



FOR IMMEDIATE RELEASE
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Hearing Statement of Senator Max Baucus (D-Mont.)
Regarding 21st Century Infrastructure Funding
As prepared for delivery

In speaking about the interstate highway system, President Dwight Eisenhower said, "...Its impact on the American economy – the jobs it would produce in manufacturing and construction, the rural areas it would open up – was beyond calculation."

Infrastructure moves our country forward. It doesn't just move our buses, planes and trains. Infrastructure also moves our economy.

Building bridges, roads and railways creates jobs. According to the Federal Highway Association, every billion invested in infrastructure creates nearly 28,000 jobs, and a more efficient transportation system cuts costs for the businesses that help our economy grow.

But over the last several decades, our investment in transportation infrastructure has slowed significantly. Our highways, railways and roads haven't kept up with our growing population, and our existing infrastructure is falling apart.

The American Society of Civil Engineers gave the U.S. an overall grade of "D" on their Report Card for America's Infrastructure.

Experts estimate that roadway conditions contribute to more than half of all car crashes, and we all remember the tragedy in Minnesota in August 2007. The Interstate 35 West Bridge in Minneapolis collapsed, killing 13 people and injuring another 145. Ensuring quality infrastructure is a safety issue we must take seriously.

Maintaining our infrastructure is also an issue of America's global competitiveness. Today, the U.S. only spends about two percent of our Gross Domestic Product, or GDP, on infrastructure. That is a 50 percent decline from 1960. But China spends close to nine percent of the country's GDP on infrastructure.

Today we will look at our existing tools to finance infrastructure investment: the Highway Trust Fund and the Airport and Airway Trust Fund. Both of these funds need to be reauthorized this year.

These trust funds are financed by the people who use them through excise taxes paid at the pump and airline ticket counters. Infrastructure on a state and local level is usually financed through tax-exempt bonds.

In February, we passed a bipartisan bill to reauthorize the Airport and Airway Trust Fund through September 2013. That was a good start, and I hope we can begin discussions with the House soon to get it enacted into law. We should continue that good progress as we put together a highway bill as well.

Congress must pass a highway bill by September 30 when the authority for the Highway Trust Fund expires. The Highway Trust Fund faces significant challenges. It relies on fuel taxes for 90 percent of its revenue, but given our tough economy and skyrocketing gas prices, many families have had to cut back at the pump. Cutting back at the pump means fewer contributions to the Trust Fund.

The Congressional Budget Office estimates that the Trust Fund would need an additional \$25 billion per year just to maintain current performance, and without that additional money, the Highway Trust Fund will be insolvent by the end of next summer.

That shortfall would force the Transportation Department to slow payments to existing projects, and states would have to suspend critical infrastructure projects and cut jobs. But just like many families in Montana and across the country, the federal government is currently facing the difficult challenges of a tight budget.

So today we will ask how to ensure the Highway Trust Fund remains sustainable. To get our budget in order, we will have to make a lot of difficult choices. But we also need to look for ways to be creative. Because the longer we wait to address our aging infrastructure, the more it will cost in the long run. Every failed bridge and broken levee has a significant cost in terms of dollars and cents. More importantly, these tragedies can cost lives.

This Committee has already started to think creatively. We have looked at alternative funding proposals such as the use of public-private partnerships, increasing the efficiency of the infrastructure bond market and creating a National Infrastructure Authority.

Today, we will consider these and other proposals to finance a 21st century infrastructure. All options should be on the table.

So let us be creative in our efforts to develop infrastructure solutions. Let us work together across the aisle to find the most efficient ways to improve our roads and bridges, and let us begin on the path toward a 21st century infrastructure that will enable businesses to create the jobs our economy needs.

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