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**TESTIMONY OF THE HONORABLE EDWARD G. RENDELL  
IMPROVING THE PERFORMANCE OF OUR  
TRANSPORTATION NETWORKS: STAKEHOLDER PERSPECTIVES  
SENATE SUBCOMMITTEE ON SURFACE TRANSPORTATION AND  
MERCHANT MARINE INFRASTRUCTURE, SAFETY AND SECURITY  
SENATE COMMITTEE ON COMMERCE, SCIENCE  
AND TRANSPORTATION  
JANUARY 29, 2015**

Chairman Fischer and Members of the Subcommittee, thank you for the opportunity to testify before you on the need for investment in the nation's transportation network. This hearing could not be more important as I believe this is one of the most urgent issues facing our country.

I am here today as a co-chair of Building America's Future, an organization that I co-founded with former New York Mayor Mike Bloomberg and former California Governor Arnold Schwarzenegger. We have been pleased to have former U.S. Secretary of Transportation Ray LaHood join as a co-chair last year.

Building America's Future represents a diverse and bipartisan coalition of state and local officials working to advance infrastructure investment to promote economic growth, global competitiveness and better quality of life for all Americans.

America's infrastructure is falling apart and we as a nation are falling behind.

For too long, Washington has ignored the warning signs. Whether it be the D+ grade that the American Society of Civil Engineers assigned to the nation's infrastructure or the 25 percent of America's bridges that are in need of major repair or upgrade, policymakers have hid their heads in the sand and have not taken any meaningful action to modernize our transportation network.

If we continue as a nation to put off critical infrastructure investment, we risk falling behind the rest of the world. In fact, it's already happening. In 2005 the World Economic Forum ranked the economic competitiveness of U.S. infrastructure number one in the world. Now, 10 years later, we are ranked at number 12. We are getting beat by France, Iceland and Singapore.

America's railroad network has been neglected and under financed for decades. Once the premier system in the world, U.S. rail infrastructure ranks 15<sup>th</sup> in the world behind Malaysia and Luxembourg.

Because our rail network is riddled with choke points and outdated crossings and bridges that require slow speeds for safety, passenger trains in the U.S. run at slower speeds today than they did in the mid-20<sup>th</sup> century.

America's fastest train, the Acela Express running between Boston and Washington reaches a top speed of 150 miles per hour – most of the time it averages speeds closer to 70 or 80 miles per hour.

In Chicago, the nation's biggest rail center, congestion is so bad that it takes a freight train longer to get through the city's limits that it does to get to Los Angeles. Delays like this inhibit the efficient movement of people and goods and are a drag on our economic competitiveness.

Other countries understand that port innovation and capacity is key to competitiveness in the global economy. Since 2000, China has invested over \$3.5 trillion in its ports. Brazil has invested over \$250 billion since 2008. And as a result, China is now home to six of the world's ten busiest container ports while the U.S. has none in the top ten. Shanghai's port now moves more container traffic in a year than the top eight U.S. ports combined. A portion of Brazil's investment has gone into its Acu Superport, larger than the island of Manhattan, with state-of-the-art highway, pipeline and conveyor-belt capacity to ease the transfer of raw materials onto ships heading to China.

Here at home, and despite a large surplus in the Harbor Maintenance Trust Fund, the busiest U.S. harbors are under-maintained. The U.S. Army Corps of Engineers estimates that full channel dimensions at the nation's busiest 59 ports are available less than 35 percent of the time. Only two of our East Coast ports are deep enough to accommodate the post-Panamax ships that will become the norm when the newly widened Panama Canal opens.

The situation on our roads is not much better. The Texas Transportation Institute's 2012 Urban Mobility Report states that traffic congestion had Americans wasting time and 2.9 billion gallons of fuel at a cost of \$121 billion – that equates to \$818 per commuter. And it's no wonder. From 2000 to 2012 the nation's population

grew by 11.6 percent and the vehicle fleet increased by 10.7 percent but the road system has only grown by four percent.

Although the federal government represents roughly 25 percent of transportation and water infrastructure spending, it has provided much of the funding for operating and maintaining the nation's air traffic control system. Despite that, the United States is living with an outdated aviation system that doesn't serve the needs or expectations of 21<sup>st</sup> century travelers or cargo shippers. As a result, the World Economic Forum ranks U.S. air transportation infrastructure 9<sup>th</sup> in the world – behind Panama and Norway.

All of these deficiencies have made our nation's transportation network less reliable and efficient. And this means higher costs for businesses and consumers. Other sectors of our economy understand this and are eager for action.

