Joint Economic Committee
Representative Kevin Brady • Chairman

DRC OPENING STATEMENT FOR JEC HEARING ON INFRASTRUCTURE July 24, 2013

Thank you Senator Klobuchar, and I am pleased to be here today for what is a very important hearing because, to use an infrastructure term, we are at a crossroads.

As a nation, our infrastructure is in a deplorable state according to many recent reports. Our funding mechanisms have broken down, and we are failing to maintain what we have, let alone build the 21st Century infrastructure that we need. The fact is that our current fiscal crisis prevents us from having the ability to invest more federal dollars on these vital projects, largely because of spiraling mandatory spending. Meanwhile, several of our global competitors have turned to innovative private financing options to cover their shortfalls. Australia, Canada, the EU, and the United Kingdom already rely heavily on private investment, with hundreds of privately-financed infrastructure projects already up and running or in the works. The U.S. is far behind the curve on private investment in infrastructure, and unless this is addressed it will only continue to impede our economic growth and competitiveness.

The need to address our infrastructure crisis is urgent. The Panama Canal widening will be completed in the next two years, and with it will come container ships calling on America's ports that are almost double the size of today's vessels. We expect to see freight movement in this country double over the next 20 years. This explosion in freight movement comes with additional jobs that grow communities. But as we face this dynamic growth over the next 20 years, we as a nation do not have a comprehensive strategy to address these expanded infrastructure needs at our seaports, on our railways, and across our highways, bridges and roads. Our user fee systems are broken. Our permitting processes are costly, both in time and money. The cost of our inaction is jobs and growth, as global competitors like China, India, and Brazil make expensive and necessary investments across their entire infrastructure.

I'm going to brag about my Hoosier State for a minute, where freight movement is such a critical part of our economy. 75 percent of the United States and Canadian populations, over 261 million people, live within one day's truck drive of Indiana. Each year, 724 million tons of freight travel through Indiana, making it the 5th busiest state for commercial freight traffic.

We have network of more than 680 commercial and general aviation airports, including the 6th largest cargo airport in the nation at Indianapolis International Airport.

Indiana ranks 15th in the nation in total foreign and domestic waterborne shipping with 67.5 million tons, 4th in total freight railroads, and 9th among all states for railroad mileage.

Indiana is 1st in the nation for interstate highway access with 14 interstates, 1st in the nation in pass-through interstates, and 10th in the nation in rail tons originated with over 50 million tons. In short, Indiana is America's crossroads.

As such, we recognized early on how important infrastructure is to our economy, and how we had to continually maintain and expand our infrastructure. Indiana was one of the early adapters in our country in the use of innovative financing mechanisms for transportation and infrastructure.

Indiana established itself early on as a national leader in leveraging private sector capital and innovation to improve existing infrastructure and build new infrastructure. The Indiana General Assembly passed legislation over the last several years authorizing the Indiana Finance Authority to enter into public-private partnerships, or "P3s." Our first P3 was the 2006 lease of the Indiana Toll Road. The second P3 project is the East End Crossing, which will link Indiana 265 in Utica, Indiana with Kentucky 841 in Prospect, Kentucky. The East End Crossing will complete the I-265 outer beltway around the Louisville metro area and create economic development opportunities in southern Indiana.

We're also working on another high profile P3, the Illiana Corridor. Illiana is a bi-state expressway project in northwest Indiana and northeastern Illinois. Given its central location in the nation, the northwest Indiana and northeastern Illinois region is heavily utilized by three sectors of travel: roadways, rail, and air. This region is also experiencing substantial growth in population and employment. Population in the Illiana study area is projected to grow by 175%, and with it employment will increase 225%. As a national link to transportation and commerce, we see heavy use of our highways. As a commerce hub, our region is benefitting from the expansion of large inland ports for logistics and intermodal transfer and logistics. I fully support this effort and I commend Governor Mike Pence and Governor Pat Quinn for their leadership on this critical infrastructure project.

In 2005 our then-Governor, Mitch Daniels, launched an aggressive 10-year transportation plan called Major Moves. Major Moves significantly improved and expanded Indiana's highway infrastructure. A total of $2.6 billion was committed to Major Moves from the long-term lease of the Indiana Toll Road and the plan called for 104 new roadways by 2015 with 1,600 lane miles. No additional debt or increase in taxes has been incurred to complete Major Moves projects.

By the end of calendar year 2012, we invested over $7.5 billion in construction and, among other things, accomplished the following:

- 65 roadway projects were complete or substantially under construction;

- 19 roadway projects were accelerated – when compared to the original 2006 plan;

- We completed 375 new centerline miles, 48 new or reconstructed interchanges, and 5,030 preservation centerline miles accounting for 40 percent of the state's inventory;

- We rehabilitated or replaced 720 bridges, 13 percent of the state's inventory, and anticipate by 2015 having completed rehabilitation or replacement of 1,070 bridges comprising 20 percent of the state's inventory.

Between 2001 and 2005, prior to Major Moves, the state averaged nearly $750 million for construction per year. Of that $750 million, an average of nearly $250 million per year was spent on new construction while an average of approximately $500 million per year was spent on preservation projects. Backed by Major Moves funding, INDOT averaged more than $1 billion in construction dollars invested annually between 2005 and 2012.

Why did Indiana take these steps? Because Hoosiers were tired of waiting for Congress to act. America is tired of waiting for Congress to Act. And the longer Congress waits to act, the more jobs will go to China, Mexico, India, Brazil, and our global competitors.

I recognize that, predominantly, the solution to this funding problem in the Senate lies within the jurisdiction of the Finance and Environment and Public Works Committees, but the fact of the matter is we need to find a solution and we need to find it quickly.

We have a fundamental problem with regards to the depletion of the highway trust fund as a result of a broken motor fuel user fee system. We need smart, innovative out of the box solutions.

The Hoosier model works, and I believe it is a “best practices” example of what can happen when the legislative and executive branch can come together in a bipartisan way with out of the box, innovative proposals. I would encourage the members of the Senate to look to Indiana as a blueprint for success in this area, and I look forward to hearing from the witnesses.