



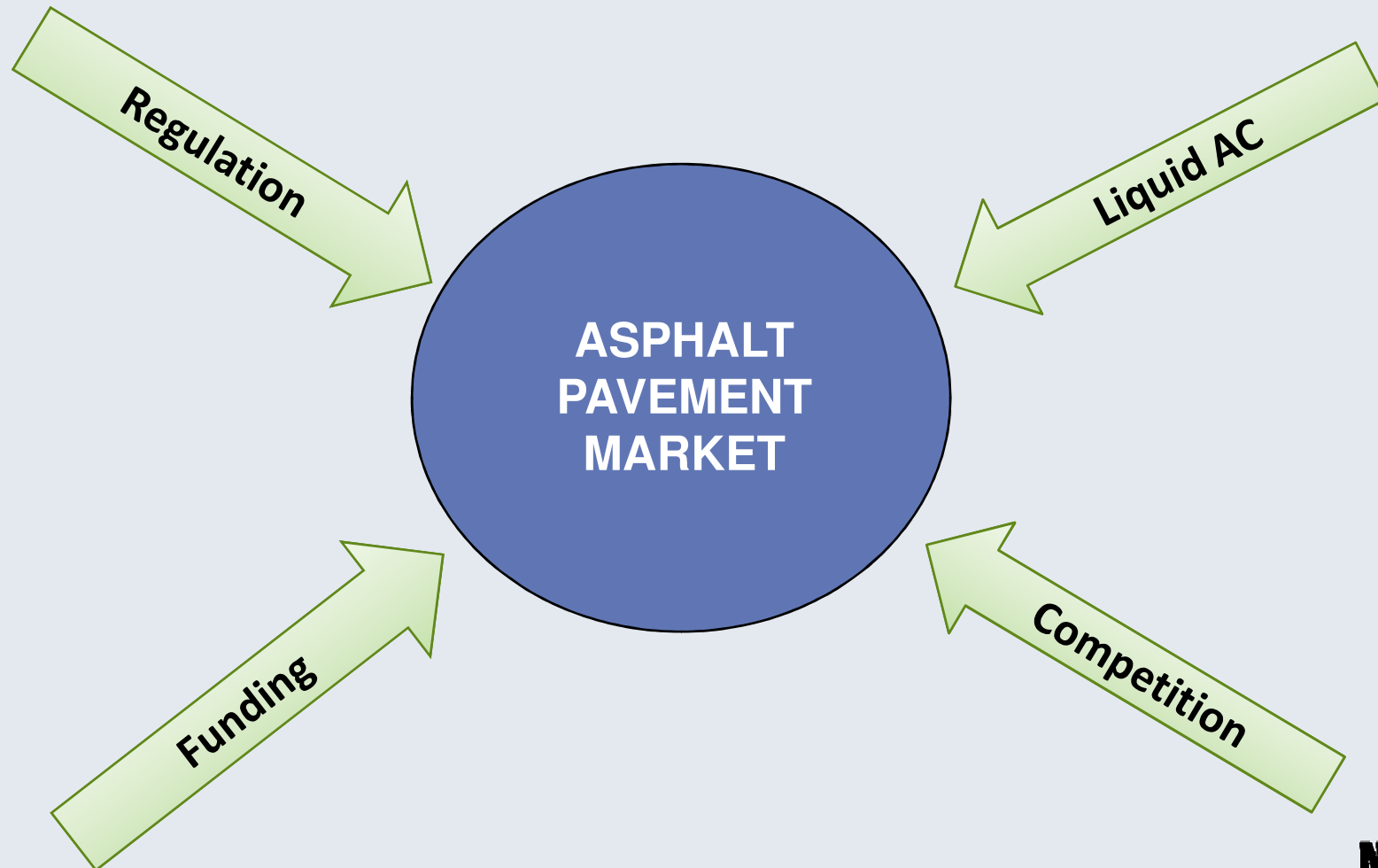
# Federal Highway Funding Update

Special Presentation for the Louisiana Asphalt  
Pavement Association

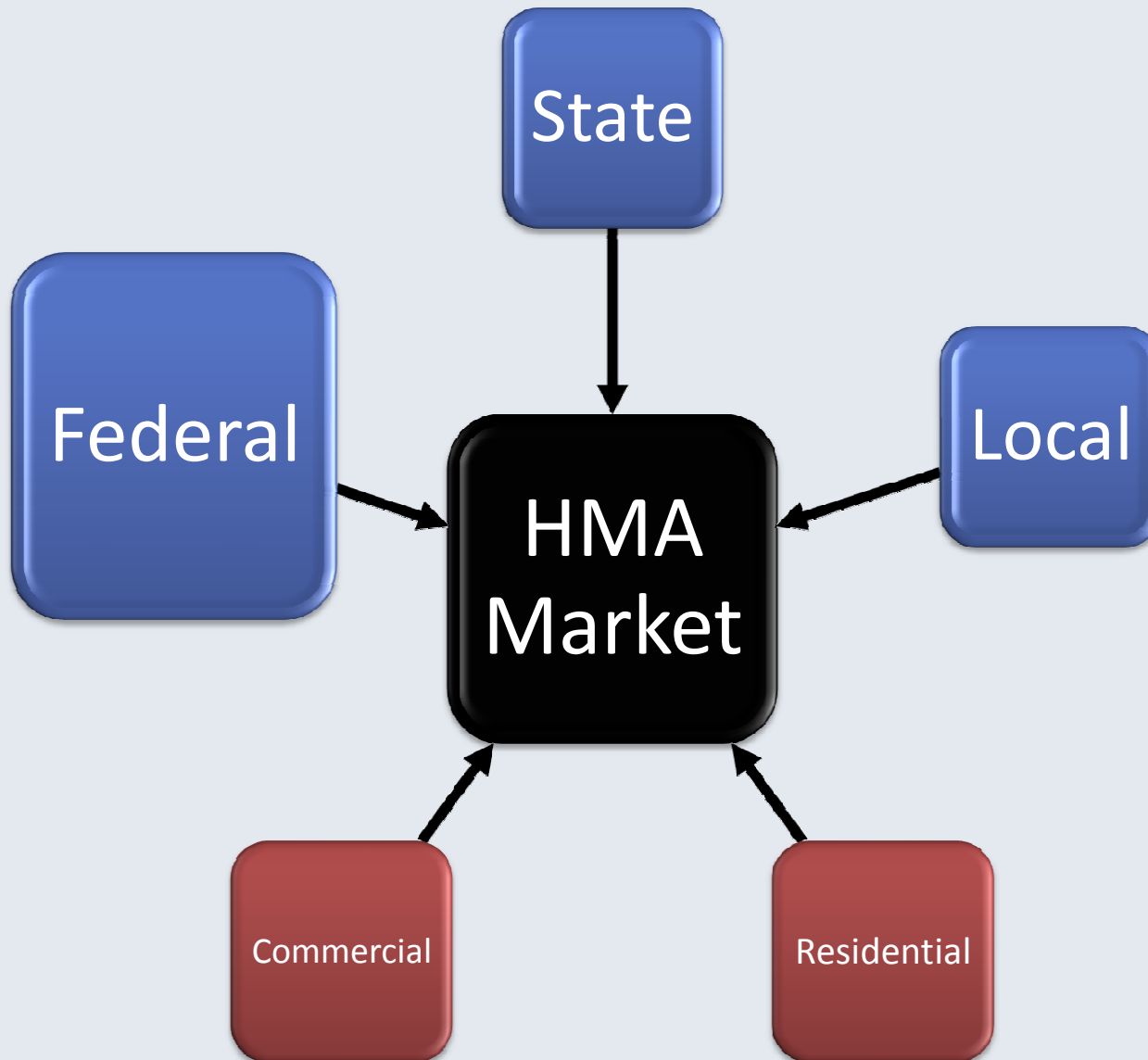
June 2, 2011

*Jay Hansen – Vice President  
Legislative and Regulatory Affairs*

# Factors Impacting Tons



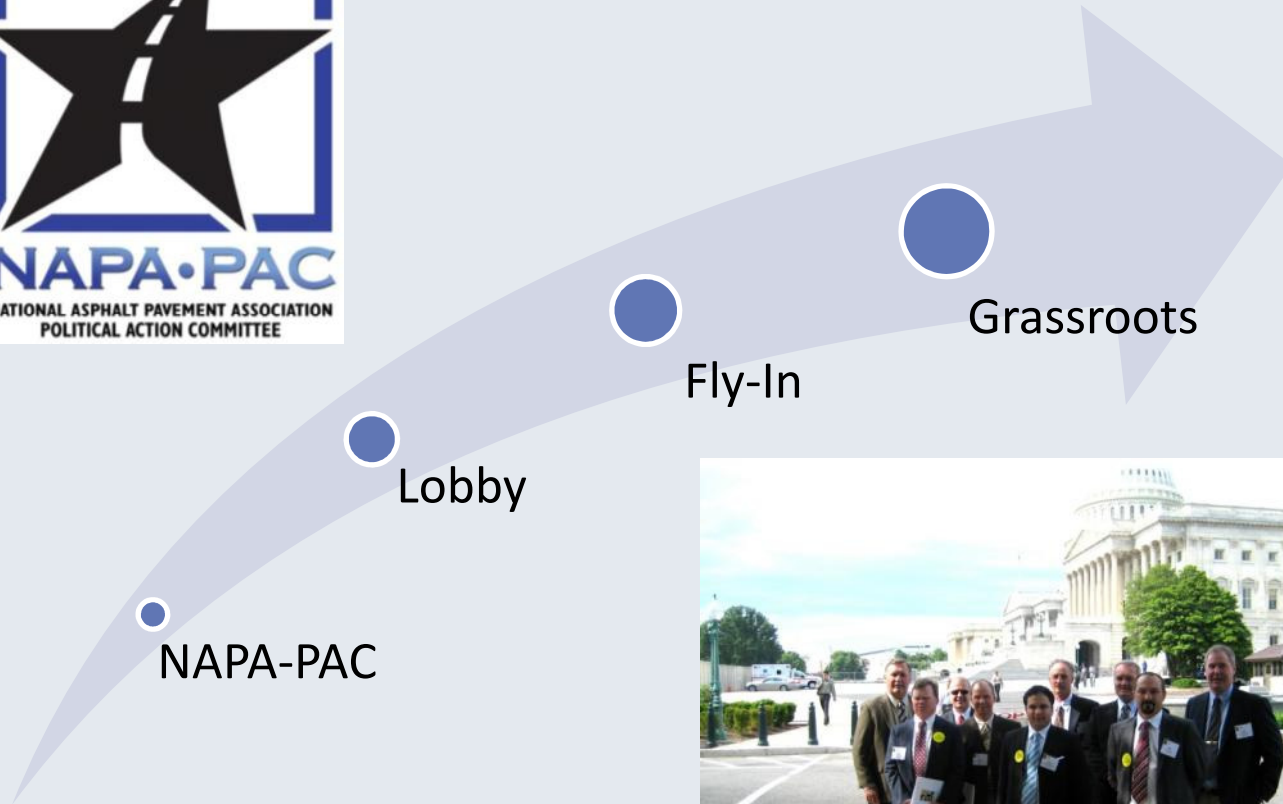
# US Asphalt Pavement Market



# Tons of HMA Produced *(excludes RAP, RAS)*



# Legislative & Regulatory Affairs



Grow the Highway and Airport Infrastructure Market – Federal Level



# Challenge in Receiving Message

“I still don’t know my way around the Capitol. I still don’t know how the protocol works on the House floor. I could care less,” said Rep. Joe Walsh (R-Ill.). Walsh