



Transportation News and Insights

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Congress Begins Work on Infrastructure Bill

Will this be the year that Congress actually fixes the Highway Trust Fund? There is cause for cautious optimism.

In this new era of divided government, the need for investment in the Nation’s infrastructure appears to be one of the few issues where the Trump White House and the Democratic majority in the House of Representatives are in basic agreement.

Both the White House and House Democrats appear undaunted at the prospect of increasing the federal gas tax, a politically sensitive move that has stunted previous efforts to repair the Nation’s infrastructure. President Trump has said that he’s willing to raise the gas tax by as much as 25 cents per gallon. Speaker Pelosi has said she wants to inject at least \$1

trillion – and as much as \$2 trillion – into infrastructure programs.

Most recently, news reports indicate that Speaker Pelosi and President Trump have agreed to discuss infrastructure at their next meeting.

In the House: Infrastructure First, Then Reauthorization

On the House side of the Capitol Building, where Democrats have returned to power after eight years in the minority, there are definite plans to move ahead with infrastructure legislation. Debate time on the House floor has already been tentatively reserved for “late spring” and a bill number

– H.R. 2 – has already been reserved for an infrastructure package. A Members Day Hearing has been scheduled for May 1 to solicit input from all members of the House.

Other important issues are unresolved. The scope of an infrastructure bill is unknown. It is almost certain to include a revenue component, but it could also cover water, aviation, rail, and even energy and broadband. Similarly, it isn’t clear whether the House will vote on one massive infrastructure bill or a series of smaller bills.

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SAVE THE DATE: September 30 - October 2, 2019



For questions or additional information email bswank@dbiservices.com or call 570.459.1112

Transportation Funding in the States

Early spring is roughly the midway point of the peak season for state legislative activity, so let's check in with the States to see what changes are brewing around the country.

Well over a dozen state legislatures have begun substantive, serious debates about raising additional revenue for overdue maintenance and expansion of their roadways. The revenue increases under discussion are sizable, promising a significant boost to each state's surface transportation program.

The two early success stories of the 2019 legislative year were Alabama and Arkansas, two states where normally tax-wary Republicans control both chambers of the state legislature as well as the Governor's Office.

In Alabama, Governor Kay Ivey (R) called the legislature into a special session to consider raising the gas tax and, within the state's five-day time limit on special sessions, got a bill that she could sign into law. House Bill 2, the "Rebuild Alabama Act," will raise the state's gas tax by 10 cents per gallon over three years and index it to inflation thereafter. The Ivey Administration estimates that the tax increases and new fees will raise an additional \$194 million in 2020, \$259 million in 2021, and \$323 million in 2022 before indexing begins.

In Arkansas, Governor Asa Hutchinson put his signature on Senate Bill 336, which will raise an additional \$95 million annually for the state's roadways by increasing the gas tax by 3 cents per gallon.

More recently, Ohio Governor Mike DeWine was able to secure a 10.5 cents per gallon increase in the gas tax from the state legislature. That tax hike is expected to raise an additional \$865 million annually. Of that total amount, \$524 million will be available for use on state roads and \$381 million will be distributed to local

governments for local roadway improvements.

Noteworthy debates are also underway in the Upper Midwest where newly-elected Governors, facing insufficient funding just for maintenance of existing roadways and bridges, are asking their state legislatures for additional revenue.

Michigan. Governor Gretchen Whitmer (D), who campaigned for the office last year pledging to "fix the damn roads," is proposing a 45 cents per gallon increase in the gas tax. The increase would be phased in over three years and would bring Michigan's gas tax to 71.3 cents per gallon, the highest in the nation. The Whitmer Administration estimates that the tax hike will provide an additional \$2.1 billion annually to Michigan's transportation program.

Michigan currently has a divided government, with a Democrat in the Governor's Office and Republicans controlling both chambers of the legislature.

Against that backdrop, few were surprised when Michigan House Speaker Lee Chatfield (R) labeled Governor Whitmer's 45 cent per gallon increase a "non-starter." Senate Majority Leader Mike Shirkey (R) was equally dismissive, but has conceded that the \$2.5 billion that Whitmer's gas tax increase would produce is indeed the amount of money that Michigan needs each year to reverse the decay of its roads and bridges.

At press time Whitmer has countered her critics in the legislature by challenging the legislature to find an alternative way to produce the needed revenue.

Minnesota. Governor Tim Walz (DFL) is seeking to raise an addi-

tional \$6.5 billion over the coming decade for transportation improvements by increasing the state's gas tax by 20 cents per gallon and indexing it for inflation. Minnesota's current gas tax is 28.6 cents per gallon; if Governor Walz's proposal were to be enacted, the state's gas tax would rise by 70% to 48.6 cents per gallon.

Walz campaigned for office pledging to raise the gas tax to pay for road improvements and he was handily elected by an 11-point margin. Walz's proposed increase in the gas tax is facing a mixed reception in the legislature, where the Democrat-Farmer-Labor (DFL) party controls the House and Republicans control the Senate.

