

1 OPEN EXECUTIVE SESSION TO CONSIDER A CHAIRMAN'S MARK
2 ENTITLED "PRESERVING AMERICA'S TRANSIT AND HIGHWAYS ACT"
3 THURSDAY, JUNE 26, 2014
4 U.S. Senate,
5 Committee on Finance,
6 Washington, DC.

7 The hearing was convened, pursuant to notice, at
8 10:07 a.m., in room 215, Dirksen Senate Office Building,
9 Hon. Ron Wyden (chairman of the committee) presiding.

10 Present: Senators Schumer, Menendez, Carper,
11 Cardin, Brown, Casey, Warner, Hatch, Grassley, Crapo,
12 Enzi, Thune, Isakson, Portman, and Toomey.

13 Also Present: Thomas Barthold, Chief of Staff,
14 Joint Committee on Taxation; and Mark Mazur, Assistant
15 Secretary, Tax Policy, Department of the Treasury.

16 Democratic Staff: Joshua Sheinkman, Staff Director; Todd
17 Metcalf, Chief Tax Counsel; Jocelyn Moore, Deputy Staff
18 Director; Michael Evans, General Counsel; Ryan Abraham,
19 Senior Tax Counsel; and Tom Klouda, Senior Domestic
20 Policy Advisor. Republican Staff: Mark Prater, Deputy
21 Staff Director and Chief Tax Counsel; Chris Campbell,
22 Staff Director; Nicholas Wyatt, Tax and Nominations
23 Professional Staff Member; Preston Rutledge, Tax Counsel;
24 and Jeff Wrase, Chief Economist. Non-Designated Staff:
25 Josh LeVasseur, Chief Clerk and Historian; and Jewel

1 Harper, Deputy Clerk.

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1 OPENING STATEMENT OF HON. RON WYDEN, A U.S. SENATOR FROM
2 OREGON, CHAIRMAN, COMMITTEE ON FINANCE

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4 The Chairman. The Finance Committee will come to
5 order.

6 Today the Finance Committee meets to consider the
7 Preserving America's Transit and Highways Act of 2014.

8 In beginning, I would like to thank our colleague,
9 Senator Hatch, for our many discussions and the joint
10 modification to the mark that we are going to make this
11 morning.

12 Every Senator here, every Democrat and every
13 Republican, knows that it is crunch time on
14 transportation. Shortly after the Senate returns from
15 the July work period, the Highway Trust Fund seeks below
16 prudent balance, and then America faces the
17 transportation equivalent of a government shutdown.

18 I have talked to virtually every member of the
19 Finance Committee and all the Democrats and all the
20 Republicans do not want to slam the brakes on 6,000 road
21 projects, putting thousands of Americans out of work.

22 Many of the members of this Committee, again, on
23 both sides of the aisle, have ideas to meet the urgent
24 long-term needs for infrastructure, and that is certainly
25 appropriate given that almost every week Americans read

1 about bridges bending and our people driving into
2 potholes the size of sinkholes.

3 I share those concerns and believe it defies common
4 sense not to promote fresh ideas for funding
5 infrastructure when interest rates are so low. And that
6 is what this Committee has tried to do for some years
7 now, including in this room in 2009, adopting Build
8 America bonds which were projected to raise perhaps \$5
9 billion and more than \$180 billion of them were sold.

10 Senator Hatch and I decided, however, it was not
11 possible to put together a long-term infrastructure plan
12 in 3 weeks, and that is why the two of us have been
13 working together on a bipartisan basis to prevent a
14 paralyzing shortage of transportation funds that I have
15 indicated would be immediate.

16 So that is why we are going to meet to consider the
17 Preserving America's Transit and Highways legislation and
18 adopt a number of bipartisan modifications.

19 I want my colleagues to know that in putting
20 together this legislation, I have done everything
21 possible to come up with the most benign, agreeable
22 offsets possible. Rather than raising taxes, the
23 legislation includes measures designed to boost tax
24 compliance, to make sure those who owe taxes pay them.
25 And it also includes measures that the Committee has

1 passed in previous years on bipartisan votes.

2 I will offer an additional olive branch. My staff
3 and I worked with colleagues on the other side of the
4 aisle and incorporated proposals especially important to
5 Republicans in the modified Chairman's mark.

