

Segment 6 Of 6 [Previous Hearing Segment\(5\)](#)

[SPEAKERS](#)

[CONTENTS](#)

[INSERTS](#)

[Page 676](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

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LEGISLATION TO APPROVE THE NATIONAL HIGHWAY SYSTEM (NHS) AND ANCILLARY ISSUES RELATING TO HIGHWAY AND TRANSIT PROGRAMS (H.R. 842 TRUST FUNDS OFF-BUDGET)

FRIDAY, MARCH 10, 1995

U.S. House of Representatives,

Subcommittee on Surface Transportation,

Committee on Transportation and Infrastructure,

Washington, DC.

The subcommittee met, pursuant to recess, at 10 a.m. in room 2167, Rayburn House Office Building, Hon. Thomas E. Petri (chairman of the subcommittee) presiding.

Mr. **PETRI**. The subcommittee will come to order.

The first order of business today is to receive testimony regarding a proposal to designate the I-35 corridor in Texas, Oklahoma, and Kansas as a high-priority corridor. I understand that, since the passage of NAFTA, there has been a dramatic increase in truck traffic and congestion on I-35, and support is building for improvements to be made to this important road, which stretches from Laredo, Texas, all the way up to Minnesota.

[Page 677](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

We have an impressive lineup of witnesses in support of the I-35 proposal, and I look forward to hearing more about this issue.

Next we'll take up the issue of removing the various transportation trust funds from the unified budget. This is a top priority of the full committee and this subcommittee, and I'm pleased that support for H.R. 842, the Truth in Budgeting Act, continues to grow and that the bill now has 128 co-sponsors. This is a basic issue of trust and of fairness— whether the Federal Government will live up to promises made to the users of our transportation systems that the users' fees and taxes that paid into these trust funds will be used to maintain and to improve our transportation facilities.

Each day about \$80 million is paid by travelers through taxes on airline tickets and taxes at the gas pump. Restricting spending from the trust funds in order to use these user fee balances for budgetary purposes is especially offensive in light of our urgent highway, transit, aviation, and port needs.

In the four years since ISTEA was passed in 1991, actual highway funding has been \$5 billion below the amounts authorized in ISTEA and below what the highway trust fund could support. At current spending rates, ISTEA highway funding will be \$1 billion less than ISTEA authorized levels in each of the next two years.

The current \$30 billion cash balance in all of these trust funds would go a long way toward addressing critical infrastructure improvements that would increase productivity, encourage economic development, and improve the daily lives of average Americans in every part of this country.

[Page 678](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

We hear a lot in this Congress and in the press about social safety legislation, but the fact is all the words can be written on all the pieces of paper in the world, and unless there is the infrastructure to actually move the goods and to produce the goods, you can't consume them, whatever we might say here in Washington.

So the true social safety net legislation, it seems to me, is getting these trust funds off balance so that we can improve our infrastructure and guarantee and assure the wellbeing of our citizens for the next generation.

I am pleased we will be hearing from a broad cross-section of witnesses today. We will hear from the people who are trying to make our highways, transit systems, airports, and ports as efficient as possible in the face of inadequate resources. We will also hear from users of these transportation systems about the benefits they see of taking the trust funds off budget.

So I look forward to the testimony of all our witnesses today.

When Mr. Rahall joins us, he may have a statement, as well. Other statements from the Members will be made a part of this record.

[Mr. Poshard's statement follows:]

[Insert here.]

I see that a number of our colleagues are here for the first panel on the I-35 corridor. Our colleague, Mrs. Johnson, would like to introduce some of her colleagues and members of this panel.

[Page 679](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

Mrs. **JOHNSON**. Thank you, Mr. Chairman, and thank you for calling this meeting. Obviously, any time it involves Texas it is very important.

I want to welcome my colleagues, Congressman Sam Johnson — we share the same surname, and we really jet in and out of each other's districts. And Congressman Geren, from Fort Worth; Mr. McCaleb, we appreciate your being here; and Congressman Frost; and Congressman John Bryant, who has really kind of championed this area that we are going to be addressing this morning for the north Texas area and calling us together and getting us all on one side. We also have Mr. Moseley and Mr. Cornelius. Are you gentlemen Congressmen?

Mr. **CORNELIUS**. We're judges.

Mrs. **JOHNSON**. Thank you. We really appreciate your being here.

Mr. Chairman, I would just say that for all the committee members who might not have made it who have not shown

this morning, we will be sure that you get all the information. It is probably the most important topic we could address any time soon on designation of I-35 for NAFTA highway throughout Texas, Oklahoma, and across the Nation.

I appreciate all of the people that are here to support and work together on this idea, and I would ask all of my colleagues to listen closely, because when it involves Texas it is very important.

Thank you.

[Page 680](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

Mr. **PETRI**. Thank you.

Representative Bryant, would you like to lead off?

Mr. **BRYANT**. Thank you very much on behalf of all of us for holding this hearing and inviting us to testify today.

I am pleased to appear before you today as an early and strong backer, along with my colleagues to my right, of the initiatives of the Interstate Highway 35 Corridor Coalition to discuss the crucial concerns that are of national interest, not simply regional interest, with regard to the largest trade and transportation corridor in the Nation that serves the North American Free Trade Agreement partner nations.

The Coalition and I strongly support passage of the national highway system legislation in 1995. I would point out that if Congress fails to pass NHS in 1995, States will lose annual funding per year totaling \$6.3 billion, which is very significant. In Texas \$436 million would be lost, \$94 by Wisconsin, \$119 million by Washington, \$117 million by Alabama, and \$569 million by California.

We believe it is essential to the Nation's ability to efficiently and safely handle transportation of cargo and people between the States to pass NHS in 1995.

We also strongly support designation by Congress of interstate 35 as a high-priority corridor within the U.S.'s national highway system. I believe we'll make a strong case for that today.

[Page 681](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

Developing I-35 into the most advanced intelligent highway system is an issue of key international interest, as well as national interest, as well as a critical one for the State of Texas and our future and our economic development.

NAFTA has increased the importance of I-35, and the demands placed upon by NAFTA have increased dramatically. Eighty percent of the \$100 billion a year in total U.S./Mexico trade travels overland across Texas highways, 50 percent of it crossing the border at Laredo, Texas, which is the beginning point of interstate 35.

I-35 directly connects major population and commercial centers such as Laredo, San Antonio, Austin, Waco, Dallas, Ft. Worth, Oklahoma City, Wichita, Kansas City Kansas, Kansas City Missouri, Minneapolis, and also into central Canada. It is the sole central land artery linking Canada, the U.S., and Mexico, and it provides access to all major U.S. interstate highways running east to west across the United States, including those that link major industrial centers in the U.S. northeast and Canada. It also serves as the funnel through which every State in the Union—the entire country—make their way into Mexico.

As tariffs fall over the next 15 years under NAFTA, U.S. trade with Mexico is predicted to hit \$150 billion a year by

the year 2010, which will surpass U.S. trade with Japan, which trails Canada as the number one trade partner of the United States.

The Department of Commerce estimates indicate that U.S./Mexico trade grew by 21.7 percent in 1994, the first full year of NAFTA's existence, from 1993, or at a pace of \$100 billion a year, up from \$90 billion a year in 1993.

[Page 682](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

About 80 percent of Mexico's total exports come to the U.S., while only 7 percent travel overseas to western Europe or travel southward to Latin America.

In the aftermath of the Mexican peso devaluation last December 20th, Mexico reported its exports increased by 35 percent in January over January of 1994, while Mexican imports in January rose 7 percent from January of 1994. Imports are still increasing, despite the higher cost of imports denominated in dollars for holders of Mexican pesos.

The Federal Highway Administration recently reported that the highways leading to and from border crossing sites are under enormous stress and will be hard-pressed to handle significantly greater amounts of cross-border traffic. If border States must use their current allocation of Federal highway funds to improve those roads, obviously other competing priorities could not be supported within those States.

We would also point out that a recent analysis of NAFTA trade flows indicate that Texas highways will carry an even larger percentage of this growing trade volume over the next two decades.

Between 35,000 and 38,000 18-wheel trucks cross into and out of Mexico each month. The majority of those travel in interstate 35 and cross the international border at the Laredo bridge.

Mr. Chairman, I want to leave some points to be made by my colleagues. I would just say to you that we strongly encourage designation of I-35 as a high-priority corridor within the national highway system.

[Page 683](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

We invite the subcommittee to request that the Department of Transportation and Commerce, with the collaboration of the Coalition, produce reports outlining current and projected traffic and trade data accounting for the effects of NAFTA on I-35 for presentation to this subcommittee before September 1st of this year in order that you might have the empirical basis upon which to proceed. We are confident of what the result of that study will be.

We suggest the subcommittee review the possibility of considering interstate highway 35 as a test bed for intelligent vehicle highway system and current technology and systems improvement.

We recommend this subcommittee hold field hearings on three key I-35 intermodal sites—Kansas City Kansas and Missouri, as the Nation's second-largest intermodal railroad facility; the Dallas/Ft. Worth area as the world's second-busiest air passenger and ninth-busiest air cargo center; and the border zone at Laredo, the U.S.'s single most important port of entry for trade with Mexico.

Thank you, Mr. Chairman and Members for your time and consideration. I look forward at the end of the testimony of my colleagues to introducing to you three important leaders from our region of the State to testify to you further.

Mr. **PETRI**. Thank you for your testimony.

Representative Johnson, it is good to see you here. Please proceed.

[Page 684](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

Mr. **JOHNSON**. Thank you, Mr. Chairman. It is also a pleasure for me to be associated with this group.

I-35, whether you are aware of it or not, is the only U.S. highway that runs north to south and connects all the east-west highways in this country. Furthermore, it is the premier highway that connects Mexico City with central Canada.

When you run a highway that connects with the Inter- American Highway from Mexico City through Monterrey, Guadalajara, and then the towns that John Bryant just talked about in Texas—Laredo, San Antonio, Dallas, Oklahoma City in Oklahoma, Kansas City Missouri and Kansas, Minneapolis/St. Paul, and on up into Duluth and into the central part of Canada—that kind of highway system which already exists— you don't have to build a new one—needs to be expanded and made into one of our leading highways that can carry traffic.

Let me just give you some examples.

New statistics produced by the Laredo Development Foundation indicate that 15.1 million vehicles crossed the border in 1994 in Laredo at the I-35 terminus point and the United States Government earned \$1 billion from customs duties solely at Laredo in the last five years, \$203 million in 1994, alone. In the first full year of NAFTA, 1994, 908,000-plus trucks crossed at Laredo, nearly three times the 1983 number of 331,000.

So our main goal is to make it a high-priority corridor of international significance to kind of follow on to NAFTA.

[Page 685](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

I-35 is also connecting Dallas/Ft. Worth metropolitan region, which currently accounts for 27 percent of Texas' trade with Mexico and is expected to go to between 30 and 40 percent in the next few years.

The international airport at Dallas is currently the second-busiest airport in the Nation and programmed to go first. The air traffic controllers tell me that in some days it already is surpassing Chicago's O'Hare.

I think that, since Mexico began lowering import tariffs, U.S. imports to Mexico have more than tripled to the current 50.1 billion annual pace from 12 billion in 1986.

Texas exports represent nearly 50 percent of U.S. exports to Mexico, and Texas' total trade with Mexico already exceeds the U.S. trade with France or Korea.

So I think that the Coalition's major goal to designate under ISTEA as a high-priority corridor of international significant I-35 is significant and will produce benefits not only for Texas, but America.

Kansas City, which is one of the rail centers for the United States, is also a connector of I-35, so the rail system is connected. It truly is an intermodal system.

I agree with John Bryant and hope that you would consider making this highway a test bed also for several of the things that you are trying to do now, and hopefully we can work with you to try to improve and enhance our intermodal highway system in this country and make I-35 a truly American highway.

[Page 686](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

Thank you for letting me testify with you this morning.

Mr. **PETRI**. Thank you very much, Representative Johnson.

It is good to have back here at what we used to call the Public Works Committee our former colleague, who has moved on to other assignments, Pete Geren.

The floor is yours.

Mr. **GEREN**. Thank you, Mr. Chairman. It is, indeed, a pleasure to be back. This is the first time I've been back in the room since I have taken a leave of absence from the committee. It does feel a little odd not to be sitting on that side of the microphone, but I appreciate very much the opportunity to come this morning and talk about a project that I think is very important to our Nation's future.

Let me first ask that my formal statement be put into the record. Rather than repeat many of the things that have been said by my colleagues, I'd like to just put that statement in the record and make a couple of remarks about other issues that I think are important.

I'd like first to recognize the leadership that John Bryant has given this initiative from the very beginning. When it was just an idea that had occurred to a couple of people, Mr. Bryant seized on it and saw the importance of it and helped bring us to where we are today, and I certainly commend him for doing that.

[Page 687](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

I'd like to associate myself with the remarks of Mr. Bryant and Mr. Johnson.

I'd like to make one correction in Mr. Johnson's remarks. He was naming the great cities along the I-35 corridor, and somehow he neglected to mention Ft. Worth. But we are used to those kind of oversights from our neighbors back east, like Mr. Johnson.

Mr. **JOHNSON**. Dallas has always ignored Ft. Worth.

Mr. **GEREN**. But this is a very important initiative.