Building America's Future recently partnered with the National Association of Manufacturers to survey the NAM membership on their views regarding the state of America's infrastructure.

The survey found that 65 percent of those polled believe that U.S. infrastructure is not positioned to respond to the competitive demands of a growing economy over the next 10 to 15 years.

Additionally, 70 percent believe that America's infrastructure needs either “quite a bit of improvement” or “a great deal of improvement.”

The nation's governors have grown weary of waiting for Washington to act.

Consequently, actions at the state level have been gaining momentum as governors from red and blue states alike have proposed or signed legislation to increase the gas tax, replace the gas tax with a sales tax on fuels, or referenda allowing voters to increase local sales taxes. States where this has occurred include Wyoming, Virginia, New Hampshire, Massachusetts, Rhode Island, Maryland, Pennsylvania, Delaware, Iowa, Kentucky, Utah, Washington; New Mexico, Georgia, South Dakota, Vermont and Minnesota.

In 2013, Oregon Governor John Kitzhaber signed legislation to establish a 5,000 person pilot program to test the feasibility of transitioning to a system where motorists are charged by miles instead of paying a gas tax.

More states are approving legislation to give them the authority to pursue public private partnerships. 33 states now have such authority.

The success rate for local ballot initiatives that increase revenue or funding for transportation have enjoyed high success rates in recent years. In 2014, 72 percent of such referenda were approved by voters.

Already in the past two months, several governors have either signed legislation to increase revenue or urged their legislatures to approve such proposals during the 2015 session.

Michigan Governor Rick Snyder signed a bill in December that would authorize a ballot initiative on May 5 to allow voters to decide whether or not to increase the sales tax by one percent with revenue going towards transportation. Just last week, South Carolina Governor Nikki Haley said she would sign legislation to increase

the gas tax by 10 cents a gallon over three years if it was coupled with a cut in the state's income tax. In his State of the State Address, Missouri Governor Jay Nixon urged his legislature to consider raising the gas tax as way to generate transportation revenue.

While it is encouraging to see such actions at the state level, we must not lose sight of the fact that there is a clear and abiding federal role in setting the nation's transportation policy. Without an overriding national vision and network, America's transportation infrastructure would resemble a patchwork of disconnected roads and rails; our aviation system would be untenable; goods movement would be greatly hindered. And all of this would cost businesses and consumers billions of dollars.

It is vital that all modes of transportation from roads to ports to rail to aviation work together to strengthen and modernize America's transportation network.

To regain America's economic status as a world leader, Building America's Future recommends:

- Creating a commission charged with producing a ten-year critical infrastructure plan – covering transportation, water, energy and broadband - that makes significant new investments. The Congressional Budget Office has concluded that an annual investment of \$185 billion would be economically justified.
- Passing a long-term transportation bill.

- Identifying a long-term and sustainable source of revenue for the Highway Trust Fund. BAF supports increasing the gas tax by 10 cents and indexing it to inflation.
- Further increasing the authorization for TIFIA and raising or lifting the cap on Private Activity Bonds.
- Eliminating the federal restrictions on tolling interstates.
- Targeting federal dollars to economically strategic freight gateways and corridors.
- Investing more strategically in projects of national or regional significance and that will deliver real economic returns.
- Establishing a National Infrastructure Bank.
- Creating a new type of municipal bond called Qualified Public Infrastructure Bonds as proposed by President Obama earlier this month.
- Making the TIGER program permanent.
- Upgrading our airport infrastructure by modernizing the Passenger Facility Charge to \$8.50
- Getting NextGen up and operational as soon as possible.

The other option is to let the status quo prevail. We can continue to underinvest in our critical infrastructure. We can continue to sit on the sidelines and watch countries like France, Brazil and Malaysia make the investments in 21<sup>st</sup> century transportation networks and infrastructure. We can continue to fall apart and fall behind.

Infrastructure is an economic driver and has the added benefit of creating long-term quality jobs. It improves the quality of our lives and it enhances our

economic competitiveness. There is no better time to invest in America's future. We have seen interest rates at record lows thereby making it more attractive to build. But as the economy continues to recover, those rates will begin to rise and so will the costs to build and repair our nation's infrastructure. We must act now.

I urge you to work with your colleagues in the House and with the President to make the hard choices that are necessary to craft a serious long-term infrastructure investment strategy for the future.

Our nation's continued economic prosperity depends on it.

Thank you Chairman Fischer. I look forward to answering the Subcommittee's questions.