6 So now I would like to take a moment to highlight
7 the proposals that were accepted, many of them in late
8 night negotiations between the Majority staff and Senator
9 Hatch's staff. The entire modification we will adopt
10 this morning is bipartisan as a result of these
11 discussions and we were able to accept several proposals.

12 The first is based on concerns from Senator Thune
13 and Senator Hatch with regard to proposals and their
14 thoughts. So we strike the heavy vehicle use tax. This
15 reduces the proportion of revenue raised to spending cuts
16 in the mark.

17 Second, staff negotiated into the night and accepted
18 two technical changes from Republican staff to the
19 stretch IRA provision.

20 Third, Senator Burr and Senator Bennet have
21 legislation to equalize the tax rates of LNG compared to
22 gasoline. They filed this proposal, which was
23 cosponsored by Senator Hatch and I have been happy to
24 accept it.

25 Fourth, the modification accepts an Isakson-Nelson

1 proposal grandfathering the retirement age for defined
2 benefit pensions.

3 Fifth, Senator Hatch's substitute proposal offered a
4 transfer of funds from the LUST Fund. He proposed
5 transferring \$1 billion. We have transferred \$750
6 million and I am happy to support Senator Hatch on that
7 thoughtful effort.

8 Sixth, to try to include additional spending cuts
9 and address potential fraud, I filed an amendment to
10 require information returns with the American Opportunity
11 tax credit. That is included in the modification.

12 Finally, the Majority and Minority staff negotiated
13 a sense of the Senate about the need to pass a bipartisan
14 long-term transportation bill.

15 These modifications move the Committee closer to
16 bipartisan agreement. Obviously, this legislation has
17 got to get through the Senate, through the House, and on
18 to the President's desk, and it needs to move quickly.

19 This requires working with our colleagues in the
20 other body. Senator Hatch has been leading that effort.
21 He reached out to Chairman Camp to find out how the House
22 plans to pay for their bill and whether there are items
23 in their package the Finance Committee can agree to.

24 I have also talked to Chairman Camp and wish to say
25 publicly that I appreciate Senator Hatch's leadership.

1 Senator Hatch, would you like to make some comments
2 on where things stand?
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1 OPENING STATEMENT OF HON. ORRIN G. HATCH, A U.S. SENATOR
2 FROM UTAH

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4 Senator Hatch. Thank you, Mr. Chairman. I
5 appreciate the way you are trying to work in a bipartisan
6 way. It means a lot to us. I think it means a lot to
7 the Senate and I want to thank you for it.

8 This is indeed an important issue and I do not think
9 that is lost on anybody. And as I have said from the
10 outset of this process, it is important for the Committee
11 to get something done, but it is even more important that
12 we get it done right.

13 Getting it done right means that we work in a
14 bipartisan fashion to craft a bill that can be acceptable
15 to both sides, which means including a significant number
16 of spending cuts to go along with any revenue increases,
17 and also a bill that has not just a reasonable chance,
18 but a good chance, of getting through the House.

19 Toward that end, I have put together an alternative
20 amendment that many of my colleagues on this side of the
21 aisle have signed onto. This is not a Republican wish
22 list of spending cuts that have no chance of being
23 enacted. Instead it is a reasonable set of provisions,
24 most of which I believe could be supported by both sides.

25 Now, getting it right also means that we keep our

1 eye on the ultimate goal, which is producing a package
2 that can pass in both the Senate and the House of
3 Representatives and, of course, be signed by the
4 President. The best way to achieve that goal is to work
5 with the leaders in the House.

6 So as you said, Mr. Chairman, I have reached out to
7 Chairman Camp of the House Ways and Means Committee to
8 get his input on what is possible over there and to see
9 if he is amenable to working with both of us to put
10 together a bipartisan, bicameral package on the highway
11 bill that all of us can support in the end.

12 Not surprisingly, Chairman Camp has jumped at this
13 opportunity to work with us and has agreed to add his
14 efforts to ours in order to produce a bill that will be
15 able to eventually be signed into law. And my experience
16 with him has always been one of positiveness where he
17 wants to make things work and I am very appreciative of
18 that and I know you are, as well, Mr. Chairman.