When we look at the future of our country and economic opportunities for our country, we've got to bear in mind that we are 6 percent of the world's population, and if we are going to grow our economy, if we are going to continue to offer economic opportunities for our citizens, we have got to look beyond our borders, we've got to look at the opportunities in world trade.

NAFTA presents us with the greatest opportunity in world trade, in spite of the problems that Mexico is suffering through right now. For the long term, NAFTA, with what it offers with Canada and Mexico, presents us with the greatest opportunity for economic improvement in our country that we have seen in a long, long time. It is an opportunity for us to grow our markets, an opportunity for us to build good-paying, good-benefits jobs, not just in Texas, but all over the United States. And it is essential that we plan our transportation infrastructure based on what this international trade is going to require.

[Page 688](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

I think this NAFTA superhighway is a very important step in the right direction.

If you look at the map over there, I think it is self-evident what it means to the whole country, not just to Texas. And if you look at the NAFTA corridor as the trunk of a tree, one that hooks up Mexico and all those markets down there with the industrial heartland of our country, as well as the most important economic centers in Canada.

I urge this committee to give careful consideration to this concept. As this trade grows, the current I-35 won't be able to handle it. It will deteriorate. We won't take advantage of all the imaginative opportunities that this superhighway designation can give us.

Some of the ideas that have been mentioned to me that seem to make so much sense—if we could come up with a system where you can pack beef in Chicago, have it go through customs in Chicago and perhaps put a bar code on the truck, and have that beef be shipped right down and go straight into supermarkets in Mexico and not have to stop at the border crossing—there are so many imaginative things that can come out of it if we do put our best minds to work on maximizing the potential here.

I appreciate the committee's consideration of this, and I thank you all for giving us the opportunity to testify.

I look forward to working with you.

[Page 689](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

Mr. **JOHNSON**. Would the gentleman yield?

Mr. **GEREN**. I'd be glad to yield.

Mr. **JOHNSON**. Mr. Chairman, let me just add that I did omit Ft. Worth, and I want to add that the two towns are working together. It is the only place on the highway system on interstate highways where the road splits to go through two cities and comes back together on both ends. We do work together on that, and I think Pete maybe forgot to tell you that there is an airport in Ft. Worth which was built solely for cargo and is becoming one of the world's renowned airports, an alliance airport, and that ties right in with cargo capacity and the effect that we are trying to have with I-35.

Thank you, Mr. Chairman.

Mr. **GEREN**. Thank you, Sam, for mentioning that.

And when you look at it as an intermodal system, D/FW Airport, the second-busiest airport in the world, is also on I-35. This really is an opportunity to tie together all of our transportation systems in the best hopes and sense of intermodalism.

I thank you all very much.

Mr. Rahall, I appreciate the chance to make this presentation to you. Thank you.

[Page 690](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

Mr. **PETRI**. Thank you.

Representative Frost?

Mr. **FROST**. Mr. Chairman, I am sorry that I was delayed in arriving.

I have a full statement that I would like to submit for the record.

This is a very important matter, as I think you are aware, and as it relates to the successful implementation of NAFTA.

Interstate 35 connects both Mexico and Canada. It is a major artery through our part of the country. And our delegation from north Texas that appears at the table here today is united in our request to you. Some States and some parts of States have division within those areas. That is not the case. This is a bipartisan group, and this is a group that feels very strongly about this matter.

I appreciate the time of the committee.

The designation of I-35 corridor as a superhighway under NAFTA is extraordinarily important to the successful implementation of that agreement.

Mr. **BRYANT**. Mr. Chairman, if I might add one more thing, I appreciate Pete Geren's kind remarks, but the fellow that really deserves the credit for having assembled this coalition, which is becoming a national coalition, really, is Judge Jeff Moseley of Denton County. I wanted to introduce him before he testified.

[Page 691](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

He conceived this, along with some other folks, and has led it and been, I think, very ably assisted in this effort by our former Secretary of State, David Dean, who I assume is testifying here today, as well. Whether or not he is, Judge Moseley really conceived it.

I'm glad, along with my colleagues here, to help advocate what this coalition is up to, but they have done a great job of organizing, sharing the cost of this effort, and working hard to add in others.

One of those up the road from us that has joined in, as well, is Neal McCaleb, the Secretary of Transportation for the State of Oklahoma, who is here to testify.

I also want to introduce Judge Al Cornelius, the constituent of Congressman Frost from Ellis County, who is a member of the coalition's executive committee.

With that, we thank you for letting us testify and look forward to your hearing from our constituents back home.

Mr. **PETRI**. Thank you.

Mr. Moseley, since you have been introduced, would you like to lead off?

Mr. **MOSELEY**. Good morning, Mr. Chairman.

[Page 692](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

Thank you for letting us take some time this morning to just talk very briefly about a road system that we think is very important to the North American Free Trade Agreement and to the United States.



Mr. Chairman, you and Mr. Rahall are to be commended for moving very quickly and early in the session to hold talks on the NHS, and we salute you for that initiative.

I'd like to brag a little bit on our bipartisan Congressional caucus. Congressman Bryant and Congressman Johnson are providing that leadership. We have had tremendous support of our Congressional delegations along 35, and we appreciate so much collaborating with Congresswoman Eddie Bernice Johnson and her support locally. We appreciate Congressman Frost and Congressman Geren for all the work they have provided early in the formation of this coalition. And we've enjoyed collaborating with Congressman Greg Laughlin and with Congressman Brewster.

There are many others who are part of our Congressional caucus, including both of our Senators, Kay Bailey Hutchinson and Senator Gramm from the State of Texas, and Senator Inhofe is also participating very actively from Oklahoma.

Our Corridor Coalition, formed in February of 1994—about one month after the North American Free Trade Agreement was adopted—if there is no objection, Mr. Chairman, I'll just speak informally from my notes and enter my recorded statement for the record.

Mr. **PETRI**. Without objection it will be.

[Page 693](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

Mr. **MOSELEY**. We essentially were motivated to come together to create the Corridor Coalition because there was a realization that with the North American Free Trade Agreement we were going to be experiencing more truck traffic along this very important corridor going north and south, linking Mexico, the United States and Canada.

We realized that our roadway would start having more and more Mexican trucks, and so that was what kind of got us to come together as officials along 35, 580 miles in Texas, to begin talking about the future.

Out of this Corridor Coalition has come essentially discussion about how valuable this roadway is to the United States as a trade route. In fact, we know that 74 percent of the total annual \$100 billion in U.S./Mexico trade crosses the border on Texas highways, with 50 percent crossing the border at the I-35 terminus point of Laredo.

This map to my left will show you some trade flows. It shows that Texas is literally a geographic funnel, with Laredo at the mouth of that funnel. That's going to be a reality for trade moving in and out of Mexico because the Rocky Mountains extending into Mexico really provide for that to be a most critical point of entry into our second-largest trading partner.

U.S. exports to Mexico rose by nearly 17 percent in 1994 to about 51 billion. That's up from just 12.4 billion in 1986. The Texas comptroller of public accounts and private economists have projected that total U.S./Mexico trade could this \$150 billion by the year 2010, pushing the U.S./Mexico trade relationship ahead of that we have with Japan and second with Canada.

[Page 694](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

We realize that this route is going to remain a critical route and will grow.

There are some questions that have been raised about whether the peso devaluation will have any type of an impact on the use of this roadway, and we are here today to tell you that the Mexican government released just recently its trade data for January of 1995, and, in fact, Mexican exports in January grew by 35 percent over the same month a year earlier, and Mexican imports rose by 7 percent. So we would submit to this committee that there is absolutely not going to be any type

of a slow-down in traffic as it might relate to a devaluation of the peso. Statistics don't bear that out.

Increased commercial shipments of U.S. goods to export to Mexico and their imports to the U.S. has boosted this commercial truck traffic in Laredo to more than 900,000 loaded trucks in 1994, and that's up from only 330,000 in 1987. We are seeing this critical point just being overwhelmed with truck traffic, which is the primary method of moving cargos into the interior of Mexico.

Interstate 35, because of its connection with the Mexican roadway system, in what was designated originally as the Pan- American Highway, through the Laredo point of entry is the most logical point for these goods to flow.

One of the things that we have wanted to talk about for some time is how we can take this tangible asset called "drive time" and enhance it.

[Page 695](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

We have a roadway that is in place today with thousands of acres of right-of-way, and we feel like there are some opportunities for the Federal Government to collaborate with the States and local governmental entities along this roadway to enhance this tangible asset called "drive time" and to move cargos more efficiently and effectively. That's why we are asking today for a high priority designation for I-35.

Congressman Geren has talked about the concept of having a pre-inspection along this roadway. In talking with U.S. Customs officials, there seems to be a tremendous opportunity for the roadway to use that as an opportunity to enhance drive time.

With that, Mr. Chairman, I'll be glad to yield to the Secretary of the Oklahoma Department of Transportation.

Mr. **PETRI**. Thank you.

Mr. McCaleb?

Mr. **MCCALED**. Thank you, Mr. Chairman and members of the committee.

My name is Neal McCaleb. I'm the Secretary of Transportation for the State of Oklahoma.

I am very pleased to have the opportunity that you have afforded me this morning to join with my colleagues and fellow transportation advocates from Texas to speak a little bit about the national highway system and, in particular, about the international highways of commerce.

[Page 696](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

I was privileged to serve as the director of the Oklahoma Department of Transportation in the late 1980s when the American Association of State Highway and Transportation Officials were finalizing the plan that was later to become known as the national highway system, later to be included in concept in the ISTEA bill, and now before your Body for adoption.

Back then we called it the "system of highways of national significance." The concept evolved from the idea that there were certain primary arterial highways beyond the interstate system that were of national significance and should be so identified and treated in a unique way in the establishment and funding of a national highway system which is critical to interstate commerce and traffic.

That system of highways has been identified and submitted to the Congress for its consideration and ratification, to which I give my enthusiastic endorsement on behalf of myself and Governor Keating of the State of Oklahoma.

By the same token, there are also highways that are significant to our Oklahoma, regional, and international commerce. We also have these highways that we will call "highways that are significant to international commerce."

Since the ratification of the NAFTA treaty, we have witnessed a considerable increase in trade with Mexico in Oklahoma, with the consequent increase in truck traffic, transporting the products of this commerce in both directions across the Rio Grande and using primarily the interstate 35 corridor.

[Page 697](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

Such a highway of international significance is the current interstate 35 running from Nuevo Laredo, Mexico, on the Rio Grande River, to the Canadian border. Although this facility was built and is maintained to the standards of interstate highway design, the increased truck traffic volume and higher gross loads will exceed those that were originally anticipated in the interstate highway design criteria.

It is for this reason that Oklahoma has joined our colleagues in this region for the I-35 NAFTA Corridor Coalition. I encourage you to consider the identification of I-35 as a highway of international commerce so that this route may be treated according to its unique requirements of design and expanded capacity in future considerations of the Federal Highway Administration and the several States which this route transverses.

I encourage you to adopt the national highway system in a timely way and to include the concept of highways of international significance within the NHS, and to specifically identify interstate 35 as such an international trade route.

Thank you very much for the privilege afforded me of speaking to you today.

Mr. **PETRI**. Thank you.

Judge Cornelius?

Mr. **CORNELIUS**. Mr. Chairman and members of the committee, it is a privilege for me also to appear before you today.

[Page 698](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

I have a prepared statement that I'm asking be entered into the record, and I'll just sort of summarize some things that I think are very important about why we are all here today.

I would mention that before my life in politics I had a career with the National Aeronautics and Space Administration in the United States Department of Energy, so I appreciate very much technology and the developments and all the research that has been done to make life better for all of us. That's basically what I want to say this morning.

I represent Ellis County as county judge, but I believe that I can speak for all of the cities and counties and the citizens up and down this corridor and wherever the routes may take the trucks that are traveling as a result of NAFTA.

NAFTA is working. The trucks are there. You have heard the statistics in other testimony this morning of the loaded trucks that come across the bridges in Laredo.

My concern is that those trucks are going to be coming right down the middle of Ellis County and through other

communities all over this country. It is, in fact, a nationwide project that we talk about here. And I'm concerned about a couple of things.

First of all, obviously, we are happy of the prospects of economic development in our county, as are the other entities. But I am also concerned about safety and about health.

[Page 699](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

Such topics as emission control, the condition of the highways, congestion that would add to the danger of traveling these highways, by not only the people of Ellis County but the people all up and down the interstate system. So I am very concerned about those areas.

We have already heard testimony about the tremendous increase in Laredo, and the Department of Transportation predicts that there will be a 120 percent increase in that traffic by the year 2000.

So it is obvious to me, and I believe to you, that we must do something, and technology is the answer to at least many of our problems along this line. New and innovative ideas have to be implemented to increase the capacity of existing roadways. We need to reduce congestion and increase safety and reduce the incompatibility of various modes of transportation.

I really believe that the intelligent vehicle highway system, the IVHS program, represents our best opportunity to accomplish those goals, and IH-35 represents not only the State's, but I believe the Nation's most viable candidate for becoming the first of these new generation of superhighways.

I have talked about safety and talked about health, and I mentioned a little while ago my appreciation for technology and what that technology can do for us, and I would like to ask that the interstate 35 system serve as a prototype or a test bed highway in a larger system that tests and incorporates many of the IVHS technologies that we have mentioned previously. I believe we have to use the best minds in this country to come up with solutions.