Wisconsin. The most recent Midwestern Governor to seek an increase in the gas tax is Wisconsin Governor Tony Evers (D), who is asking the state legislature to increase the tax by eight cents per gallon and to index it to the cost of inflation. If enacted, Governor Evers' proposal would raise an additional \$600 million over the next two years.

Both chambers of the Wisconsin state legislature are controlled by Republicans, which suggests that raising taxes will be a steep, uphill climb for Governor Evers.

Other States. The debate over insufficient funding for transportation systems is also occurring in Connecticut, Illinois, Colorado, Kansas, Louisiana, Maine, and Missouri. For some of these states, the legislature will only be in session until early summer, so the window for conclusive action this year is narrow and legislatures are under pressure to act.

The two early success stories of the 2019 legislative year were Alabama and Arkansas, two states where normally tax-wary Republicans control both chambers of the state legislature as well as the Governor's Office.

Congress Begins Work on Infrastructure Bill (cont.)

CONGRESS from Page 1

Timing is all important. With 2020 being a presidential election year, there is little hope that Congress will be able to craft bipartisan legislation or cast politically difficult votes next year. Both Secretary of Transportation Elaine Chao and Rep. Sam Graves (R), the Ranking Member of the House Transportation and Infrastructure Committee, have noted that the chances of success nosedive if the House hasn't finished its work by August of this year.

DeFazio's Game Plan. The epicenter of infrastructure-related activity in the House is the Transportation and Infrastructure Committee. For his part, Chairman Peter DeFazio has signaled that the House will take a two-step approach to addressing surface transportation infrastructure and it will involve two separate pieces of legislation, with one bill put before the House this year and a second bill in 2020 or 2021.

The first step of DeFazio's plan is to shore up the Highway Trust Fund, with the goal of immediately injecting new funding into the existing suite of federal transportation programs. DeFazio has indicated that a few policy changes might accompany the funding language, but addressing the funding shortfall is the top priority in this phase. The revenue provisions are expected to be a part of the larger infrastructure bill that is expected on the House floor in "late spring."

The House Ways and Means Committee, which has jurisdiction over the gas tax, has already held a hearing to explore revenue options. Chairman DeFazio was the lead witness at that hearing. When queried about his own views about specific revenue op-

tions, he argued in favor of raising the gas tax now, but moving to a Vehicle Miles Traveled (VMT) scheme in the longer term. Most of the witnesses at the Ways and Means hearing, as well as other hearings, said essentially the same thing: raise the gas tax in the short term and lay the groundwork for a VMT-based fee in the long term after concerns about privacy and technology are resolved.

The second step of DeFazio's game plan is to reauthorize the FAST Act, which is scheduled to expire in the fall of 2020. The timeframe for action on a reauthorization bill is unknown but the hearings already held in House committees have revealed some of the issues that could be a factor in a surface transportation reauthorization bill or the "early spring" infrastructure bill.

Private Funding. The Q&A portion of several hearings revealed that some members of the Committee want to explore revenue options other than a gas tax. Witnesses were repeatedly asked about the possibility of utilizing private funding, which suggests there is a bloc of legislators who are inclined to expand private participation in infrastructure development and management. Opposition to the idea came from the trucking industry, which dismissed public private partnerships, calling such arrangements "fake funding" and "code for tolling."

Streamlining the Permitting Process. One of the areas of disagreement that emerged from the hearings was streamlining the permitting and approval process. Several witnesses identified the permitting process as a source of delay and unnecessary expense. Republican committee members were sympathetic to that argument. Chairman DeFazio and

other Democrats on the Committee countered that unreliable financing, not the permitting process, is the chief cause of delays in the completion of projects.

Climate Change. Another area of potential conflict arose during a House hearing on infrastructure and climate change. The committee explored not only how to reduce carbon emissions through infrastructure policy changes but also how to protect infrastructure against extreme weather events brought on by climate change. Some members of the committee appeared to enthusiastically embrace the idea of environmentally-friendly infrastructure policy; others dismissed it.

Return of Earmarks? Chairman DeFazio also spoke of using earmarks – which he is now calling "Article 1" projects, in reference to the paragraphs in the Constitution establishing the Congress and vesting it with the power to pass laws – to give elected representatives and their constituents a tangible stake in the enactment of a bill.

In the Senate: Markup Before August Recess

On the Senate side of the Capitol Building, where Republicans remain in the majority, kickoff hearings were held by both the Committee on Environment and Public Works and the Commerce, Science, and Transportation.

Committee leaders indicated that the Senate would be limiting the scope of its infrastructure package to transportation infrastructure.

All Senate offices have reportedly been asked to identify their priorities for an infrastructure package.

Senators may have a little more time to craft an infrastructure bill

in comparison to their House counterparts. All tax bills – including legislation that raises the gas tax – must originate in the House, so the House will be expected to act first. The Chairman and Ranking Member of the Senate Environment and Public Works Committee have said they want to markup a bill before Congress recesses for its summer break on August 3.

In anticipation of the House and Senate crafting and advancing their respective bills, several stakeholder groups are preparing public relations campaigns to cajole and nudge Congress and the White House to keep pressing forward in a timely manner.