19 I am confident that working with Chairman Camp, we
20 can find a suitable path forward.

21 I am going to have more to say about highways in
22 general in just a moment, but I am happy to turn the time
23 back to you, Mr. Chairman.

24 The Chairman. Thank you very much, Senator Hatch.

25 We now have a quorum and so I would like to adopt

1 the mark.

2 The Committee has before it the Chairman's mark on
3 the Preserving America's Transit and Highways Act of
4 2014, along with my modification of the mark.

5 So the mark is so modified and the modification is
6 deemed incorporated into the Chairman's mark.

7 I will now recognize colleagues for their opening
8 statements with respect to the modified mark, and then we
9 are going to have the staff walk us through it.

10 In order of appearance, first, Senator Schumer.

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1 OPENING STATEMENT OF HON. CHARLES E. SCHUMER, A U.S.
2 SENATOR FROM NEW YORK

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4 Senator Schumer. Thank you, Mr. Chairman. First,
5 let me thank you and Senator Hatch for bringing us
6 together to get the process started and for working in a
7 bipartisan way.

8 Highway funding has always been bipartisan. Highway
9 funding is something that we have always felt the Federal
10 Government should be part of. In fact, the first
11 proposals for the Federal Government to be involved in
12 highway funding were announced by a Republican, and I
13 do not mean Dwight Eisenhower. I mean Henry Clay. He
14 was actually not a Republican. He was a Whig. That was
15 the predecessor of the Republicans. Charles Grassley
16 remembers Henry, right.

17 [Laughter.]

18 Senator Schumer. But in any case, Henry Clay
19 proposed something called internal improvements, which
20 were roads that the Federal Government built across the
21 Appalachian Mountains to open up what was then the wild
22 west of Kentucky, Ohio, Tennessee.

23 So I hope we can get that bipartisan way back on
24 this issue. I know there are some, a small group who say
25 the Federal Government does not belong in any highway

1 funding, but I do not think that is where America is at
2 and I do not think that is where the mainstream of either
3 party is at.

4 So I thank you, because working in a bipartisan way
5 is a good thing.

6 Now, the highway trust funds we know will be
7 depleted late this summer and to let it go broke would be
8 devastating for our economy, for jobs and for
9 infrastructure.

10 Already projects are being scaled back because of
11 the uncertainty. According to DOT, allowing the fund to
12 go broke would delay 112,000 roadway projects, 5,600
13 transit projects, cost the economy at a time when we are
14 desperate for new jobs and good paying jobs, 700,000
15 construction jobs.

16 So it is imperative we deal with this immediate
17 challenge in the next few weeks and I believe, Mr.
18 Chairman, you and Senator Hatch are off to a good start
19 where we can come together on spending cuts that we can
20 accept and on revenue increases that our colleagues can
21 accept to get this going.

22 Ensuring solvency for the transportation funds
23 should be bipartisan and I hope we can get that done in
24 the next few weeks.

25 But we have to remember our primary objective as we

1 work for the remainder of the year -- a long-term funding
2 and financing stream to support the types of investments
3 in infrastructure this country so desperately needs.

4 To just go 6 months or a year or 6 months or a year
5 is very, very bad for the country, for planning and for
6 the future. NO company, no major company can think just
7 6 months ahead and when it comes to infrastructure, the
8 Federal Government cannot.

9 So I hope we will keep a couple of things in mind.
10 First, in the view of many of us on this side of the
11 aisle, current funding levels for infrastructure are just
12 not sufficient. Keeping it at the current level is not
13 good enough.

14 In my State alone, we have 7,000 bridges that are
15 functionally obsolete or structurally deficient,
16 thousands of lane miles in need of desperate repair.

17 Not only do we need increased funding to invest in
18 our roads and bridges, but growing needs of our mass
19 transit systems.

20 The FTA has estimated the Nation's transit systems
21 have a good state of repair backlog of \$78 billion.

22 So hope the Committee will do all it can over the
23 next few months to find a way not just top provide flat
24 funding for a multiyear authorization, but to do better.
25 That is in our national interest, whether we are looking

1 at infrastructure, jobs, or getting the middle class
2 going in.