The trucks are there, the traffic is there. I traveled IH-35 about a week ago, and I can assure you that the congestion is there, and it will only get worse.

[Page 700](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

To effectuate this, I'm going to wrap up and summarize by asking four basic things.

First of all, we are going to ask that the national highway system be passed this year. We really believe that delaying this system will cost my home State of Texas approximately \$436 million. So I urge this subcommittee to pass the NHS and ensure that these needed funds are available for IH-35 and other critical highways in Texas.

Secondly, we ask that IH-35 be designated as a high- priority corridor under 1105 of ISTEA. Now, this would place IH-35 on the same footing as other priority transportation thoroughfares throughout the United States.

Thirdly, the IH-35 Corridor Coalition requests that this subcommittee conduct field hearings in Laredo, Texas, other cities such as Oklahoma City in Oklahoma, Kansas City, the Dallas/Ft. Worth area, and other areas. We feel like if you experience first-hand that 270 percent increase in traffic at the south end of IH-35, that it will really make an impression upon you.

Number four, we ask that the subcommittee direct the Department of Commerce and Department of Transportation to work collaboratively with the IH-35 Corridor Coalition to study the current and projected trade data and determine the

increased traffic flows and their effect on IH-35. We ask that this report be completed prior to September 1st of this year.

[Page 701](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

We really believe that this is a national asset, IH-35. We believe it is a natural for the kind of technology test beds that need to be put into place.

Mr. Chairman and members of the committee, over a quarter of a century ago I was very privileged to be a part of a team that allowed Neal Armstrong to make that historic footprint on the lunar surface. I believe that, as far as the drama and the glamor is concerned, we can't possibly match that here, but I believe that the need for technology development is nonetheless important and no less important for economic development and for the safety and health of our citizens.

I appreciate very much the opportunity to come before you today.

Mr. **PETRI**. Thank you all for your testimony.

Representative Rahall, do you have any questions?

Mr. **RAHALL**. I have no questions, Mr. Chairman. I'd rather yield the time to the Texans that are on our panel this morning. But I do say to my colleagues—my bipartisan colleagues, as Representative Frost has noted, and Representatives Geren and Johnson and Bryant—that with the tall timber represented by this panel of witnesses, it is going to be very difficult to look the other way when these requests are made from our Texans. We want to be helpful to you and look forward to working with you on it.

Mr. **PETRI**. Thank you.

[Page 702](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

Mr. **RAHALL**. I yield my time.

Mr. **PETRI**. Representative Laughlin, would you care to ask any questions?

Mr. **LAUGHLIN**. Thank you, Mr. Chairman.

I want to say welcome to this panel, because yesterday we had a panel in here that the witness said he couldn't understand me, and I looked around for an interpreter and couldn't find one. We don't need one today. I can hear all of you very well and understand what you are saying and certainly agree with you on the importance of I-35 and appreciate your being here.

To the elected officials who traveled up here from Texas, you need to go back and tell the people in your home counties they ought to be very proud of the powerful array of Members of Congress they have at the table with you, because they certainly are respected in both political parties and in the Congress.

The first thing I would ask the elected officials from Texas to do is go back home and generate some support for taking all our trust funds off budget.

You are here talking about an interstate system that now, in the trust fund, we have in excess of \$19 billion, and we can't spend it on the highway system that you are here asking us to support. One of your Members of Congress—I think it was Mr. Geren—mentioned that your airport at Dallas/Ft. Worth is the second-busiest in the world; yet, we have in excess of \$6 billion in the trust fund that we are unable to get out.

While it is of no interest probably to any of you on I- 35, since I represent a long stretch of the coastline, the inland waterway trust fund has in excess of \$160 million.

We on this committee have a bill to take these off the lock box and get them out to the taxpayers who are paying those respective taxes. And so first I would solicit your support for that, because as we look at the various needs— and they are all needs in this country—we need access to this money.

The next thing I would like to address to Judge Moseley, whom I understand is the organizer of this—and I suppose you know Judge Buddy Vick in Denton. He grew up around the corner from me in West Columbia, so give him my regards. In fact, his wife and I started first grade together, but that won't get you a highway bill.

Six years ago, when we started the hearings in this committee on the ISTEA bill of 1991, we had some interstates in Texas, but I represent a large rural District that probably is close to the size of the four Congressmen's Districts who are seated at the table with you combined. Maybe theirs are a little larger, but the point I'm making is they are very powerful and their predecessors were, and the District I represent only has one Congressman, even though it is large geographic in size. Highway 59 runs not only through the length of the District I represent, but runs from Laredo to Texarkana.

Much of that highway carries the same traffic you are talking about, but much of it is only two lanes. It is not interstate. And it was that situation back in 1989, and it is still that way in 1995.

I went to the leadership of this committee and asked them to make 59 an interstate from Laredo to Texarkana, going through Houston, and was told that we are not doing any more interstates. At that very conversation time we already had several interstates in our State of Texas.

But what they suggested, based on the data of traffic and need, was that it be made a high-density corridor. That name has changed several times, and now in the law I think it is called a "Congressional high-density corridor."

My question to you is: do you see that your efforts— and I must also tell you I'm the only Member of Congress who has some of I-35 running through his or her District and 59, the other major corridor, running through his or her District.

Do you, Judge Moseley, see—and if so, how do you see — competition for the effort that all of you are arrayed here today testifying in support of improvements to I-35? How does that compete against the high-density corridor designation and the need of improving a two-lane road to at least a four-lane on U.S. 59?

Mr. **MOSELEY**. Congressman, I would suggest that you are very lucky to have both of those roadways in your Congressional District. We see that there is a very real need for the proposed I-69, and we think that it is also, as you stated, a very natural route for trade and commerce through that eastern section of Texas.

So that's why we have collaborated and worked with Mayor Lanier and John Lindsey. I have not yet had a chance to meet with Judge Echols, but I have met with one of his representatives, and with the Greater Houston Partnership to let them know what we are pursuing, essentially to take an existing roadway and upgrade it and enhance it.

Some of the things we are talking about will actually serve I-69 very well, because we are looking at using some technologies to move truck cargoes that would suit their purposes very well for moving goods up and down that east Texas roadway.

So we feel like we have a lot more to gain by working together, and also we have recommended looking at I-45 and I-10, linking 35 to the Port of Houston for intermodal purposes. We think there is a value to collaborating with the city of Houston today to take again those existing interstates to upgrade them as a part of our I-35 system, and also to work with them on making sure that the transportation needs of today are addressed as quickly as possible, and we feel like what we are talking about will serve their purposes very well.

Mr. **LAUGHLIN**. I appreciate the cooperative nature of your endeavor, and I assure you and the Members at the table that I will certainly work with you. But my question still is: how does your effort compete or how do you compare it to the 59 designation as a high-density corridor?

I've got to be very blunt about it because I represent that interstate, and we have got two lanes—only two lanes at same grade crossings, and I really need to know: are you trying to compete or replace the designation of 59 as a high-density corridor?

Mr. **MOSELEY**. Congressman, today we are asking really to get something that 69 already has, and that's just getting that high-priority designation. Interstate 35 has the priority designation on the NHS, and we are asking for consideration to get the priority that is already given to 69.

[Page 706](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

Mr. **LAUGHLIN**. That still doesn't quite answer my question. I want to know if you are trying to replace. You call it 69, and that's fine, and 69 goes from Laredo to somewhere in Indiana. I'm really more parochial than that. I'm interested in 59 between Houston and Laredo.

Mr. **MOSELEY**. All right.

Mr. **LAUGHLIN**. What my concern is, as I listen—I just want to be sure that your effort is not one to take 59 out of the designation, because it is in law as 59, not 69.

Mr. **MOSELEY**. That's not—no, sir. That's not what we are here to do today.

Mr. **LAUGHLIN**. Okay.

Mr. **MOSELEY**. I'm sorry. I didn't understand the specific question related to 59. I thought you were looking at the interstate 69 proposal.

Mr. **LAUGHLIN**. I appreciate that, and you'll continue to have my cooperation.

Mr. **MOSELEY**. Thank you, Congressman.

[Page 707](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

Mr. **LAUGHLIN**. Thank you.

Mr. Chairman, that's all the questions I have.

Mr. **PETRI**. Thank you very much.

Mr. **LAUGHLIN**. I'd thank the panel again for being here.

Mr. **PETRI**. Mr. Bateman?

Mr. **BATEMAN**. No questions.

Mr. **PETRI**. Mr. Baker?

Mr. **BAKER**. No questions.

Mr. **PETRI**. Mr. Tate?

Mr. **TATE**. No questions.

Mr. **PETRI**. Mr. Martini?

Mr. **MARTINI**. No questions.

Mr. **PETRI**. Mr. Poshard?

[Page 708](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

Mr. **POSHARD**. Mr. Chairman, thank you. I'm sorry I wasn't here at the opening to get to hear all the gentlemen who spoke with regard to this issue.

When we passed the national highway bill last year, of course, the question arose as to whether or not we were going to continue to build interstates in this country. I think we pretty much decided that was an expensive proposition for this country to continue to afford after the end of the interstate transportation system last year. I think we built our last mile in this country.

And we passed the national highway bill as a second step in that direction really to settle the question about how we can best move most efficiently and cost-effectively products and services across this country from north to south and east to west to serve the American public.

Certainly, when you look at the north-south corridor, Texas cannot be left out of that. We must have high-density approaches if we are going to—especially with the trade arrangements that we now have with Mexico and Canada and so on. Some of that has to go through Texas, and we are willing to support that.

But I think there is a Texas issue here that is going to have to be settled in-house almost on where that goes, because I would expect that it would be—I don't know how other members of the committee would feel, but it would be kind of difficult to expend the monies that we have, given the limited resources that we have, on two high-density corridors going through Texas.

[Page 709](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

So my good friend, Mr. Laughlin, here has pointed out what may be a problem for us. Hopefully it won't be. But I certainly am willing to listen and to look at whatever potential exists in the future for us to develop this system obviously



going through the State of Texas in some manner and to work with my colleagues on this committee in support of that.

Mr. **LAUGHLIN**. Would the gentleman yield on that point?

Mr. **POSHARD**. Yes.

Mr. **LAUGHLIN**. The gentleman from Illinois is correct about his observation about Texas location, but we didn't pick our geographic location. I would point out to the panel members the importance of both of these highways is well understood when you look at a map of the United States and Mexico and then get a map showing the topography of Mexico. When you look at a map you wonder why people in San Diego and Los Angeles don't drive straight to Mexico City through western Mexico. I didn't understand that until I was in Monterrey two years ago on this very problem.

First, there are no highways along that route that you can look at a map and say, "It is sure straighter between San Diego and Los Angeles and Mexico City without going through Texas," until you find out there are tremendous mountain ranges in that part of Mexico and there are no highways, and they are not getting ready to build highways. So even the California traffic has to come through Texas to get to the population bases in Mexico.

[Page 710](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

The last point I'd make that the gentleman probably heard four years ago—when the trooper in charge of highway safety in Texas testified before this committee, he testified there were four million truck miles by Mexican trucks driven in the State of Texas the year before he testified. Three million of that was pass-through mileage, which points out we just happen to be geographically located at an area where all the highways lead from Mexico to the center of the United States.

So again, Mr. Poshard, it points out the importance of both of these highways.

Mr. **POSHARD**. The gentleman raises an important point, and I think that's certainly something we have to be cognizant of for further consideration.

I yield to the gentleman from Pennsylvania, the chairman.

The **CHAIRMAN**. I thank the gentleman for yielding.

I understand the importance of this corridor. I would point out that our ability to fund something like this is obviously very much related to the extent to which we are able to full fund ISTEA. This is fundamentally related to the issue of whether or not we are able to take the transportation trust funds off budget.

If we are able to take these transportation trust funds off budget, then the likelihood of funding major projects like this goes substantially up. If we are unable to take them off budget, the probability goes substantially down.

[Page 711](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

In this regard, I am delighted to make two announcements today.

The first is that well over 130 House Members have now co-sponsored the truth in budgeting, H.R. 842, which takes these transportation trust funds off budget, and I'm equally delighted to announce that we have just released a letter today signed by 43 republican freshmen supporting taking the transportation trust funds off budget. So a clear majority of republican freshmen have signed on to our effort, and we are particularly pleased with this.

Mr. **LAUGHLIN**. Mr. Chairman, would you yield for just a comment on that point?

The **CHAIRMAN**. I think the gentleman there has the time, but sure.

Mr. **POSHARD**. I yield to the gentleman from Texas.

Mr. **LAUGHLIN**. Mr. Chairman, before you got here I followed your rule, and the first comment I made to this distinguished, powerful panel from Texas was to go out and work to get support for your bill, our bill. I think they understand the importance of what you have outlined—that we do have a shortage of money, and some that can be used for very important projects like this are tied up.

The **CHAIRMAN**. Amen, brother. And the final point I would make is I'd like to tell you how excited I am about the republican freshmen signing on. In this well over 130 who have signed on, it is very evenly divided among republicans and democrats, so it is quite a bipartisan effort here.

[Page 712](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

Mr. **LAUGHLIN**. I thank the chairman and I thank the gentleman from Illinois for yielding.

