

TESTIMONY SUBMITTED BY:

DONALD J. KANIEWSKI  
LEGISLATIVE AND POLITICAL DIRECTOR  
LABORERS' INTERNATIONAL UNION OF NORTH  
AMERICA

ON BEHALF OF THE

NATIONAL CONSTRUCTION ALLIANCE  
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before the

HOUSE COMMITTEE ON TRANSPORTATION AND  
INFRASTRUCTURE

SEPTEMBER 5, 2007

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Chairman Oberstar, Ranking Member Mica and other distinguished Members of the Committee. I want to thank you for the opportunity to appear before you today. My name is Donald Kaniewski, and I am the Political and Legislative Director of the Laborers' International Union of North America. I testify not only as a representative of the Laborers', but also on behalf of the unions that are members of the National Construction Alliance (NCA): the United Brotherhood of Carpenters and the International Union of Operating Engineers. Together we represent well over one million highly skilled construction workers who build America's infrastructure day in and day out. Our members are the ones that take congressional authorizing legislation and convert it into real world concrete and steel transportation projects that move this country.

It is no longer a secret that America has serious infrastructure problems and needs a comprehensive infrastructure policy for the 21<sup>st</sup> Century. Recent events such as the tragic Minnesota bridge collapse, the explosion of an underground steam pipe in New York City and the devastating hurricanes that struck the Gulf Coast region underscore the necessity of a renewed national commitment to repairing and modernizing our infrastructure.

The National Construction Alliance has been a long standing advocate for robust federal investment in our nation's infrastructure system. It is our belief that a solid infrastructure system, across the entire range of modalities from highways, airports, harbors, freight and passenger rail, etc., forms the physical backbone that is critical to maintaining and enhancing economic growth, competitiveness, productivity and quality of life in this country. Therefore, we deem it unacceptable that:

- 97 percent of roads, bridges and tunnels, and 88 percent of transit / rail systems will require “much” or “moderate” improvement in coming years;<sup>1</sup> and
- There is a \$1.6 trillion deficit in needed infrastructure spending through 2010 just for repairs and maintenance.<sup>2</sup>

In addition to the public safety concerns associated with neglecting our fundamental infrastructure needs, America’s global competitiveness is severely undermined. When it comes to infrastructure investment, America is no longer a world leader, it is a follower. On average since 1980, the United States has spent less than 2% of its Gross Domestic Product (GDP) on infrastructure. This is a stark contrast to our global competitors, China and India, which are building at a staggering pace. According to recent statistics, China spends 9% of its GDP on infrastructure and India spends 5% of its GDP on infrastructure.<sup>3</sup> The governing leadership of these countries clearly understands the critical importance of robust infrastructure investment for future economic competitiveness in a global economy.

Clearly, no one can dispute that America needs a master plan that closes the gap between available revenues and documented need. We need a strategic approach as we address our immediate needs and as we begin to lay the groundwork for a comprehensive 2009 surface transportation program reauthorization.

Mr. Chairman, your proposal is a significant part of the solution that moves our nation closer to achieving these goals. That is why the three unions of the NCA strongly support your Bridge Improvement proposal. Your plan is a critical step in the right direction for the following reasons:

- It provides immediate, dedicated funding for bridge inspection, repair, rehabilitation and reconstruction;
- It creates a dedicated trust fund to ensure new revenues are utilized for their intended purposes;

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<sup>1</sup> Urban Land Institute, “Survey of Directors of Planning for State Departments of Transportation”, February – March 2007

<sup>2</sup> American Society of Civil Engineers, “America’s Infrastructure Report Card – 2005”

<sup>3</sup> Urban Land Institute / Ernst & Young Report, “Infrastructure 2007: A Global Perspective”

- It implements a needs based funding proposal, with a strict prohibition on earmarks; and
- It considers all options to generate the necessary revenues for the program, including an increase in user fees – a matter I will discuss in detail later.