3 Infrastructure should be at the top of the list and
4 good projects in my State and across the country cannot
5 only improve our transportation system, but create jobs.
6 Peace Bridge, for instance, in Buffalo.

7 And ways to increase funding are creative. Senators
8 Warner and Bennet, for instance, have very good ideas in
9 terms of an infrastructure fund.

10 The Chairman's idea of additional credit bond
11 authority -- trip bonds is a good idea. So not only can
12 we use the traditional ways of funding highways, but the
13 ideas of Warner, Bennet, you, Mr. Chairman, and the
14 others are things that we should clearly look at.

15 One other thing that I would like to add. I am glad
16 the Chairman added the EXPIRE Act as an amendment. These
17 are the tax extenders. Many of them are not related to
18 transit, but, of course, the mass transit benefit that
19 many of us support, making mass transition deductions
20 when you go to work equal to those when you drive your
21 car to work are very important. And to have the EXPIRE
22 Act and get that done in a bipartisan way is ally
23 important, as well.

24 So my playbook for transportation investment: deal
25 with the immediate challenge. Patch the highway trust

1 fund in July, pass the EXPIRE Act in July. Then prepare
2 for the future.

3 Fund a multiyear transportation reauthorization at
4 higher levels. Include new financing tools to support
5 low-cost-to-government infrastructure investment.

6 With that, Mr. Chairman, I look forward to working
7 with everyone on this Committee to get some of these
8 things done.

9 The Chairman. Thank you very much, Senator
10 Schumer. Also, thank you, as a member of the leadership,
11 in concentrating your focus on how important it is to do
12 this work in a bipartisan way. That has been the
13 tradition. Those sinkholes that are becoming potholes,
14 nobody is asking about Democrats and Republicans. They
15 want to know how is government going to get its act
16 together and respond.

17 I very much share your view with respect to the long
18 term and what Senator Hatch and I have agreed is we are
19 going to get this done and then move quickly to address
20 that.

21 Senator Grassley?

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1 OPENING STATEMENT OF HON. CHUCK GRASSLEY, A U.S. SENATOR
2 FROM IOWA

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4 Senator Grassley. My memory is a little weak on
5 the gentleman that Senator Schumer said I served with,
6 but I respect to the Senator Remark from New York. So I
7 will take your judgment of that.

8 Thirty seconds. I just hope that we can reach a
9 bipartisan agreement. My recollection of three or four
10 of these highway bills is according to what Senator
11 Schumer said, that they have been very bipartisan.

12 I only hope that there is as much willingness on the
13 other side of the aisle to look at more efficient
14 expenditures of the Federal dollars than we now have
15 under some Federal regulations and that we give States
16 the maximum leeway that we can to make the dollar go as
17 far as it can.

18 I hope when we get back that we will have that
19 bipartisan agreement that everybody wants.

20 I yield the floor.

21 The Chairman. Colleagues, let us do this. Let us
22 have Senator Hatch make the additional remarks that he
23 wanted to make as part of the opener now and then we will
24 continue to go back and forth.

25 Senator Hatch. Thank you, Mr. Chairman. Let me

1 just take a few more minutes to reiterate the importance
2 of this exercise.

3 I think we are all in agreement that when it comes
4 to surface transportation reauthorization, a long-term
5 solution should be our ultimate goal. That will allow
6 States to plan their highway projects, many of which may
7 take many years to complete.

8 Given the time constraints that we are under, we
9 need to come together for another short-term extension.
10 As we all know, the highway trust fund will be unable to
11 meet its obligations sometime this summer.

12 That being the case, we have only a few weeks to get
13 something passed through both chambers of Congress and
14 onto the President's desk, and it needs to go through
15 both chambers.

16 As we both just stated, this will take no small
17 amount of bipartisan cooperation. And once again, as we
18 consider alternatives for paying for this extension, I
19 think it is important that spending cuts and reforms be
20 included as a major part of the equation. Whether in the
21 short term or in the long term, I do not think the
22 solution should be to raise taxes.

23 I also want to make sure that we keep in mind the
24 user pays principle that has guided infrastructure
25 funding since the creation of the highway trust fund.

1 Maintaining this principle will protect the interests of
2 all stakeholders and our surface transportation
3 infrastructure.