Mr. **POSHARD**. And I thank the panel for being here.

Mr. Chairman, I yield back the remainder of my time.

Mr. **GEREN**. Mr. Chairman, could I make one remark in response to Mr. Poshard's comments?

Mr. **PETRI**. Yes. Sure. Proceed.

Mr. **GEREN**. Thank you.

I would just like to say every Member of Congress, of course, comes before the Congress and tries to convince the Congress that what is important for their District is important to the Nation, and the makeup of this panel obviously shows the strong Texas interest in this. But we won't succeed in this unless we can convince the rest of the Nation this truly is of importance to the whole Nation.

I feel strongly that it is, and I think that map helps make that point. But when I've spoken with you about this and some of your colleagues from Illinois, trade really is such an important part of our future. It is not just important to Texas, but it is important to the manufacturing areas of the country such as Illinois. We hope that we can engage all of you in this dialogue and this discussion as we put our heads together and try to figure out how we do maximize the benefits of Texas, and not just to people who live in Laredo and sell things to those trucks on the way through, but to the guy that packs meat in Chicago and the person that assembles semiconductors in St. Louis.

[Page 713](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

We will only succeed in this if we can convince a good part of the country that this is important to folks other than to those of us who are sitting here today, and we feel like we have a good story, and we just urge the committee to consider this as something other than a Texas project, even though obviously there is strong Texas support for it.

Thank you, Mr. Chairman.

Mr. **FROST**. Mr. Chairman, if I may, in response to my colleague from Texas, and also to Chairman Shuster, the Rules

Committee that I serve on has original jurisdiction over the Budget Act. I look with anticipation to seeing your proposal on the trust funds come before our committee, and I hope that it will be scheduled for consideration by our new chairman of the Rules Committee. Perhaps Mr. Petri and Mr. Shuster could talk to Mr. Solomon about that matter.

Mr. **PETRI**. Thank you.

Mrs. Johnson?

Mrs. **JOHNSON**. Thank you, Mr. Chairman.

First of all, let me comment that I do appreciate the panel being here.

Secondly, I think the comment that I would like to make is that my colleague, Mr. Laughlin from Texas, has been an outstanding colleague to work with, and I'm never going to oppose anything that he is for unless it interferes with my District first.

[Page 714](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

But I want to say that I understand that Texas is long and wide, and I'm supportive of attempting to move goods in any way we can.

I think one of the things that we need to point out today is that I-35 is already being used, in a sense, as the NAFTA highway, and the traffic is already going, and probably the sooner we can get that designation the better. If we've got to build some highways, perhaps that needs to come. Of course, it has to come after because it is not built now. But I-35 is shouldering this traffic as we speak, and has been for a while now, and especially since the passage of NAFTA.

I think, Mr. Chairman, that if there are field hearings it would be good for us to have one in the area. It would give an extraordinary occasion and opportunity for members of the committee to see the great State of Texas and understand the distances we are talking about, the massive amount of highway that we need to move traffic, and certainly the increased traffic that I-35 is shouldering now and how it really does service the very highly-populated—the most populated complex in Texas in the Dallas/Ft. Worth area—and both of the major cities and most of the major cities within the State.

I would hope that before any committee member would decide this is an internal Texas battle, that we would understand the importance of this networking north-south, and perhaps even east-west, but I think understanding clearly at this point, with Canada being north and Mexico being south, that I-35 is a natural artery that is already being used and connected and servicing the largest airport in the whole south/southwest.

[Page 715](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

I think it is very, very important that this be recognized as a national priority agenda item and understand that we are attempting to get a designation that practically has been designated by that very use of it at this time.

I want to say to Mr. Laughlin that he can count on me when we get ready to build highways.

Thank you very much, Mr. Chairman.

Mr. **PETRI**. Thank you, Mrs. Johnson.

Mr. **FROST**. Mr. Chairman, if I may, the other Members from our delegation, the other Congressional Members, had to leave to attend to other business.

I would like, on their behalf, to also thank and recognize Congresswoman Johnson for the role that she has played in this coalition. She has been an active member from the beginning and is very important to our efforts.

Mr. **PETRI**. Thank you.

Representative Brewster, do you have anything?

Mr. **BREWSTER**. Thank you, Mr. Chairman.

I would like to point out to my colleagues, Laughlin and Poshard, that you talk very eloquently about the need for this. Everything that moves down I-35 has to go through Oklahoma before it gets to Texas. We have an Oklahoman on the panel today that I am very proud to call a friend, Neal McCaleb. Neal is an engineer. He is the head of our Department of Transportation in Oklahoma. And Neal is supportive of building things.

[Page 716](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

Neal, I was one of the original co-sponsors of the chairman's bill here. I hope you will go out and work our entire delegation very hard to take the trust fund monies off budget and start building things once again.

I think that if we look at the map over there we realize I-35 is to surface transportation and highway transportation what the Mississippi River is to river transportation. If you look at it, it drains the entire north part of this country as far as transportation is concerned. It is, without question, the most important north-south artery in this Nation.

I think our colleagues can look that map over. It is very descriptive and very explanatory.

But the main thing is the trust fund dollars came from user fees. Those user fees were put there to replenish the roads. We have an opportunity here to take this off-budget, to utilize the dollars, to enhance I-35, to help all of our States all across the country as far as moving goods and providing services. And I think that it is very important that all of us sign up on the chairman's bill and try to get everybody in our delegation on it.

We look forward to working with you, Mr. Chairman. Thank you.

Mr. **PETRI**. Thank you.

If there are no other questions—you go ahead.

[Page 717](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

Mr. **LAUGHLIN**. Mr. Chairman, in fairness to everyone, we ought to point out that, because of the topography of this region of the United States, there is not a single major highway between Laredo and San Diego that feeds into the rest of the United States. With the location of my State on the border, it looks like we have come here to enrich the highway system on two particular highways, and that's simply not the case.

While there is a major crossing in El Paso, it only feeds into I-10 that feeds into these two highways that we are talking about.

So as the committee considers what we do, I'm hopeful they'll keep in mind the topography of not only the western United States, but western Mexico.

Mr. **PETRI**. Thank you.

We are being vigorously approached by different communities in the south Texas area along the border. Evidently this issue of where major crossing occurs is of considerable interest for the economic future of the region.

One thing I don't believe you've commented on, but if you would care to, the McAllen area seems to be in some competition with the Laredo area as a possible major crossing site. They argue that it would be some 100 miles less distance to get to the Monterrey crossing at that point as opposed to Laredo, but observe that they are not as well organized politically as people in Laredo. Could you comment on that? Who should decide that? Is that up to Texas to decide, or for the rest of us in the country?

[Page 718](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

Mr. **LAUGHLIN**. Mr. Chairman, before they answer, could I ask your permission to add to your inquiry, because there are two highways that lead out of the valley—77 and 281, one out of Brownsville and the other out of the McAllen/Harlingen area, and you have hit the nail on the head, but there are two highways involved.

Mr. **PETRI**. Yes. You might as well get something on the record on this because this is clearly going to be a point of contention as we go forward.

Mr. **MOSELEY**. Thank you, Mr. Chairman. I appreciate your raising the question.

The statistics that we have presented today show that trucks are making Laredo as their choice for their point of entry, the reason being that there are Mexican roads that actually link Laredo with Mexico that are in place today, primarily going to Monterrey, which is the second-largest industrial city outside of Mexico City, and then going south from there into San Luis Porto City, and then south into Mexico City.

The Mexican infrastructure is not in place today linking Brownsville nor McAllen. It is on the U.S. side. We have obviously got the infrastructure in place, but there is not a compatible infrastructure that would link those cities with the interior of Mexico.

So all we are suggesting is I-35 is in place today from Monterrey all the way to Duluth, and there is probably going to be very much a need to find other interior roads in Mexico that would tie McAllen and Brownsville, but NAFTA is today, and the trucks are moving today, and so we are asking for the high-priority designation based on today's needs.

[Page 719](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

Mr. **PETRI**. Thank you. Thank you all for your testimony. This committee is very interested in what is happening in your region, and also in the whole southern border going over to southern California, San Diego. We are planning to have some either briefings or possibly a hearing or two some time later this year in that region and would be eager to work with you to try to highlight how we and the Mexicans can work better on a lot of practical issues such as that Mr. Geren raised of doing what they do in Europe of sealing shipments at the factory and not having to have delays at the border.

We are worried about illegal commerce across the border, but there is an awful lot of legal commerce that is not outgoing as efficiently as it could, and it is important for your region and our whole country, as well as the Mexicans, that we increase efficiency along the border.

Mr. **FROST**. Mr. Chairman, if you did have hearings in Laredo, I know that Congressman Bonilla would certainly be

pleased to greet you there. That is in his District.

Mr. **MOSELEY**. Mr. Chairman, as much as the committee is able to allow us to assist in setting up those meetings, we just give that invitation to your committee to assist in hosting and setting up and making those arrangements from Laredo all the way up to Kansas City.

Mr. **LAUGHLIN**. Mr. Chairman, would you yield for just a minute?

[Page 720](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

Mr. **PETRI**. Of course.

Mr. **LAUGHLIN**. In addition to what the gentleman said about the valley—and that's what we would call the Brownsville/Harlingen/McAllen area—not only is the Mexican trade part of the pressure, but just as important is on the American side of the border is tremendous vegetable and citrus industry that relies upon trucking, and that's also a major part of the pressure for improvement of those two highways.

Mr. **PETRI**. Thank you.

Again, thank you. We appreciate your coming here today.

The next panel is made up of Mr. Peter Ruane, who is the president of the American Road and Transportation Builders Association, accompanied by Doctor Letitia Chambers, the president of Chambers Associates; Commissioner Andrew Warren from Bucks County, Pennsylvania, on behalf of the Rebuild America Coalition; and Mr. Craig Beam, who is president of the Melvin Stone Company of Sabina, Ohio, chairman of the National Stone Association's Government Affairs Division.

We would like to welcome you all here today. Which of you would like to proceed?

Just a moment. I think Mr. Kim would like to be recognized.

Mr. **KIM**. Thank you, Mr. Chairman.

[Page 721](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

I would like to make just a couple of comments before we proceed with this hearing with our outstanding panelists.

I'd like to say that I appreciate again, Mr. Chairman, and I want to thank you and Mr. Shuster and Mr. Mineta for your leadership on this important issue and for placing it at the top of the committee's agenda.

I am talking about putting all this trust fund off budget.

I am very pleased to be a co-sponsor of this legislation. Moving this trust fund off-budget has been one of my highest priorities since I came to Congress two years ago. As a civil engineer, I understand how important it is to maintain an efficient transportation infrastructure. It is vitally important to our national economy and our civilization, as a matter of fact.

Our Nation has tremendous infrastructure needs just to maintain our current level of services. I know in California our highway system is in bad shape, not to mention the bridges in bad shape. Almost all require retrofit.

So we cannot afford to collect all these billions in gas tax money and then user fees, and then you cannot spend the money on highway projects and infrastructure.

Let me give you one example.

[Page 722](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

We collect \$0.145 per gallon at the gas station, yet only \$0.10 goes to our highway account. That's why I introduced House Resolution 1898 two years ago. It wasn't going anywhere.

This year I reintroduced the bill again, House Resolution 564, co-sponsorship with Mr. Shuster again, and now I'm glad that our chairman supported the new bill called H.R. 842, which is basically the same as mine. I fully support this H.R. 842, which is co-sponsored by Mr. Shuster and Mr. Mineta. I think this is excellent and long overdue to pass this bill so we make sure that all the highway trust funds, aviation trust fund, waterways maintenance fund, and the highway maintenance fund shall be separated from the budget system.

Again, I'd like to thank you again. I'm anxious to work with you. Thank you.

Mr. **PETRI**. Thank you, Mr. Kim.

Mr. Ruane, would you like to proceed?

**TESTIMONY OF PETER RUANE, PRESIDENT, AMERICAN ROAD AND TRANSPORTATION BUILDERS ASSOCIATION, AND CHAIRMAN, ALLIANCE FOR TRUTH IN TRANSPORTATION BUDGETING; ACCOMPANIED BY: LETITIA CHAMBERS, PRESIDENT, CHAMBERS ASSOCIATES, INC.**

Mr. **RUANE**. Thank you, Mr. Chairman.

[Page 723](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

Mr. Chairman, Chairman Shuster, members of the committee, I'm Pete Ruane, president and CEO of the American Road and Transportation Builders Association. I'm here today to bring our organization's enthusiastic support for H.R. 842. I'm also here as chairman for the Alliance for Truth in Transportation Budgeting. We responded to Chairman Shuster's call immediately after the November elections and formed this alliance, whose sole purpose is to develop the support necessary for enactment of the Truth in Budgeting Act.

I would like to offer our congratulations to this committee for the timely and substantive hearings you are having on the national highway system. These are related. And it is ironic to note that today is the birthday of one of the inventors of the microscope. We appreciate the fact that this committee is going to put this crucial issue under a microscope over the next few weeks and months.

The alliance was organized in early January, and its membership has grown dramatically in recent weeks. Its current level of 78 national organizations represents over one million members from throughout the United States. The listing of the membership is attached to my statement.