This specific approach is exactly what is needed to solidify public support and reinvigorate the political will behind infrastructure investment. America's support of increased investment in infrastructure has to be based on trust and your plan strikes a balance by first assessing need before stipulating funding.

Now that we have the focus of the nation on the chronic underinvestment in its aging and ailing infrastructure, we must not lose it. We must take on those whose rigid ideology and rhetoric would automatically straight-jacket the debate by refusing to put all of the revenue options on the table to address the problem in a forthright manner. Once the need is clearly established, then the issue is one of establishing a sufficient revenue source to realistically address our investment needs.

There has been a noticeable increase in rhetoric on the House floor in recent months concerning levels of spending by the federal government for various programs in FY2008. More specifically, there have been efforts to reduce the level of investment in federal infrastructure programs. One effort to cut the U.S. Army Corps of Engineers construction account by \$481 million was defeated on a strong bi-partisan vote of 351 – 76 despite pleas by the proponent to reduce wasteful federal spending.<sup>4</sup> In another instance, the House voted overwhelmingly to pass the FY2008 Transportation Appropriations Bill despite the Administration's strong veto threat against "increasing funds for the Federal Aid Highway program..."<sup>5</sup>

My point in citing these examples is a simple one; now is not the time to engage in cheap sloganeering about "tax and spend" approaches to federal government spending when it comes to federal investment in critical infrastructure needs. It should not be a partisan position to recognize that robust federal infrastructure investment is necessary to create the economic platform which allows the private sector to effectively compete in a global economy.

Today, other panelists will present irrefutable evidence that we are facing an infrastructure investment crisis in America. Rather than add-on to their thorough testimonies, I would like to focus on how to generate the revenue stream to build, maintain and fund a world class 21<sup>st</sup> Century infrastructure.

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<sup>4</sup> House Roll Call Vote 503: "FY 2008 Energy – Water Appropriations", June 19, 2007

<sup>5</sup> Statement of Administration Policy: July 23, 2007

## **NCA Policy Recommendations**

We strongly believe that building and maintaining a world class 21<sup>st</sup> Century infrastructure system, one that makes the nation competitive in a global economy, is inherently a federal responsibility.

Furthermore, we believe that in order to improve investment in the nation's infrastructure, we must maximize all existing revenue sources. As we all know, the federal gas tax is the sole source of revenue for investments in highways and transit. Until another equally efficient method of funding is identified, we believe that the most straightforward approach to increasing revenue lies in increasing the user fee. Let me be specific: a gas tax increase is the most direct way to address the short-term revenue needs to fund this particular bridge proposal. Such a direct correlation between revenues and spending is fiscally responsible, especially in a "pay-go" budgetary environment.

With respect to a more comprehensive reauthorization of the Highway Transit program, we would support various fee modifications and or additions that are tied to a trust fund that is dedicated to the purposes of funding and improving the nation's infrastructure system. A gas tax increased or transformed into a sales tax or a fee based on vehicle miles traveled (VMT), or combination thereof, are all acceptable to us and we believe to the public if they have confidence that they will get what they pay for and the funds will not be diverted. We are not averse to innovative financing, particularly for large projects of national significance. Bonding and other tools of financial leverage should be part of the mix. Although we are not experts on all methods of innovative financing, we believe everything that enhances investment must be considered.

In conclusion, while we recognize the need for a comprehensive, systemic approach to America's overall infrastructure needs and how best and most effectively to finance those needs across a range of modalities, we strongly encourage a singular focus on the present bridge deficiency issue before us as the most politically doable piece of the broader infrastructure problem facing this country. A five cent gas tax increase to raise the necessary \$25 billion dollars for bridge inspection and repair is a finite, achievable objective in the remaining months of the 110<sup>th</sup> Congress. We respectfully urge recognition of this reality and encourage the Committee and both bodies of Congress to act quickly and pass desperately needed legislation to ensure that the infrastructure system America relies on is safe.

Thank you again for the opportunity to provide testimony today.