4 With that, Mr. Chairman, I just want to thank you
5 once again for your willingness to work in a bipartisan
6 fashion on this issue.

7 I think we have reached an important milestone in
8 these efforts and, while time is short, I am confident we
9 can get this done, and I am very confident we can get it
10 done right for now and then really have the time to be
11 able to work on a long-term solution.

12 The Chairman. Thank you very much, Senator Hatch,
13 and I share your view.

14 Next is Senator Menendez.

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1 OPENING STATEMENT OF HON. ROBERT MENENDEZ, A U.S. SENATOR
2 FROM NEW JERSEY

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4 Senator Menendez. Mr. Chairman, let me thank you
5 for your leadership on this important issue.

6 Fixing the looming insolvency of the Highway Trust
7 Fund will provide a small, but necessary measure of
8 stability for our States and our communities. It will
9 prevent transportation projects from being shut down
10 during a critical summer construction season and it will
11 protect good-paying jobs.

12 But make no mistake. Failing to act amounts to
13 nothing less than a transportation shutdown. Allowing
14 our highway and transit programs to run out of money
15 would be reckless and shortsighted. Failing to invest in
16 our infrastructure does not save money; it costs us in
17 wasted time and declining global competitiveness and
18 lives lost on an outdated and obsolete system.

19 Preventing this transportation shutdown in the near
20 term is essential and I appreciate the Chairman's work to
21 bring us to this point. But I hope we do not lose sight
22 of the bigger picture. We as a Congress have to do a
23 much better job when it comes to our transportation
24 system than legislating from one crisis to another.

25 We know that short-term patches can never provide

1 the predictability needed to design and build world class
2 transportation systems.

3 I go to China in my other role as the Senate Foreign
4 Relations Committee Chair and you see an incredibly high-
5 speed rail system going faster than anything we have in
6 the United States. You can stand on it and not feel it.
7 I ride the Acela and I am rocking and rolling, left and
8 right, and increasingly with delays, even though it has
9 had better performance overall.

10 Something is wrong when we, the greatest country in
11 the world, have a transportation system that is inferior
12 to a place like China or Japan or other places. And we
13 know that flat funding is a recipe for further decline.
14 On the transit side alone, we have an \$86 billion state
15 of good repair backlog. That is not to improve our
16 systems or build new ones. That is just simply to get
17 the old ones to a place where it is adequate -- to a
18 place where it is adequate.

19 Preventing this decline is going to require some
20 tough decisions, but moving ahead with additional short-
21 term patches or even a long-term flat-funded bill will
22 not spare us from having to take tough votes.

23 So I would argue that if we are going to have to
24 make some hard decisions, should make them count for
25 something. We should make them count for a

1 transportation system that is the envy of the world, not
2 one in which we keep falling further behind.

3 I think creating a transportation system that works
4 is a win for every one of our States and I hope that as a
5 Committee we can support this necessary short-term fix,
6 but immediately begin to work on a long-term and robustly
7 funded transportation bill.

8 Finally, Mr. Chairman, I would like to take a second
9 to discuss a strong bipartisan amendment that Senator
10 Enzi and I have filed on the bill.

11 Our amendment would implement efficient and
12 meaningful reform of FERPTA tax rules to encourage more
13 equity investment in U.S. real estate and infrastructure.
14 It is a permanent tax reform that is desperately needed
15 to encourage investment into the U.S. real estate and
16 infrastructure.

17 With 21 of the 24 members of the Committee already
18 cosponsors of FERPTA reform, this is an issue that should
19 be dealt with this year. Rather than detract from tax
20 reform, addressing the issue in a productive and
21 bipartisan way now only shows the Committee's ability to
22 work together to tackle tough challenges in the Tax Code.

23 I believe that passage of FERPTA reform would be
24 viewed as a dynamic step forward in this Committee's
25 ongoing efforts to do tax reform.

1 Finally, Mr. Chairman, this is an item that the
2 President himself put on his agenda as things that we can
3 do to get the country moving. So we have an
4 Administration who supposedly supports this. You have 21
5 of the 24 members of this Committee who support it. I
6 think it will get broad bipartisan support if we get it
7 to the floor.

8 Talking about investment in infrastructure, well,
9 here is a great opportunity to have one of the private
10 sources be able to achieve that.