I think the alliance is one of the broadest groups that has ever been put together on a national transportation issue, and I think this, alone, is the extraordinary testimony to the merits of the Truth in Budgeting Act. This alliance represents business, labor, construction, users of our transportation systems and energy industry and the entire spectrum of the business community.

We have undertaken a vigorous campaign to inform Members of Congress about the need to take the trust funds off-

budget, to secure co-sponsors, and are utilizing a series of means including advertising, direct meetings with Members to bring this about.

[Page 724](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

As Chairman Shuster reported a few moments ago, we are delighted to share with the committee the fact that over 130 Members of the House have co-sponsored this legislation.

With me today, Mr. Chairman, is Doctor Letitia Chambers, an authority on Federal budget law and the budget process, who has been retained by the alliance to provide technical assistance.

Again, I don't think it should be redundant—it is worth repeating—to commend, as has been noted, the bipartisan nature of the support for this legislation. This legislation would end an injustice that has endured for more than a quarter century. The public has been consistently short-changed. Taxes they have paid, which are dedicated by law to be used to improve transportation, have been diverted to hide the general fund deficit, in essence financing current consumption that should be paid for by the general fund, not the trust funds. It is as simple as that.

A sort of budgetary recidivism has occurred over the years where the trust funds have been constantly violated. The resulting denial of better transportation networks has been carried out for no purpose—no purpose other than deceiving American voters about the true size of the Federal deficit.

The Federal budget structure focuses on a single bottom line—deficit—even though one component, the trust funds, will run a surplus of \$115 billion in fiscal year 1996.

[Page 725](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

Other witnesses today will report on the amount of the balances of the trust funds and how they affect their specific industries. We are happy to share with you today the results of the Alliance's action to date and our total support to ensure that this legislation is acted on by the House and the Senate in the timely manner in this session of the Congress.

We have also, in our statement, commented on the need to address the overall financing needs, the issue of a capital budget, which this committee has supported in the past, and we urge your attention again to this.

Mr. Chairman, in conclusion, it is important to note that we realize the Holy Grail that everyone is seeking on the trust fund issue is really political will and honesty. There are numerous examples of previous successful efforts to take key programs off-budget, including Social Security and the U.S. Postal Service. In addition, there are many programs, as you know, that are off-budget and have never been on budget, including the Tennessee Valley Authority, the Federal Reserve, etc.

The political will to accomplish the objectives of H.R. 842 has existed before and must be renewed now. The public, transportation users, and all citizens who support honest, open, and truthful Government will benefit from passage of H.R. 842.

We are indebted to the leadership of this committee for having the will to bring this vital public policy issue to the forefront. We pledge our continued efforts to help you accomplish this goal.

[Page 726](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6



Mr. Chairman, that completes my formal remarks.

Mr. **PETRI**. Thank you very much.

Mr. Warren?

**TESTIMONY OF ANDREW WARREN, COUNTY COMMISSIONER, BUCKS COUNTY, PENNSYLVANIA,  
ON BEHALF OF THE REBUILD AMERICA COALITION**

Mr. **WARREN**. Thank you, Mr. Chairman.

I am Andy Warren, chairman of the Board of Commissioners at Bucks County, Pennsylvania, and chairman of the National Association of Counties' Transportation Committee, and also today here as chairman of the Rebuild America Coalition.

Rebuild America Coalition is an organization of some 60 professional organizations from the United States, consisting of public officials, organized labor, engineers, builders, financiers, contractors, and architects.

We are all aware of the devastation caused by the recent earthquakes in Japan. Without minimizing at all the destruction in Japan, I would suggest to this committee that there is in the United States an equally devastating, sinister quake going on. The problem in America is that our quake, if you will, is silent.

[Page 727](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

Today we must realize that the destruction, the deterioration of long-neglected infrastructure needs the very infusion of funding and repair that H.R. 842 could present. As Congressman Kim has already suggested, the passage of this bill will restore, in my opinion, an already existing Federal contract with America.

As I mentioned, the National Association of Counties just this past week unanimously approved resolutions supporting the removal of trust funds from the Federal unified budget— 3,000 counties from throughout the United States.

This subcommittee certainly is aware of the funds that we have heard are waiting, and what we as commissioners, as representatives of Rebuild America, are saying is: trust us, if you will, with the trust funds to reinvest into America and this country.

When the United States has invested in its infrastructure, productivity has climbed. When we have neglected our infrastructure, productivity has suffered.

These statistics show that there are close to half a trillion dollars of unmet needs in America. Let me just highlight three areas where Rebuild America believes immediately we need a quick infusion.

In highways—there exists today some 234,000 miles of United States roads that are rated poor or mediocre. In addition to that, more than 70 percent of the peak hour travel on urban interstates occurs under congested or severely congested conditions. For example, in Pennsylvania, Delaware Valley, interstate 95, a major six-lane highway carrying commerce in the Delaware Valley, at rush hour on this major interstate highway the average speed is 19 miles an hour for the hour and a half of commute. That needs help immediately.

[Page 728](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

The Federal Highway Administration says that there exists some \$212 billion of needs right now to eliminate existing

backlog.

Bridges in America—43 percent of all bridges in Pennsylvania are rated structurally deficient. They are safe to a degree. "Structurally deficient" means that if they were built to carry 15 tons, they are now rated 10 tons, next year maybe 5, next year after that they may be closed. It will take \$78 billion right now, says the Federal Highway Administration, to take care of America's bridge problem.

I also sit on the board of the Southeastern Pennsylvania Transportation Authority. Recently, SEPTA invested \$600 million to replace cars on lines—cars that were built before World War II. Every day SEPTA trains go over bridges that were built before World War I. In one case there was a bridge that carries traffic today that was built during the American Civil War.

The United States will need to invest \$87.6 billion over the next decade just to maintain our transit level and another \$51 billion to compete internationally. Right now there are seven airports that are congested. There will be ten more added in the next ten years unless we invest in this country.

In conclusion, simply put, in Rebuild America's opinion, concerning the infrastructure of America our house is on fire, it is engulfed in flames, and so many of us are merely standing around debating what color we should paint the shutters.

[Page 729](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

We urge this committee and all Members of Congress to support and pass H.R. 842.

Thank you for your time, Mr. Chairman and members of this committee.

Mr. **PETRI**. Thank you for your testimony, Commissioner Warren.

Mr. Beam?

**TESTIMONY OF CRAIG BEAM, PRESIDENT, MELVIN STONE COMPANY OF SABINA, OHIO, AND  
CHAIRMAN OF THE NATIONAL STONE ASSOCIATION'S GOVERNMENT AFFAIRS DIVISION;  
ACCOMPANIED BY: WILLIAM D. KELLEHER, VICE PRESIDENT, GOVERNMENT AFFAIRS,  
NATIONAL STONE ASSOCIATION**

Mr. **BEAM**. Thank you, Mr. Chairman.

My name is Craig Beam of Sabina, Ohio. I'm testifying on behalf of the National Stone Association.

I would like briefly to summarize my full statement that has previously been submitted and ask that the text be made part of the record.

I am especially pleased to be part of this panel with the Alliance for Truth in Transportation Budgeting because the very makeup of this panel and the Alliance makes my first point. I believe my fellow Alliance members would agree that there are sufficient resources in the contractor and labor community to build the NHS, and I believe the public sector members of the Rebuild Coalition would clearly agree that we have a long list of unmet transportation infrastructure needs.

[Page 730](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

On behalf of our industry, I can assure you that there are more than enough construction aggregates available. So why is the Nation having a transportation infrastructure crisis?

NSA believes there is a continued under-investment in our transportation infrastructure. As I note in my full statement, the Federal aid system is the leading indicator of the infrastructure spending. All other levels of government follow your example.

The \$33 billion surplus in the Federal transportation trust funds clearly shows that our single biggest problem is the continued diversion of financial resources from building and maintaining our Nation's transportation network.

Passing H.R. 842, the Truth in Budgeting Act, and promptly approving the NHS are the two best steps Congress can take to correct this problem.

When you joined the full committee, Chairman Shuster, and the Alliance at a press conference in this room announcing the introduction of H.R. 842, there was a chart showing the status of the highway trust fund since 1956 and forecasting its future. Anyone seeing that chart cannot help but recognize that when trust funds are off-budget their revenues are used for the intended purpose, and when they are on budget the draw of the deficit spending pulls their funds away.

Mr. Chairman, as we say in the Lord's Prayer, "Lead us not into temptation." Mr. Petri, we ask you to help your colleagues avoid the temptation to divert trust fund dollars to other purposes.

[Page 731](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

Mr. Chairman, I would like to make two other points.

NSA strongly supports the NHS because we truly believe it is the Federal responsibility to coordinate and manage the development of the national highway system. The mission of providing a national system of roads remains as vital today as it was in 1956 when President Eisenhower proposed the interstate system.

Second, for our industry to provide the best materials at efficient prices, we need reliable and predictable markets for business planning.

My statement outlines the impact of unstable Federal infrastructure spending and our ability to serve you. We estimate continued Federal unreliable under-investment in infrastructure costs the Nation approximately \$300 million per year in unnecessary costs.

In conclusion, Mr. Chairman, I would like to commend you for holding this hearing, which joins the issue of the national highway system with the Truth in Budgeting Act because the goal of building and maintaining a national highway system cannot be separated from the issue of providing a stable and secure system for financing. It goes to the heart of our Nation's infrastructure problem. We do not lack the vision to plan the infrastructure facilities we need.

The Administration's 159,000 mile NHS system submission shows that we continue to have the capacity to formulate coherent, comprehensive strategies for meeting our mobility needs, but the \$33 billion surplus in the Federal transportation trust funds shows that we lack the will to implement it.

[Page 732](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

By enacting H.R. 842 and approving the NHS, Congress will demonstrate that we have not only the capacity to envision an efficient intermodal transportation system, but the ability and discipline to make it a reality.

Thank you.

Mr. **PETRI**. Thank you.

Mr. Rahall, any questions?

Mr. **RAHALL**. I have no questions, Mr. Chairman. I just want to thank the panel for their testimony and for their help in our efforts to provide truth in budgeting and truth in taxation by our efforts to jointly remove these trust funds from budget.

I think some of you were probably in the room earlier, but our full committee Chairman Shuster did announce that the number of co-sponsors has grown, that the freshmen republicans — 43 of them—have signed a letter in support of our efforts. I believe that letter was to the Speaker. So I think your efforts are succeeding. I appreciate it. Thank you for it. Just don't let up at this point. Keep pouring it on.

Thank you.

Mr. **PETRI**. Mr. Bateman, any questions?

[Page 733](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

Mr. **BATEMAN**. I, too, would like to welcome the panel and to thank them for their very compelling, unequivocal testimony on behalf of moving these transportation trust funds off the budget where they should have always been.

Thank you very much.

Mr. **PETRI**. Mr. Kim?

Mr. **KIM**. Thank you, Mr. Chairman.

Again, I heartily agree with you. As I said two years ago, I submitted this bill and it wasn't going anywhere. Now, as you know, it changed.

Out of \$0.184 per gallon of gas tax, \$0.068 goes to deficit reduction. By the end of 1996, \$0.20 coming back to trust fund. I don't know, can guarantee it. Somebody may propose another bill to prolong this thing.

I agree that in the past the trust fund money has been sort of manipulated into part of this big budget system so that the deficit looks smaller than it actually is. That's what the problem was. There is an incentive not to spend this trust fund money, so delaying projects so they can accumulate the money, they can realize more interest earnings. I think that exercise should be stopped.

Having this trust fund separated, we can gain two things. We can get better accountability and also prevent gutting from all these trust fund money—especially aviation trust fund, as well.

[Page 734](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

Thank you very much. It was an excellent testimony.

Thank you, Mr. Chairman.

Mr. **PETRI**. Mr. Horn?

Mr. **HORN**. I just want to say thanks to the panel. I particularly liked the burning house analogy. You are quite correct.

Mr. Chairman, I might not be able to make it back for the last panel, but I would like a question to be asked, if I cannot, to the Port Authority.

Mr. **PETRI**. Yes. We'll be happy to do that.

I'd like to thank you.

I have just two quick questions. We have a vote on the floor so we will be recessing for ten minutes shortly.

What does your button say?

Mr. **RUANE**. Mr. Chairman, the button says, "I support truth in budgeting." Again, you couldn't have chosen a better name for this legislation, with the underlining on "truth," of course. This is worn by members of the Alliance and Members of Congress and their staff who are actively involved in supporting this legislation. These are the folks that support H.R. 842.

[Page 735](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

Mr. **HORN**. Mr. Chairman, I don't think the gift laws prohibit getting a button, so I would hope they would have a few buttons for members of the committee.

Mr. **PETRI**. One other question. The budget that was submitted by the Clinton Administration would cut infrastructure transportation spending by \$2.5 billion. Will this have an effect on our economy? Could you give us your opinion of whether this is a wise shift in direction by the Administration?

Mr. **RUANE**. Speaking for the American Roads and Transportation Builders Association—and I suspect the Alliance, as a whole—such a proposal would have very severe negative effects on the U.S. economy. You can estimate anywhere from 47,000 to 60,000 jobs per billion dollars of investment, so that well over 100,000 jobs could be lost if that cut were to occur.

You will see a roll-over effect throughout the economy when our needed projects are delayed.