said his goals were not to legislate; he wants to continue pointing out Obama’s failings. “Of all the 87 Republican freshman, I’ve probably gotten more media attention than any of them.”

*Washington Post 5/30/11*



# 2011 Market

- Highway Program Extension
  - H.R. 662 extends program thru Sept. 30<sup>th</sup>
- Highway Program Funding
  - H.R. 1473 provides appropriation thru Sep. 30<sup>th</sup>
  - Louisiana receives \$644m (\$33m more than 2010)
- State and Local Spending
- Commercial and Residential
- Recovery Act Spending

# American Recovery & Reinvestment Act Status

- Stimulus (as of March 31)
  - Louisiana obligated \$430m
  - Louisiana spent to date \$256m (60%)
    - 118 projects of which 29 are completed
  - \$174m to be spent
- Congress will not enact another stimulus
- Louisiana in line to receive disaster assistance funding

# Highway Market 2012 & Beyond

- The market depends on Congress taking action on two separate but related issues
- Highway Program Authorization
  - Preferably a six-year surface transportation bill with the Highway Trust Fund focused on roads
- Highway Funding Appropriation
  - Preferably an increase

# Highway Program Authorization

- President released a proposed outline
  - Legislative language circulating
- House Transportation & Infrastructure Committee drafting bill
  - DOT friendly bill
  - Fiscally constrained
  - Leverage private sector funding
  - Bill expected in June