These efforts may be crucial to the ultimate enactment of infrastructure legislation because the rare bipartisan alliance that has emerged remains fragile. Both the Congress and the White House may well need reminders from stakeholders that unrelated, partisan issues should not be allowed to halt progress on a matter that has traditionally been a bipartisan endeavor.

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House and Senate Hearings on Infrastructure

House and Senate committees have already held nearly a dozen hearings so far this year to begin laying the ground-work for future legislation. In case you missed one or two, here is a list of those hearings, including hyperlinks to written testimony and archived webcasts.

- February 7: House Transportation and Infrastructure Committee
[The Cost of Doing Nothing: Why Investing in Our Nation's Infrastructure Cannot Wait](#)
- February 13: Senate Commerce, Science, and Transportation Committee
[America's Infrastructure Needs: Keeping Pace with a Growing Economy](#)
- February 26: House Transportation and Infrastructure Committee
[Examining How Federal Infrastructure Policy Could Help Mitigate and Adapt to Climate Change](#)
- February 26: Senate Commerce, Science, and Transportation Committee
[Connecting America: Examining Intermodal Connections Across Our Surface Transportation Network](#)
- March 6: Senate Environment and Public Works Committee
[Hearing on the Economic Benefits of Highway Infrastructure Investment and Accelerated Project Delivery](#)
- March 6: House Ways and Means Committee
[Our Nation's Crumbling Infrastructure And The Need For Immediate Action](#)
- March 13: House Transportation and Infrastructure Committee
[Aligning Federal Surface Transportation Policy to Meet 21st Century Needs](#)
- March 26: House Transportation and Infrastructure Committee
[The Cost of Doing Nothing: Why Investment in our Nation's Airports Matters](#)
- April 9: House Transportation and Infrastructure Committee
[Every Life Counts: Improving the Safety of our Nation's Roadways](#)
- April 10: House Transportation and Infrastructure Committee
[The Cost of Doing Nothing: Why Full Utilization of the Harbor Maintenance Trust Fund and Investment in our Nation's Waterways Matter](#)

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Executive Director

Become a member of AMOTIA!

In 2006, four companies from across America came together to form AMOTIA – the Association for the Management and Operations of Transportation Infrastructure Assets. These companies were well-attuned to changes in government – changes that would lead to enhanced partnerships and new services to meet the needs of the traveling public.

Today, 30 companies are leading the way to advance the private sector's role in managing transportation infrastructure assets.

AMOTIA's Mission

To build partnerships with industry and public agency stakeholders and disseminate information on innovative, cost-effective programs for managing, operating, and maintaining transportation infrastructure assets.

AMOTIA's Objectives

- To serve as the industry voice in the fast-growing field of private sector management and operations of transportation infrastructure assets.
- To provide a forum for members to exchange ideas.
- To advocate policies and practices that help members work cooperatively and efficiently with infrastructure owners.
- To promote the use of performance measures, creative risk allocation, and other techniques that stimulate creativity and innovation, resulting in safe and cost-effective management of owner assets.



For more information

Contact Peter J. Loughlin, AMOTIA Executive Director at 202-253-0331 or email Peter.loughlin@loughlinenterprises.com.



How to join....



Three Membership Tiers

Tier 1 Contractor (\$15,000)

As a current or future contractor/manager of transportation assets, I understand I automatically become an AMOTIA Board Member; attend all AMOTIA meetings; help form policy, marketing strategy, and technical positions; manage the business of the Association; meet with key government officials; participate in outreach and training efforts; and make this business grow.

Tier 2 Consultant (\$3,750)

As a current or future consultant providing asset management services, I understand I will be able to attend AMOTIA Meetings, join technical and marketing committees, network with Tier 1 Contractors on proposals and contracts, develop the industry's role in asset management services, and form the nucleus of future industry services.

Tier 3 Supplier (\$2,000)

As a supplier of products used in asset management service contracts, I understand I will help build the business for the future, share my product news with the membership, help form performance-based standards and measures, and make sure that my interests are taken care of by AMOTIA.

I want to join!!!

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Contact Peter J. Loughlin, AMOTIA Executive Director,
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email Peter.loughlin@loughlinenterprises.com

...Making a Difference

AMOTIA has developed key principles and positions on many issues related to infrastructure management. Members are building a business from the ground up and sharing the news with government.

AMOTIA is working with key American Association of State and Highway Transportation Officials and Committees, such as the Subcommittee on Maintenance, and is becoming the private sector voice on performance-based maintenance activities in the country.

AMOTIA is working on key issues, such as liability and risk allocation, finding the right balance for government and industry.

AMOTIA is working with those in the Public-Private Partnership arena to help educate the public and government officials about public-private partnerships and the ability of the private sector to efficiently and economically manage transportation assets.

AMOTIA is developing performance measures and specifications to help guide government on the best way to specify and measure work.

AMOTIA is developing a training and outreach program, looking to work with both AASHTO and FHWA to be the voice of the industry.

AMOTIA is providing a forum for industry to define the business opportunities of the future.