Mr. Chairman and Members of the Committee,

Thank you very much for the opportunity to speak to you today about the importance of infrastructure investment to the citizens of Illinois and the state economy.

My name is Steve Hall, and I am the Senior Vice President of Advocacy and External Affairs for the American Council of Engineering Companies (ACEC). ACEC is the national business association of the engineering industry. Founded in 1906, ACEC is a federation of 52 state and regional organizations representing more than 5,600 engineering firms and 600,000+ engineers, surveyors, architects, and other specialists nationwide. ACEC members drive the design of America’s built environment and transportation, water, and energy infrastructure. Our mission is to strengthen the “engineering economy” for ACEC member firms through government advocacy, political action, and business education.

ACEC has a very large and robust state organization – ACEC of Illinois – made up of over 200 of the state’s leading engineering companies with over 12,000 employees. The fact is, our clients at Illinois DOT and other public agencies, as well as clients in the private sector, have access to world’s best engineering talent right here in Illinois. Our members range from the very largest firms that operate here and around the country and around the globe, to small, family-owned firms, all with deep roots in the communities they live and work in.

Illinois firms large and small have been working very closely with IDOT and other state and local agencies for decades, bringing innovation to the most difficult challenges facing the state’s transportation network in a way that enhances safety and helps the state to compete domestically and in the global marketplace. They’re out there right now -- as we speak -- and they see firsthand how communities and local economies benefit from investments in critical infrastructure, but they also see the problems associated with neglecting the infrastructure that we rely upon every day.

For this reason, transportation investment is a top priority for ACEC at the state and national levels. Throughout the country our members work with state departments of transportation and local transportation agencies on every phase of a project from concept to final delivery, including environmental reviews and preliminary engineering to final design, construction management, and inspection services. Our clients rely on consistent, multi-year funding in order to plan and
implement their programs. Without predictable, dedicated funding, they can only undertake the most basic maintenance and short-term fixes and cannot effectively implement a long-range improvement plan that will help reduce congestion, enhance mobility, improve safety, and promote economic growth.

I was asked to provide a national perspective for you in terms of how your colleagues in other states are addressing their infrastructure needs, and perhaps some insights into how this conversation is progressing in Congress.

First, your timing is perfect -- you’re catching a wave at a time when many states have already done this successfully and in doing so have provided you with the blueprint for winning. Since 2013, 27 states have increased user fees to fund their transportation programs. This success has been bipartisan in scope -- occurring in majority Republican states like Georgia, Nebraska, and Utah; majority Democratic states like Massachusetts, New Jersey, Vermont, California, and Washington; and even in competitive “purple” swing states like Michigan and my home state of Virginia.

Many other states are launching new initiatives this year. Close to home, your colleagues in Minnesota, Ohio and Wisconsin are considering gas tax proposals actively supported by their governors, and Michigan’s governor has just called for a new transportation funding initiative to build on their success from 2017. Alabama, Arkansas, and Kentucky are also considering transportation funding packages. ACEC’s state organizations and our stakeholder allies in those states are having the very same conversation we’re having today, and we’re weighing in to educate the public on the need for and the value of these investments. Like Michigan, a number of the aforementioned states have increased their funding previously while Illinois has not, meaning the state of Illinois continues to lose ground and its competitive advantage.

Infrastructure is also shaping up to be the key issue in Congress this year. While it may be difficult for the divided Congress to make progress on a number of big issues, lawmakers in both parties see infrastructure as the one issue that has a genuine chance for success.

The reason is simple -- investing in infrastructure continues to be one of the few public policy issues that consistently brings together lawmakers from both parties, as well as business and labor. Just yesterday, as they have done on numerous occasions in the past, the heads of the US Chamber of Commerce and the AFL-CIO stood side by side at a congressional hearing just like this one, both advocating for new revenues to support a robust infrastructure initiative in 2019.

Business and labor will be working very closely together this year at the national level to support an increase to the federal gas tax – which is still 18.4 cents a gallon and hasn’t been adjusted since 1993. That’s our objective, and there are reasons for cautious optimism in 2019, but as I noted before, the states aren’t waiting on Washington – they’re taking the initiative and demonstrating leadership in a way that I hope Washington can learn from. This is why this hearing today is so important.

As I noted before, there is a blueprint for getting this done -- attributes that appear to be common among the successful state funding initiatives. First and foremost, these efforts are designed
around the well documented needs of the states. As I’m sure we can all agree, Illinois has significant needs, as highlighted by a report released in September of last year by TRIP and the Illinois Chamber Foundation:

- 41% of Illinois’ major roads are in poor and mediocre condition;
- Driving on those bad roads cost state motorists $5 billion a year in extra vehicle repairs and operating expenses -- $587 per motorist;
- 9% of Illinois’ bridges are considered structurally deficient, and that percentage is expected to increase through 2023 based on current funding projections.