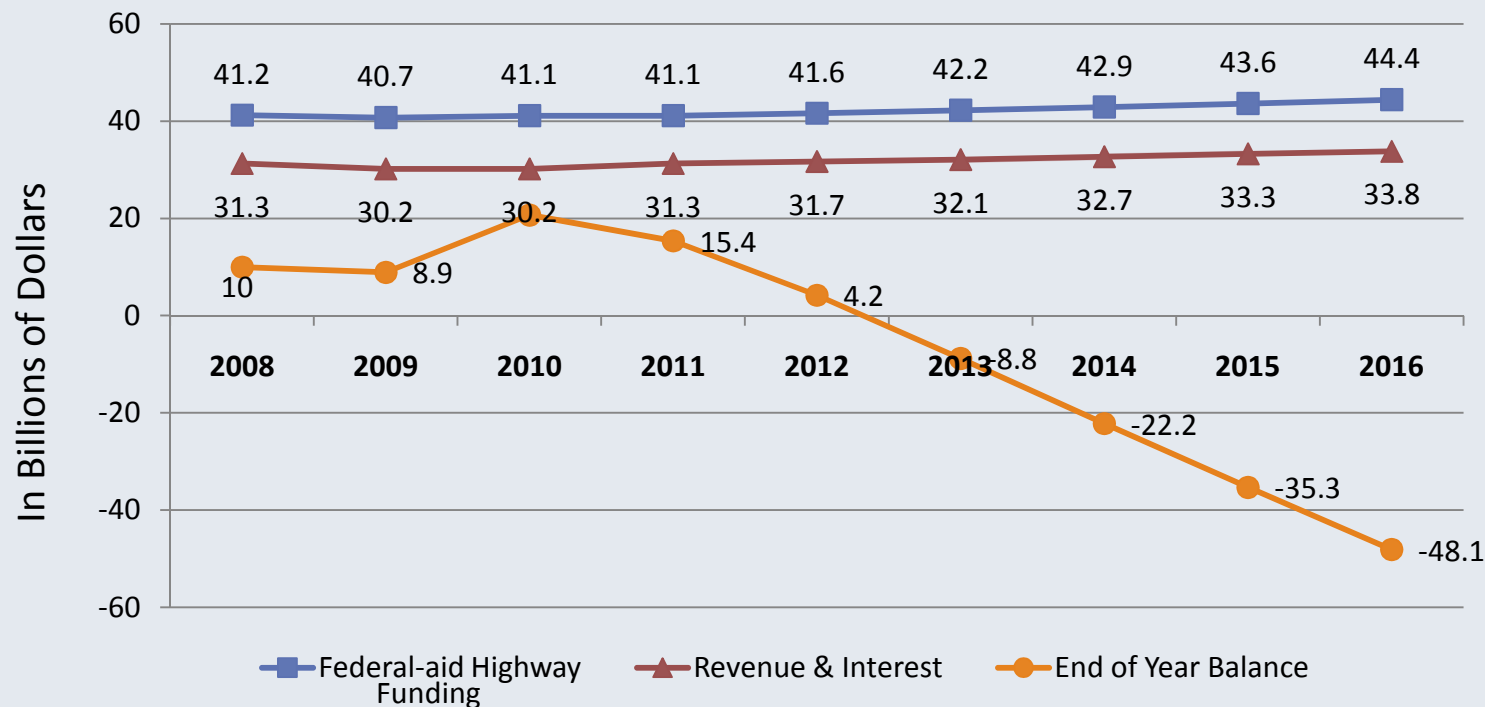
# Highway Program Authorization

- Senate Environment and Public Works Committee
  - Funds programs at current levels + Inflation
    - Length?
  - Eliminates earmarks
  - Consolidates numerous programs
  - Focused freight program
  - Strengthens the TIFIA program
  - Expedites project delivery
  - Bill expected in June



# Funding Headwinds

- Gas Tax Increase
  - No political will present in either party
- Highway Trust Fund Balance



# Highway Program Spending

- Industry dodged a bullet in 2011
- 2012 different story
- Debt Limit ceiling vote in June-July to prevent national default
- Budget cuts are the order of the day
- Highway Program not exempt

# House Budget Resolution

- Adopted April 15
- Gives T&I Committee 2012 budget allocation
- Assumes current Highway Trust Fund spending at maximum level with \$4b cushion
- Therefore highway spending would be cut 34% or \$14 billion
- Using existing formula, Louisiana would lose \$237 million (36%)

# In Summary

- Congress facing difficult choices on budget
- Committees have not acted on reauthorization bills
- President and Congressional leaders negotiating FY 2012 budget and spending caps
- Window for enacting major legislation closing
- The road ahead is at best unclear