The overall loss of productivity and the impact on our transportation users would be quite severe.

Frankly, we don't see where that suggestion has any merit and makes no sense whatsoever.

Mr. **WARREN**. If I could just follow up real quickly, the problem that Rebuild America sees is absolutely it negatively impacts upon the economy. When people sit in traffic jams that is wasted billions of dollars that is not going to work. When business men and women can't get their product from the farm or manufacturing center to the port so that it can get to their customers, which happen to be now in Asia and Europe and not in the next State, all of that impacts. When people sit at airports and when our customers sit in airports because of congested and clogged runways, that absolutely negatively impacts.

[Page 736](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

Congressman Petri, we absolutely see—and, again, just one final statistic that came back. It is my recollection that

every billion dollars that is invested in infrastructure creates 5,000 permanent jobs, as I recall, or a figure something like that. So, conversely, every billion that one would suspect were cut would reduce that number of jobs.

There is an absolute correlation: investment yields good economy.

Mr. **PETRI**. There is absolutely no question, regardless of the ratios, that if lack of infrastructure investment is starting to cause choke points it can retard what would otherwise be rapid economic development in the private sector, and we have an obligation to maintain and to enlarge infrastructure investment to accommodate the stronger and growing economy or else we'll strangle it unintentionally, and that's not going to help balance the budget, either.

Mr. **RUANE**. Absolutely, Mr. Chairman. And the irony is the money is there in the trust fund to meet those needs, or at least to give a good start on it, so cutting it by \$2.5 billion again, in our opinion, has no merit.

Mr. **PETRI**. Thank you all for your testimony.

I think the subcommittee will be recessing for ten minutes and try to be back to hear the next panel at 11:45.

[Recess.]

[Page 737](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

Mr. **PETRI**. The hearing will please come back to order.

The third panel is made up of someone who should probably be designated as an honorary member of this committee, Tom Donohue, president of the American Trucking Association, who has been here several times before on other subjects; Doctor William D. Fay, president of the Highway Users Federation; Mr. Aubrey King, Executive Director, Travel and Tourism Government Affairs Council of the Travel Industry Association of America, accompanied by Norman R. Sherlock of the National Business Travel Association.

Welcome.

Mr. Donohue, please proceed.

#### **TESTIMONY OF THOMAS DONOHUE, PRESIDENT, AMERICAN TRUCKING ASSOCIATIONS**

Mr. **DONOHUE**. Thank you very much, Mr. Chairman.

We are here today because the highway trust fund is under attack. Political opportunists are attempting to raid the highway trust fund for two reasons: to spend that money on non-highway projects, or to mask the true size of the Federal deficit.

Of all the hundreds of difficult decisions this Congress has to make in the coming months, deciding to take the highway trust fund off-budget should not be one of the difficult ones.

[Page 738](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

ATA fully supports H.R. 842, the Truth in Budgeting Act. Let me tell you why.

First, the highway trust fund is a contract between highway users and the Government. That contract should not be

broken.

Since 1956 Americans have paid for safer highways and bridges through Federal user tax on trucks, tires, trailers, and motor fuels. Every year the money generated from these fees has been held in trust by the Government, which then reinvests the money into roads and bridges.

The trust fund has been one of the Government's success stories, directly benefitting those who pay without increasing the Federal deficit.

If the trust fund is not taken off-budget and the Administration has its way, the contract will be broken and millions of highway users will be betrayed.

Mr. Chairman, the trucking industry applauds the efforts of the leadership of this committee to keep the trust in the highway trust fund by taking it off-budget.

Furthermore, some fuel tax money from the trust fund has already been trickling out and being diverted from highways to non-highway projects and deficit reduction. Unless the trust fund is taken off-budget, we feel that trickle will turn into a flood.

[Page 739](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

Under the Administration's plan, in fiscal year 1996 highway users would put nearly \$23 billion in the proposed unified transportation infrastructure investment program, but only \$8 billion would be dedicated directly to highway projects. There is something the matter with that.

Historically, monies in the trust funds have been dedicated primarily for highways, but now the Administration proposes to allow up to \$500 million to be spent on transit operating subsidies and three-quarters of a billion for Amtrak operating subsidies. Such potential misuse of highway money is very disturbing.

According to the Department of Transportation, more than 234,000 miles or 20 percent of the Nation's Federal aid highways are in poor or mediocre condition, and 118,000 bridges are structurally deficient. As of 1992, that would require \$212 billion.

I think we need to put our money where our mouth is, and that's fixing the infrastructure.

Funding the proposed national highway system would go a long way towards meeting these needs. That's another reason why the trust fund should be off the budget. The maintenance and improvement of 159,000 miles of road on the NHS is very important to our future economic growth, but it is going to cost money, and that money has to come from the trust fund, and that's what it is there for.

Taking the fund off-budget will help secure this funding and will save, according to your organization, between 1,400 and 3,600 lives.

[Page 740](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

Mr. Chairman, we need to get ahead on this. We need to move aggressively on it. We want to be here to assist you.

Let me just say one other thing if I might, Mr. Chairman, while we are talking about the national highway system, and Mr. Rahall. I have talked to a number of people in recent days, and I would like to go on the record on an important matter.

I want you to know that ATA is absolutely committed to avoid any participation to advance any language or to support any effort to put on the national highway system truck size and weight legislation. It's not the place for this. We need to pass that legislation now without encumbrances. There are many other places for the opponents and supporters of this type of discussion to take up their matter, and I would hope that others who have a view on this would join with us and leave this language out of the national highway system bill and find another place and another time for that debate.

We need this road system now and we need to put this money to work, and we don't need that debate, and I appreciate being able to go on the record on that matter.

Mr. **PETRI**. Thank you very much for your testimony.

Mr. Olcott, I recognize your presence. I apologize for not introducing you at the beginning along with the other members. Welcome.

Mr. Fay, would you like to proceed?

[Page 741](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

## **TESTIMONY OF WILLIAM D. FAY, PRESIDENT, HIGHWAY USERS FEDERATION**

Mr. **FROST**. Mr. Chairman and Congressman Rahall, I am William Fay. I am the president of the Highway Users Federation. We are an association that represents Americans who depend on and work for highway safety and mobility.

We appreciate this opportunity to testify on behalf of the national highway system, and also, in addition, to support the efforts to return the highway trust fund to its pre-1968 off-budget status.

Mr. Chairman, the Highway Users Federation strongly supports enactment of H.R. 842, the Truth in Budgeting Act, which you, Chairman Shuster, Congressman Rahall, Mr. Mineta, and others introduced on February 8th and which I understand has over 130 sponsors, including an impressive group of freshmen Members.

As a member of the Alliance for Truth in Transportation Budgeting, the Federation is going to work hard for this legislation and to make sure that co-sponsorship continues to grow.

Most people don't know that the highway trust fund has its own balanced budget amendment. It was authored by Senator Harry Byrd in the late 1950s. How many other Federal programs live under this kind of fiscal discipline and have not contributed one nickel to the Federal deficit?

[Page 742](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

Ironically, it is exactly because the trust fund is, itself, fiscally sound that it has become a tantalizing target for budget cutters, bureaucrats, and programs that require subsidies to stay afloat.

Mr. Chairman and members of the subcommittee, revenues from a deficit-proof trust fund should not be used to mask the true size of the Federal deficit, nor should they be used for possible increased spending for non-trust fund programs.

The highway trust fund was set up in 1956 as a self-financed, self-supporting, off-budget funding mechanism. Since 1956, only those who use the Nation's roads and bridges pay into the trust fund and these taxes, in turn, are spent to repair, construct, and rehabilitate roads and bridges to make our lives easier and safer.



Since 1956, it has collected and earned nearly \$299 billion, and as of January of 1995 has made \$289 billion of those dollars available to the States to make our roads safe and sound.

My written testimony, Mr. Chairman, describes the history of the trust fund, how it lost its off-budget status in 1968, and how the bookkeeping arrangement that has been operating it did not save money but has, instead, slowed needed highway improvements.

As a result, while the total highway account balance has grown ten-fold since 1968, the core highway program has been under-funded in the first four years of ISTEA by \$6.3 billion, or 9 percent below the levels that were required under the act. That's wrong and we need to fix that.

[Page 743](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

Prior to 1968, when the trust fund was off-budget, it was less prone to those intrusions.

What is happening, Mr. Chairman, is highway robbery. The Administration is proposing dramatic cuts in highway spending at the same time that highway and aviation users are paying more taxes.

In addition, diversions, as Tom mentioned, from the highway trust fund to non-highway uses poses serious threat to the needed investments to improve highway safety and congestion.

Last December, Secretary Pena announced a major reorganization of DOT. We strongly support any kind of sensible reorganization, but we felt that kind of—any reorganization should begin with a careful consideration of the financial aspects, and a strong commitment to the sanctity and the trust in the trust fund.

We sent a letter to the Department, which is yet to be answered. We have included that in the record. We believe that letter asks the kind of questions that we would hope the Department would ask before embarking on reorganization. Unfortunately, we haven't seen a response to that letter, and we believe, as a result of that, that the decision on reorganization is very disconcerting from the standpoint of its impact on the trust fund.

Specifically, the Administration proposes to combine the Nation's transportation grant programs into one account which would be financed out of the highway trust fund with taxes paid by highway users. We wonder how this reversal in priorities can come from the same Administration that last year was so concerned about infrastructure performance and was proposing extra financing for highways.

[Page 744](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

It gets worse. GAO compared budget authority in 1995 to 1996 and found that States were going to be getting \$2.5 billion less this year and, in addition to that, that the highway trust fund is—our Federation calculated that 34 percent of the \$22.9 billion that drivers are going to pay into the trust fund will be dedicated for highways.

Mr. Chairman, I would ask that my written remarks be included in the record, but I would add one last thing.

We would like to see the enactment of NHS as soon as possible. Failure to meet that deadline is going to cost us \$13 billion. We hope you will act promptly. We are ready to work with you on that. And we ask you in the deliberations on NHS to preserve the strategic value of NHS and focus on the primary goal, which is to make—we would hope you would resist any changes that might threaten its enactment.

Thank you very much.

Mr. **PETRI**. Thank you, Mr. Fay. Your full statement and that letter will be included as a portion of the record.

Mr. King?

**TESTIMONY OF AUBREY C. KING, EXECUTIVE DIRECTOR, TRAVEL AND TOURISM GOVERNMENT AFFAIRS COUNCIL, TRAVEL INDUSTRY ASSOCIATION OF AMERICA; ACCOMPANIED BY: NORMAN R. SHERLOCK, EXECUTIVE DIRECTOR, NATIONAL BUSINESS TRAVEL ASSOCIATION, AND CHAIR OF TRANSPORTATION COMMITTEE, TRAVEL AND TOURISM GOVERNMENT AFFAIRS COUNCIL**

[Page 745](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

Mr. **KING**. Good morning, Mr. Chairman. I guess that's my last chance to say that.

Mr. Chairman, Congressman Rahall, it is a pleasure to testify before you today.

Our full statement has been submitted for the record, so at this time I will just briefly summarize it.

I would also note that I am delighted to be joined today by Norman Sherlock, who is executive director of the National Business Travel Association, and also chairs the Travel and Tourism Government Affairs Council's working group on transportation.

The Council is comprised of 36 national organizations, including all modes of transportation, whose members have a vital stake in our Nation's travel and tourism industry. The Council's membership is listed in our written statement.

Mr. Chairman, I am here today on behalf of one of America's largest and most dynamic industries. Travel and tourism is a \$416 billion economic powerhouse that supports 6.2 million jobs directly in this country and another 5.3 million jobs indirectly. Over the past decade our industry has generated new jobs at a rate twice that of the rest of the economy. And these are good jobs, with hourly earnings growing faster than all but a few other sectors of the economy. More than 650,000 of those jobs are executive-level jobs.

[Page 746](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

I could continue reciting such impressive figures, but let me mention just one more here. Travel and tourism is this country's largest export earner, as more than 46 million international visitors to this country spend more than \$77 billion, creating a \$22 billion trade balance surplus.

So, Mr. Chairman, I do, indeed, speak for a robust industry that makes an enormous contribution to the economic prosperity of our Nation and one that, by all forecasts, has the potential for significant growth and the creation of many more jobs into the 21st century.

For this to happen, however, for travel and tourism to continue to grow, a modern national transportation infrastructure is absolutely indispensable. That is why two matters before this subcommittee and the committee are so vital to travel and tourism and to the Nation. That is why we so strongly support H.R. 842 to take the transportation trust funds off budget and the establishment of the proposed national highway system.

We applaud the bipartisan initiative of the leadership and the membership of this committee and subcommittee who have had the understanding, the vision and, indeed, the courage to push and promote and support these two proposals.

My written submission covers both these matters. Let me emphasize that we strongly support both taking the trust funds off-budget and the national highway system. Let me also emphasize that we see no conflict between these two proposals. Indeed, we think they are directly linked.

The best way—perhaps the only way—to ensure full funding for an enacted national highway system is to take the highway trust fund off-budget.

[Page 747](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

Our submission also includes several proposals that would clarify and improve the 1991 landmark ISTEA legislation. Of course, I would be happy to answer any questions on those.

Because we cover the national highway system in more detail in our written submission, let me here simply emphasize the vital importance of H.R. 842.