To be sure, Illinois is not unique here – all states face significant needs across the board, but as noted earlier some of your neighbor states have already acted to raise the revenues and make the investments. Once again, your timing is good, but the time to act is now.

Second, this effort requires bipartisan buy-in and support, and support from a broad spectrum of the state’s economy. It’s not enough for the engineering and construction industries and hard-hat labor unions to support new revenues for infrastructure – you need the truckers, the farmers, you need retailers, you need all the sectors of Illinois’ economy -- sectors that require a safe and efficient transportation system in order to compete in the marketplace – to back this initiative.

Fortunately, I’m proud to say that ACEC/IL is working closely with other stakeholders to build such a grassroots coalition comprising of over 60 business and labor organizations, including user groups like the truckers.

Finally, successful state funding initiatives feature a clear linkage between the new revenues generated by the increased user fee and how those revenues will be invested. Quite simply, we have found when voters are informed about performance objectives and the projects that will be built with the additional revenues raised, and when there is accountability and transparency in the process, they are much more likely to support the measure.

The research that Allison and her colleagues at ARTBA have undertaken supports this view. In the states they have examined, voters are demonstrating strong support for lawmakers who voted to invest in the state’s infrastructure.

This translates beyond legislative action to also include ballot initiatives, many states have gone directly to voters to approve supplemental infrastructure funding, often through sales taxes or local property tax increases. The success rate for ballot initiatives seeking to raise revenue for transportation from 2009 to 2018 is 78 percent.

The state of California presents a good case study in both respects. In 2017, the state legislature approved a 12-cent gas tax increase and 20-cent diesel tax increase, which is projected to raise $53 billion over the next 10 years for surface transportation improvements across the state. Unfortunately, last year there was cynical attempt to revoke the increase through a ballot initiative. ACEC mobilized with the same coalition that helped to secure passage of the funding initiative -- including the business and labor organizations -- to educate California voters on the benefits of those investments and the necessity of retaining the funding. Thankfully, the voters
rejected Proposition 6 by a wide margin, reaffirming the action and judgement of the state legislature that California’s transportation system and the competitiveness of the state is worthy of additional investment.

These state revenue increases are essential because existing funding streams are not keeping pace with inflation. Exacerbating the shortfall, excise rates tied to fuel consumption are dwindling because of increased fuel efficiency – simply put, motorists are driving farther on a gallon of gas, and paying less in user fees. This double whammy is eroding transportation budgets at a time when roads, bridges, and transit systems are reaching the end of their design lives and need significant rehabilitation and repair.

For these reasons, many forward-looking state lawmakers in other states are wisely tying their gas tax increases to grow naturally with inflation or the price of fuel, rather than a flat increase, so that purchasing power is not eroded in the future. They are also increasing funding levels not just to maintain current conditions, which are inadequate to support a growing economy and increased population and usage. They are raising revenues to fund improvements and expansion projects to modernize the system and accommodate a 21st century economy. I would strongly encourage you to follow that example – do it once and do it right.

Turning back to the federal level, as I noted before we expect that infrastructure legislation may be one of the few areas where Republicans and Democrats in Congress can work effectively together and with the President. There is broad support in the House and Senate and on both sides of the aisle for robust infrastructure funding, including transportation but also other sectors such as water and wastewater and broadband deployment.

Congressional hearings are underway in Washington, and we are waiting to see what the Administration may propose this year, particularly in conjunction with the 2020 budget request. In remarks last week to the National Governors Association, the President told them he was pretty much ready to sign anything that Congress sends him on infrastructure. We expect that the legislation that emerges from Congress – either a single package or multiple initiatives -- will continue to emphasize growing existing federal programs rather than creating something new or significantly overhauling the federal-state-local balance, an approach our industry certainly supports.

As I noted earlier, organizations like ACEC are focused on persuaded Congress at long last to increase the federal user fee, and the agenda that’s taking shape this year is the perfect opportunity to accomplish that goal. And while Congress has fallen short of enacting growing, sustainable revenues for the Highway Trust Fund in recent surface transportation authorization measures, lawmakers have nevertheless endeavored to ensure that the new program builds on and grows from the previous one. Lawmakers want to see their states receive more funding under the new bill than what was allocated under the previous program.

This adds further importance to the funding effort you’re contemplating today. The state of Illinois will need to raise the revenues necessary to meet the non-federal matching requirements in order to take full advantage of those increases. Otherwise, those dollars could sit unspent or
be redirected to other states. For that reason, it is imperative that you be positioned to leverage any additional federal funds and continue to maintain that core federal-state partnership.

On behalf of ACEC and the nation’s engineering industry, I want to thank this committee once again for focusing attention on this important issue. We stand ready to work with you to advance a robust transportation infrastructure bill this session. I would be happy to answer any questions.