlier in my remarks, poor infrastructure harms our access to supply chains and markets. Congested and pothole-stricken roads slow the pace of commerce for manufacturers, which, in turn, drives up costs.

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Second, the continued cycle of short-term fixes have sapped most state departments of transportation of their ability to plan most major, long-term capital investment projects. States like Mississippi,

Arkansas, Georgia, Tennessee, and Wyoming have pulled back on projects totaling \$1 billion in combined value. It's hard to imagine that another short-term surface transportation extension would prompt any renewed confidence among state DOTs.

This cloud of uncertainty especially harms manufacturers in the construction equipment sector. State officials lack the financing or confidence to make major investments, which translates to uncertainty for our customers who then are unwilling to make capital investments in an uncertain market. That means fewer manufacturing jobs in each of your states.

The uncertainty is also reflected in the increasing growth in the rental market. Manufacturers distribute primarily through dealers or rental businesses. In recent years, we have seen a dramatic increase in rental equipment as customers limit their financial exposure and chase work in new markets where they don't have existing equipment to manage the work.

Third, and finally, the persistent underinvestment in surface transportation infrastructure is harming our agriculture economy. America's farmers need safe and reliable roads (along with improved railways and inland waterways) to get their harvests to consumers. According to TRIP, The Road Information Program, almost one in five rural roads is rated in "poor" condition. And trucks, for instance, account for 91 percent of ton-miles for transportation of perishable agricultural goods.

So today, I want to urge you to please break this cycle.

This Congress has shown it's capable of bipartisan successes after breakthroughs related to the Sustainable Growth Rate (SGR) and trade policy. You have a golden opportunity this year to add a long-term, sustainably funded highway bill to that list.

A long-term highway bill would represent an affirmative step by this Congress to reverse the decaying of our national infrastructure. It's a pro-growth solution that would promote commerce and help lower costs. And it supports job creation, both within the manufacturing sector and beyond.

I know that finding a solution to finance long-term infrastructure development is politically difficult. There are any number of proposals floating around Capitol Hill, ranging from repatriation to the gas tax to a "supercommittee" dedicated toward figuring out how to finance infrastructure in the future. But the bottom line is that the user fee system remains the simplest and fairest way to ensure that those who use our roads pay for their maintenance.

In closing, on behalf of equipment manufacturers, I urge you to support long term solutions to provide the necessary support to maintain and grow our nation's transportation system. It is critical to both urban and rural America.

Thank you for your time today. I look forward to your questions.