# TCC Fly-In

- Over 500 hundred contractors
- Message:
  - 30% cut unacceptable
  - Need a multi-year bill NOW!
  - Cosponsor H.R. 1861, The Infrastructure Jobs and Energy Independence Act
    - Approves 2010-2015 OCS Oil and Gas Leasing Program
    - Infrastructure Renewal receives 20% royalties and other revenues (\$440 billion)




# Key Meetings

- Speaker Boehner
- Rep. Steve LaTourette
- Senate Democratic Leadership
- Senators Boxer & Inhofe
- Rally for Roads




**RALLY FOR ROADS**



**ROADS = AMERICAN JOBS**  
WEDNESDAY, MAY 25, 2011, 11:00AM

PLEASE ASSEMBLE BY NO LATER THAN 10:30AM



**NATIONAL MALL LOCATION:**  
EAST SEATON PARK ACROSS FROM THE  
CAPITOL REFLECTING POOL, 3RD ST. NW  
BETWEEN MADISON DR. NW AND  
JEFFERSON DR. SW

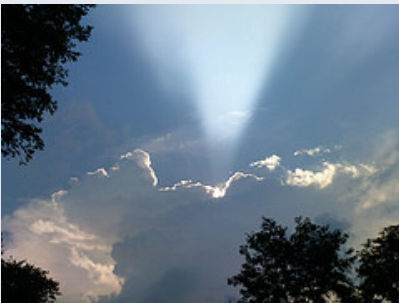
**RALLY FOR ROADS**  
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# Results – Ray of Hope

- Pushed back on 30% cut and found potential funding source for House bill.
- Big Four in Senate announced agreement on core highway bill.
- S. 615 language not in Committee draft.
- “It was all very encouraging. We are in a much better place as a result of the Fly-In.”

Jim Weeks, past NAPA Chairman



# Question

*Reauthorization prospects look so bleak, why should I even bother to engage in the process?*

No one ever said passing a bill would be easy.

The President and the leaders of both committees publically committed to getting a bill done in 2011.

NOW is the time to get involved in the process to help create the MOMENTUM for the bill.

## Question 2

*I am against some of the recent reauthorization proposals in Congress such as spending HTF monies on livability and high speed rail. Wouldn't we be better off with nothing happening?*

No! NAPA may not support every provision in the bill, but that is no excuse for stalling out the process. The legislative process provides ample opportunity to voice our concerns and feedback.

The industry needs a multi-year bill.

## Question 3

*I am busy running my business. Isn't it NAPA's job to visit with Congress?*

NAPA meets with members of Congress and staff all the time to provide policy input and meaningful data. Only you can put a face on the industry by showing what a bill means for your community, your company, your employees.

# Question 4

*What can I do to help?*

- Meet with your member of Congress
- Invite them to your office
- Arrange a plant or project tour
- Meet with the member of Congress in their district office



# Congressional Visits

- Request an appointment
- Prepare for the lobbying visit
- Focus the meeting
- Make the ask
- Listen and gather information
- Follow up
- Share outcomes with NAPA

# The Message: Pass a Multi-Year Reauthorization Bill Now

- Short-term extensions harm the program
  - LA DOT cannot fully execute plans
  - Contractors cannot plan future market
- Roads provide jobs and supports economy
  - Construction unemployment 17.8%
  - Over 80% of American economy tied to transportation network

# The Message: Pass a Multi-Year Reauthorization Bill Now

- Louisiana's Highway Funding Needs Unmet
  - 45% roads in poor or mediocre condition
  - 29% bridges structurally deficient or functionally obsolete
  - 43% urban highways congested
  - At current funding levels, LA struggling to preserve existing roads
  - Very little funding for increasing capacity of existing roads or construction new roads, which LA still needs

# Question

*My member was elected to cut spending. How should I address highway funding in this situation?*

Steer the conversation to local needs and conditions (i.e., needed highway/transit projects that need to get built and construction unemployment in the face of cuts to the program).

# Question

*If asked, what is our position on a one or two year bill at about current funding levels versus a six year bill locking in lousy funding levels?*

The transportation construction industry and state transportation departments really need the predictability in funding that a multi-year bill provides. Cutting the program is unacceptable in light of the huge needs to rebuild the system and expand capacity.

# Lastly

- Pick up the phone and call your member of Congress.
- Urge them to take up the reauthorization bill now.
- Go to [www.hotmix.org](http://www.hotmix.org) government affairs section for updates and to contact your legislators.
- [jhansen@hotmix.org](mailto:jhansen@hotmix.org)