Frankly, we believe there is no more-important transportation legislation before Congress this year, or perhaps of any recent year. Mr. Chairman, the arguments are no profound. You have heard many of them this morning. They are, however, we believe, extremely compelling.

What is at stake is no less than the economic future not only of our industry, travel and tourism, but also of the Nation. At a time when the documented unmet transportation needs of our Nation are enormous, we believe it is indefensible to have billions of dollars lying unused in the four trust funds—used to conceal the true level of red ink in the Federal budget.

We believe it is unconscionable to take revenue collected from every motorist and every airline passenger with the explicit understanding and assurance that this revenue would be spent only to maintain and improve the transportation infrastructure and then to break that pledge, to violate that commitment.

As this committee and subcommittee recognize, it is time to restore the confidence of the American people in their Government. It is time to put the trust back in the trust funds. H.R. 842 we believe is very appropriately named the Truth in Budgeting Act.

[Page 748](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

Let me close by reemphasizing that the members of the Travel and Tourism Government Affairs Council include representatives of all modes of transportation—aviation, both airlines and airports, highway, and waterway interest. On the council, as in the public debate, they are united in their support of H.R. 842.

Mr. **PETRI**. Thank you, Mr. King.

Mr. Olcott?

**TESTIMONY OF JOHN W. OLCOTT, PRESIDENT, NATIONAL BUSINESS AIRCRAFT ASSOCIATION,  
AND CO-CHAIR, NATIONAL AVIATION ASSOCIATIONS COALITION**

Mr. **OLCOTT**. Thank you, Mr. Chairman.

I am Jack Olcott, president of the National Business Aircraft Association.

We appreciate this opportunity to provide comments to the House Subcommittee on Surface Transportation on behalf of the National Business Aircraft Association.

NBAA, and I believe the entire aviation community, supports the Truth in Budgeting Act, H.R. 842. We are interested in the subcommittee's consideration of this important legislation, which would remove transportation trust funds from the unified Federal budget.

[Page 749](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

Of equal importance, it would restore integrity to and increase confidence in the trust fund system and the Federal budgeting process.

The National Business Aircraft Association represents the aviation interests of over 3,500 companies which own or operate general aviation aircraft for business transportation or are involved with business aviation. NBAA member companies earn annual revenues in excess of \$3 trillion, a number that's about half the gross national product, and employ more than 16 million people worldwide.

Business aviation allows these economic leaders to bring the ebb and flow of commerce to ten times the number of communities served by scheduled airlines and 100 times the locations served by convenient airline schedule. Major carriers, regional, and commuter aircraft serve about 550 airports; however, approximately 75 percent of all passenger enplanements occur at just 55 locations. Business aviation, on the other hand, provides transportation to approximately 5,500 communities.

Clearly, NBAA member companies depend upon transportation to conduct business, both domestically and internationally; thus, it is not surprising that they are significant users of the scheduled airlines, as well as the world's most active operators of business aircraft.

A recent survey conducted by our Association indicates that NBAA member companies spend over \$11 billion annually on commercial airline tickets, 10 percent of which is paid to the airport and airways trust fund. Combined with the aviation fuel taxes paid at the pump, NBAA member companies contribute over \$1.2 billion annually to the aviation trust fund.

[Page 750](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

Other surveys of our member companies indicate that our members are extremely concerned that funds collected for aviation's use cannot be directed totally for their intended purpose because of the non-aviation-related expenses contained within the Government's overall budget.

Their input reflects little, if any, trust in the trust fund process or confidence in the Federal budgeting process.

Our position is that the airport and airways trust fund should be off-budget and that aviation user taxes should be dedicated and fully spent to meet aviation development and modernization needs.

This position is shared by the 24 major aviation organizations representing all segments of the aviation community, which comprise the National Aviation Association's Coalition.

In a January 1995 white paper, which I submit for the record with this statement, which I would like to have submitted for the record, the NAAC, which I co-chair with George Howard of Airport Councils International North America, included this concept as a key principle in achieving meaningful reform to maintain and enhance the safety, integrity, and

value of the national air transportation system.

The Coalition also indicated that meaningful reform must result in timely, adequate, and flexible funding to meet system needs consistent with past commitments to spend aviation taxes for airport and airway trust fund as originally intended.

[Page 751](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

In summary, I would like to say that the NBAA and other members of the National Aviation Associations Coalition have joined with practically the entire transportation community, through the Alliance for Truth in Transportation Budgeting, to encourage support for and passage of H.R. 842.

We appreciate the leadership of the House Transportation and Infrastructure Committee, Chairman Shuster, Ranking Minority Member Mineta, and the more than 130 co-sponsors, including you, Mr. Chairman, and other members of this subcommittee, for promoting legislation that will, in the words of Chairman Shuster, "restore integrity to the trust funds which are user-funded, self-supporting funds directed towards specific needs and restore integrity to the Federal budget, whose real deficits are masked by the trust fund."

Thank you very much, Mr. Chairman.

Mr. **PETRI**. Thank you very much for your statement, Mr. olcott.

We have a vote on the floor and we are going to have to wrap up shortly.

Mr. Sherlock, I understand you have a written statement. Would you like to submit it for the record?

Mr. **SHERLOCK**. We have submitted one for the record, Mr. Chairman.

[Page 752](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

Mr. **PETRI**. Thank you very much.

Have you any questions, Mr. Rahall?

Mr. **RAHALL**. Just very quickly, Mr. Chairman, until the five-minute bell goes off.

Gentlemen, we do appreciate your testimony. Thank you for your support on this most important issue.

I guess I would ask—and as each of you know, this effort has been made a number of times in this Body, and we have come pretty close on some votes that we have had on the House floor, and the momentum is there again this year. It is hard to predict what the outcome will be.

But should we be successful in our efforts on this side of the aisle, what contacts do you have on the other side of the aisle—and I want to be careful how I speak of that other Body, because they may very well save the country on a number of other issues this year—but what input do you have that there may be some movement in the other Body on this issue, if any?

Mr. **DONOHUE**. Mr. Chairman, there certainly won't be any movement in the other Body if we don't get this legislation out of the House with a good, strong vote. We have first to deal, of course, with the budget people here who are licking their chops looking at this money.

On the other side of the aisle there is a renewed interest in this subject, and we have had conversations with the appropriate people in Environment and Public Works and finance people, but I really believe to get a full head of steam over there and to get enough support behind it, it has to come out of the House with a pretty resounding noise and with the logic that associates itself with the legislation that you have put forward.

I am more encouraged than I was last year.

Mr. **RAHALL**. Thank you.

Mr. **PETRI**. Thank you.

I just had one brief question, and that was on the question of the investment. Is there any argument you could make that transportation investment is different from other types of Government spending? Or would you say we should just put it all in the same budget pot?

Mr. **DONOHUE**. Other types of Government spending, Mr. Chairman, come from general tax revenues. The argument here is very clear that we set up this trust fund, we went out and build a national highway system and the appropriate connectors with it, and we have said to people from time to time we are going to increase it and we are going to fix the bridges and build the rest of the highways.

I don't think it is inconsistent at all to say that this has nothing to do with general tax revenues, although a lot of people like to think that this is a great source of revenue. This is a contract that we made with the American people.

Now, some surveys show—and I saw in some articles people say, "Well, you can take my money and put down the deficit." Well, ask them the second question: do you want to fix the roads and the bridges in your neighborhood that support your business and your personal mobility? The answer to that question is, "I paid for that and I want that done." They want both, actually.

Mr. **PETRI**. Thank you all very much. This panel is concluded and released.

We'll be coming back around 12:45, because there are two votes. We'll then have the fourth panel.

[Recess.]

Mr. **LAHOOD** [assuming Chair]. We are going to reconvene for panel four.

Welcome, gentlemen. You may proceed in whatever order you would like, with whatever statement you would like, please.

## **TESTIMONY OF FRANCIS FRANCOIS, AMERICAN ASSOCIATION OF STATE HIGHWAY AND TRANSPORTATION OFFICIALS (AASHTO)**

Mr. **FRANCOIS**. Mr. Chairman, I'm first listed, so why don't I lead off, then?

My name is Frank Francois. I'm the executive director of the American Association of State Highway and Transportation Officials. On behalf of AASHTO I'm pleased to accept your invitation to testify on H.R. 842, the Truth in Budgeting Act.

When Chairman Shuster and Ranking Minority Member Norman Mineta presented H.R. 842 in this hearing room on February 8th, AASHTO President Wayne Shackelford was present and he expressed AASHTO's support for the bill. Today I want to reaffirm that support.

Over the years AASHTO has adopted two policy statements, A11 and T20, both of which address the subject matter of H.R. 842. Copies of these policy statements have been submitted with my testimony, which I offer for the record.

Turning first to policy statement T20, it strongly recommends that Congress remove the transportation trust funds from the unified Federal budget. It observes, as have the sponsors of H.R. 842, that inclusion of the transportation trust funds in the unified Federal budget subjects these programs to arbitrary expenditure ceilings, despite the fact that trust fund expenditures are fully financed by users and do not contribute to the Federal deficit.

Policy statement A11 is specific to the airport and airways trust fund and takes essentially the same position.

The foundation of AASHTO's position with respect to taking the transportation trust funds out of the Federal budget is a simple one, and it centers on the word "trust."

[Page 756](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

In establishing the transportation trust funds, the Congress of the United States promised that the revenue collected from transportation users would be placed into trust funds and used only for the purposes collected.

The American people therefore have every right to expect that the revenue placed in the trust funds would be spent for the purposes collected—all of it—and that it would not be used for any other purpose.

The motor fuel taxes that support the highway trust fund are paid several times a month by most of the 170 million Americans who drive on America's 3.9 million miles of streets, roads, and highways. It is perhaps the most visible and frequently-encountered tax that the Federal Government imposes, and has been accepted and generally supported because those 170 million American drivers believe that the revenue is going only to support improving our transportation system to make it safer and more efficient. Why do they believe this? Because Congress promised this.

What is true of our motor fuel and other taxes that support the highway trust fund is also true of the airline ticket tax and of the other two funds.

H.R. 842 will simply assure that the promises made by Congress in establishing the transportation trust funds will be met. This, alone, is more than adequate reason for us to support 842—to put trust back into the funds and into the Congress that created those funds and controlled their use.

[Page 757](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

But there is more.

In my written testimony I have documented the shortage of funding in the highway program. The same is true of the other programs—transit, aviation, etc.

If the revenue in the transportation trust funds was in excess of the needs of the programs they support, then one might use this as some justification for the way in which the trust funds have been used by Congress.

The better way would be, under those circumstances, to cut the taxes and to bring it back to the level of need.

But the fact is that the needs far exceed our revenues. This is another reason that AASHTO strongly supports H.R. 842, so that every transportation trust fund dollar can be put to the use for which it was collected.

The central arguments advanced by those who oppose removing the transportation trust funds from the unified Federal budget are that there is no need to give these trust funds some special status like is being given to the Social Security trust fund, and that if the transportation trust funds are removed from the unified budget it will worsen the Federal deficit.

With regard to the deficit argument, those who advance it are simply confirming that the trust, the agreement between Congress and the American people on how transportation user fees will be used, is not being broken. The balances of the transportation trust funds are being held back to mask the true Federal deficit, and this should end.

[Page 758](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

H.R. 842, the Truth in Budgeting Act, is correctly named and will stop this misuse.

Mr. Chairman, transportation infrastructure is a base upon which America has been built, a base that supports our economy, our lifestyle, our jobs, our leisure activities—in short, the activities of the Nation.

Transportation infrastructure is necessary to support the mobility for both people and the freight that our Nation must have if we are to grow and prosper, an investment in the future of America.

For these reasons, this engine of growth deserves special status among Federal programs.

Thank you, Mr. Chairman.

Mr. LAHOOD. Thank you, sir.

**TESTIMONY OF RICHARD J. SIMONETTA, CHAIRPERSON, AMERICAN PUBLIC TRANSIT ASSOCIATION (APTA), GENERAL MANAGER, METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY**

Mr. SIMONETTA. Good afternoon, Mr. Chairman. My name is Richard Simonetta. I am chairperson of the American Public Transit Association and general manager of the Metropolitan Atlanta Rapid Transit Authority in Atlanta, Georgia.

[Page 759](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

Public transportation works for America every day. People depend on transit 9 billion times each year. In large metro areas from coast to coast, the number of workers who use public transportation each day ranges from 30 percent to more than 50 percent. Public transportation is good value for the money.

Mr. Chairman, you and the rest of the leadership of this committee have initiated the bold plan to withdraw transportation trust funds from the Federal budget. These funds should be used to meet infrastructure needs.



The mass transit account is among those affected by the off-budget initiative. At present, it has an unobligated balance of some \$4 billion. That money is sorely needed to help transit authorities meet APTA's estimated 9.7 billion in annual unfunded capital needs.

APTA supports and encourages the committee's efforts. But, unlike those interests whose Federal financing flows exclusively from the trust funds, we must proceed with caution and with an appeal for appreciation of transit's unique funding arrangement.

While it is true that 62 percent of today's Federal transit aid comes from the mass transit account, it is also a fact that the balance, 38 percent, is financed with general funds. Frankly, we are concerned that if the larger percentage is safeguarded by being taken off-budget, the rest could fall victim to deep cuts in the course of deficit reduction.

That consequence would be disastrous to the formula program that benefits all and to the operating assistance which is so desperately needed by transit operators in large and small urbanized areas.

[Page 760](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

Therefore, APTA strongly advocates continued general fund support for the transit program, as well.

Adequate funding for the Federal transit program under a self-sufficient, fully-dedicated source such as the gasoline excise tax is a laudable goal. That would help systems and local governments plan improvements in a predictable, businesslike manner.

We also welcome efforts to utilize the \$0.043 per gallon of the Federal gas tax that is now used for deficit reduction and we would like that used for transportation purposes, but until that day comes we urge Members of Congress with jurisdiction over both funding sources to act cooperatively to shield all transit funds from cuts.

In addition, we urge Congress to provide security for all current beneficiaries of trust fund revenue from encroachment by other interests, not matter how legitimate the need.

If demand for trust fund dollars is expanding, then so should the supply of revenue. Until then, the simple fact is that there is not enough money available to meet current transit and highway infrastructure needs.

U.S. transit agencies need \$37 billion annually from all sources over the next ten years to maintain current service and complete current and expanded plans for expansion.

As I mentioned, the mass transit account of the highway trust fund now has an unobligated balance of some \$4 billion. APTA urges Congress to authorize the expenditure of these funds for transit needs.

[Page 761](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

Revenues from the gas tax now deposited in the mass transit account amount to almost \$2 billion annually. This October an additional \$0.005 per gallon will be deposited in the account. This will produce annual revenues totaling about \$2.6 billion.

While we urge Congress to maintain current law that increases revenues deposited in the mass transit account, even with those revenues there is not enough money to fund the authorized transit program. That is why transit supports a mix of trust fund and general fund support in efforts to spend down existing balances in the trust fund.

APTA urges Congress to use balances in the mass transit account to meet transit funding needs. The law makes clear that these funds can only be used for transit purposes. APTA opposes any effort to use these funds for nontransit purposes.

Apart from this issue, we would ask Congress to consider expanding the definition of eligible expenditures. Transit should at least be able to use capital funds for parts needed to maintain the capital investment that has been made in rolling stock. This is comparable to Federal highway law which allows maintenance of the highway system and would help preserve and get the most out of bus and train fleets.

Transit can better use the Nation's transportation infrastructure if we are able to move more people over the existing system. Reasonable fares, good equipment, and dependable service will increase ridership, reduce the cost of additional highway construction, cut pollution, save energy, and reduce traffic congestion. Reductions in Federal funding will undercut transit's ability to contribute to these national goals.

[Page 762](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

Thank you, Mr. Chairman.

Mr. **LAHOOD**. Thank you very much.

Mr. MacDonald?

**TESTIMONY OF ANTHONY B. MAC DONALD, DIRECTOR OF ENVIRONMENTAL AFFAIRS, AMERICAN ASSOCIATION OF PORT AUTHORITIES (AAPA)**

Mr. **MACDONALD**. Good afternoon, Mr. Chairman.

My name is Tony MacDonald. I am the director of environmental affairs at the American Association of Port Authorities.

AAPA represents virtually every major U.S. public port agency, as well as the major port agencies in Canada, Latin America, and the Caribbean. As a representative of the ports, I represent a slightly different point of view today, but am an equally enthusiastic supporter for taking the trust funds off-budget.

Capital investment in our Nation's intermodal transportation infrastructure is the number one priority for the port community. AAPA strongly supports the adoption of H.R. 842 to ensure that adequate funds will be available to meet the growing demand for dredging navigation channels and providing landside access to port facilities.

[Page 763](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

We share with the other witnesses, our transportation partners, support for taking all of the transportation trust funds off-budget. However, my testimony today will focus primarily on the harbor maintenance trust fund.

Since the enactment of the 1986 Water Resources Development Act, the maintenance of Federal navigation channels has been funded by the harbor maintenance tax. The tax is assessed based on the value of cargo moving through commercial ports. The harbor maintenance trust fund is essential to preserve the Federal navigation system and the long-term viability of our capital investment in channel improvements.

It is important for members of this subcommittee and Congress to recognize that, in addition to waterside access, it is equally important to improve landside access to ports to provide an efficient intermodal transportation system.

It is not only ports that rely on this investment. Public ports and our Federal deep-draft navigation system are quite literally our highways to the world, linking every community in the U.S. to the world marketplace.

The deep draft commercial ports handle over 95 percent of our Nation's international trade. The amount of international cargo moving through U.S. ports is projected to triple by the year 2020, which will place an even greater demand on our intermodal transportation infrastructure.

The significant contribution of port activity to the national economy cannot be overstated. In 1992, approximately \$12 billion was paid into the general treasury from customs duties on goods imported through U.S. ports. Port activity generated 5.3 million jobs, contributed \$780 billion to the gross domestic product, and provided \$208 billion in taxes.

[Page 764](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

Budget limitations on harbor maintenance trust fund expenditures is not only a bad investment strategy for our Nation, but is also unfair to the shipping and maritime community that pay into and rely upon expenditures from that fund.

The increasing trade volumes and current budget limitations result in a steadily growing surplus in the harbor maintenance trust fund. The surplus in the trust fund at the end of fiscal year 1994 was \$451 million. The Administration estimates that the balance will reach \$1 billion by the turn of the century.

If we fail to use this money to invest in access to our ports, the real losers will be the Nation's consumers and producers who ultimately pay the cost each time a ship is forced to enter or leave a port with less than a full load or to wait for high tide because of inadequate channel depths, or when rail freight access is not available, or trucks are delayed by inadequate road connections to ports.

In addition to the capital investment in the navigation channel, there is also a significant capital investment in marine terminal facilities, and this is a local economic capital investment. These investments depend on keeping our channels open for trade.

The U.S. public ports have invested \$13.1 billion local in capital improvements to its ports facilities since 1946. Only if sufficient funding is available for regular dredging of navigation channels can we protect this substantial investment in landside, terminal, and navigation channels.

[Page 765](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

The harbor maintenance tax is assessed on goods in international commerce. As long as the trust fund runs a surplus, it is subject to a challenge under the general agreement of tariff and trade, because the level of a tax is too high and therefore is not "commensurate with the cost of services rendered" as required by the GATT.

The harbor maintenance tax would also be vulnerable to challenge under GATT if Congress sought to raid the trust fund to pay for or offset the cost of other domestic programs unrelated to the services rendered; that is, the maintenance of an effective commercial navigation system.

Closer to home, AAPA objects to the growing surplus because the imposition of the tax diverts cargo from U.S. ports to Canadian and potentially Mexican ports where no such tax is collected. To address these concerns, AAPA supports a roll-back of the level of the tax to a level commensurate with the operation and maintenance needs of our Nation's commercial ports. Removing the trust fund from the budget process could help achieve this objective.

Before concluding my statement, I would like to briefly address the issue of landside access.

Unfortunately, ISTEA has not lived up to its promise to expand transportation planning and funding to meet national intermodal needs. Given the limited resources available, freight projects meeting national transportation needs still are not receiving a fair allocation of funding. The expressing "freight doesn't vote" sums up the political reality at the local planning level.

[Page 766](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

AAPA supports recommendations of the National Commission on Intermodal Transportation that there should be Federal funding incentives for intermodal projects of national or regional significance.

In conclusion, AAPA supports H.R. 842 and a return to fundamental fairness by giving back to the transportation users the improvements they have paid for.

Thank you very much.

Mr. **LAHOOD**. Thank you, Mr. MacDonald.

Mr. Wigington?

**TESTIMONY OF ROBERT R. WIGINGTON, SENIOR VICE PRESIDENT, GOVERNMENT AND LEGAL AFFAIRS, AIRPORTS COUNCIL INTERNATIONAL, NORTH AMERICA (ACI), ON BEHALF OF THE AIRPORTS COUNCIL INTERNATIONAL AND THE AMERICAN ASSOCIATION OF AIRPORT EXECUTIVES (AAAE)**

Mr. **WIGINGTON**. Thank you, Mr. Chairman.

I am Rob Wigington, senior vice president for government and legal affairs for the Airports Council International, North America. Today I am pleased to be here to testify on behalf of ACI and the American Association of Airport Executives on behalf of the airport executives and officers across the country who support H.R. 842.

[Page 767](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

Our two organizations and our members have long supported the efforts to remove the airport and aviation trust fund and other transportation trust funds from the unified Federal budget in order to free aviation and transportation programs from the budget constraints that stifle spending for badly- needed improvements.

We firmly believe that Congress should restore the trust to the transportation trust funds by passing H.R. 842. We want to commend you and your colleagues, the leadership of this subcommittee, the leadership of the Aviation Subcommittee, and particularly Chairman Shuster and Ranking Member Mineta, for your collective efforts and hard work to take the transportation trust funds off-budget.

It is our best hope to end the practice of using the aviation and highway trust funds to mask the true size of the Federal deficit and to eliminate the incentive to cut important airport, aviation, and transportation programs to make the deficit appear superficially smaller. We are committed to working with you and your colleagues on this committee, as well as the Alliance for Truth in Transportation Budgeting, and the 24 member National Aviation Associations Coalition that ACI co-chairs, all of whom support this effort and want to get this bill enacted.

Simply put, this legislation would remove the incentive that now exists to reduce spending from these trust funds. It would ensure that aviation and transportation programs are funded on their merits, not underfunded because of budget gimmicks. Air passengers and shippers are paying more and more into the trust fund and receiving less and less benefit in

return.

[Page 768](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

Since 1989, the Federal Government has underfunded the airport improvement program by well over \$2 billion by cutting the annual appropriations level below the authorization level that Congress enacted.

That \$2 billion is equivalent to the total AIP funds that are authorized and should be spent in one single year. This year airport grant funding was reduced by \$711 million below the \$2.16 billion authorization, not because airports don't need the grant funds, and not because communities don't need better air service and airport facilities, but because by cutting airport grants more could be spend on other programs within the budget spending limitations.

The current airport grant funding level of \$1.45 billion is wholly inadequate to meet current needs, let alone to prepare for the future capacity that the aviation system will require.

As a direct result of being included in the unified Federal budget and subject to these spending limitations, airport funding and air travelers have been shortchanged, and the airport and airway trust fund, like many of the other transportation trust funds, has accumulated a huge surplus of nearly \$4 billion.

The evidence of this under-investment is quite clear. The FAA cites 22 airports that are seriously congested with tens of thousands, and in some cases hundreds of thousands of hours of annual delay. Unless major airport capacity investments are made, the FAA forecasts that the number of airports will go to 32 in less than ten years. That will have a huge effect on over 90 percent of the people that fly in this country.

[Page 769](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

We cannot afford the billions of dollars in annual delay costs and lost productivity to the airlines, air travelers, and businesses, nor can we afford to weaken our economic competitiveness abroad by permitting an inefficient and inadequate air transportation system, especially when the needs are so evident and the resources to help solve the problem are available in the aviation trust fund.

Investing in our aviation infrastructure is critical to provide the facilities that air travelers, shippers, airlines, and other users need now and will need in the future.

With the focus on Federal deficit reduction and economic growth, we must not lose site of the importance of fostering a healthy and growing transportation system which, in turn, creates jobs, stimulates private business activity and prosperity, promotes growth and competition, and strengthens the economy.

Airport capital development needs we have estimated for many years now exceed \$10 billion annually, but we are coming nowhere close to approaching funding for those needs. More than 60 percent of that \$10 billion in annual needs are eligible for AIP grants, and yet the airport grant program is only being funded at roughly a \$1.5 billion level.

We are under-funding airport infrastructure investment needs in this country by at least 40 percent, and AIP is only covering about 25 percent of the AIP-eligible projects that should be funded.

[Page 770](#)

[PREV PAGE](#)

[TOP OF DOC](#)

Segment 6 Of 6

While AIP is shrinking, airport needs are growing, and not just on the air side. We have included in our testimony a

survey estimate of growing needs on the land side—roadways, accessways in and to airports. We have found through that survey that over 76 percent of the airports cited landside roadway congestion as a major capacity problem at their airports. But that is the area of the airport that receives the lowest priority from FAA and has the toughest time competing for limited AIP dollars.

I simply want to conclude by thanking you again, Mr. Chairman, for the time and the focus on this important issue. We stand committed to working with you and your colleagues on this committee and in the Congress to pass this important legislation. Thank you.

Mr. **LAHOOD**. Thank you very much.

Mr. MacDonald, Mr. Horn of California asked if I would enter a question in the record for you to answer, and I'm going to enter this in the record, and if you could respond back to the record, I know that he would appreciate that. I'm not going to take the time of our panel or of the committee to read it. But if you would oblige Mr. Horn in that regard, we'd be grateful.

Mr. **MACDONALD**. My pleasure.

[The question and answer thereto follows:]

Mr. **LAHOOD**. I thank all of you very much for your testimony and your support. I know the chairman appreciates it very much—not only the chairman of this subcommittee, but the chairman of the full committee. We are grateful to you for being here today.

Thank you very much.

Mr. **MACDONALD**. Thank you, Mr. Chairman.

Mr. **LAHOOD**. The subcommittee is adjourned.

[Whereupon, at 1:05 p.m., the subcommittee was adjourned, to reconvene subject to the call of the Chair.]