11 So I hope when that comes for an opportunity, we
12 will be able to include it in this bill.

13 Let me commend, again, you and the Ranking Member
14 for getting us to this point. I look forward to a
15 successful completion.

16 The Chairman. Thank you, Senator Menendez. And
17 you can be assured that on that FERPTA amendment, that is
18 one of the issues that is going to be worked on in this
19 upcoming week. And I thank you.

20 Senator Crapo?

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1 OPENING STATEMENT OF HON. MIKE CRAPO, A U.S. SENATOR FROM
2 IDAHO

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4 Senator Crapo. Thank you, Mr. Chairman. I
5 appreciate the work that you and Senator Hatch are doing
6 to try to build a bipartisan path forward.

7 Clearly, as so many of us have said, developing
8 America's infrastructure is not a partisan issue and is a
9 critical legitimate function of the Federal Government
10 that we need to get right.

11 I, along with all of us on the Committee, look
12 forward to working with you to develop the solutions. I
13 also agree that we need to develop a long-term solution
14 and put into place the kind of confidence in American's
15 infrastructure that will enable our economy to grow.

16 With that said, I also believe that we need to avoid
17 the temptation to use budget gimmicks at a time when we
18 have very difficult budget crises facing us. The debt
19 crisis that you have heard me talk about many times is
20 getting bigger and bigger and is real and more real every
21 day and solving this problem with a legitimate, no
22 gimmicks solution is one of the things that can help us
23 to address America's future economic strength, which is a
24 key part of the solution we need to put into place for
25 our debt crisis, as well.

1 So for many reasons, I appreciate the bipartisan
2 atmosphere that is developing here. I hope it can work
3 toward a strong permanent solution.

4 The Chairman. Senator Crapo, thank you. You make
5 an important point. There is a lot of terrain in terms
6 of opportunity for bipartisanship between these hot
7 button issues that divide the parties and these
8 accounting gimmicks that you are talking about, and that
9 is what we are going to spend the week looking for. I
10 appreciate your comments.

11 Next is Senator Carper.

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1 OPENING STATEMENT OF HON. THOMAS R. CARPER, A U.S.
2 SENATOR FROM DELAWARE

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4 Senator Carper. Thanks, Mr. Chairman.

5 I would say to our Republican friends, there was a
6 meeting last night that some of our Democratic Senators
7 were at and I mentioned there the week that Barack Obama
8 and Joe Biden were inaugurated as President and Vice
9 President. The number of people who filed for
10 unemployment insurance that week was 628,000 people --
11 628,000 people.

12 Every Thursday morning we receive from the
13 Department of Labor an update for the week for how many
14 people file for unemployment insurance in the past week,
15 and we just got that number just a couple of minutes ago
16 and the number for this past week is 312,000 people.

17 That number goes up, bounces up and down. So we
18 will use a 4-week rolling average and the 4-week rolling
19 average is 314,000 people. That is exactly one-half of
20 what it was, a little more than 5, almost 5.5 years ago.

21 Anytime that number is under 400,000 people filing
22 for unemployment insurance in a week, we are adding net
23 jobs to our economy. And right now we are adding quite a
24 few jobs to our economy and the prospect is we could add
25 a whole lot more and we can do something about it in this

1 Committee.

2 I serve on the Environment and Public Works
3 Committee. I chair, as some of you know, the
4 Subcommittee on Transportation and Infrastructure,
5 Barbara Boxer, David Vitter, John Barrasso and I had
6 worked with others to put together I think a good, really
7 level funding bill for the next 6 years.

8 Would I like to spend more than that? Would I like
9 to invest more? Chuck Schumer would and, frankly, so
10 would I and I suspect that a number of us would. But we
11 ought to at least fund what we are talking about paying
12 for in that 6-year legislation.

13 We do not create jobs here in the Senate. I did not
14 create jobs when I was governor. Presidents do not
15 create jobs, mayors do not create jobs. What we create
16 is a nurturing environment for job creation. It includes
17 a lot of things, as you know, access to capital, the
18 opportunity to export our products to countries around
19 the world, public safety, and a world class workforce.

20 It also includes infrastructure, broadly defined,
21 and it especially includes transportation infrastructure.
22 We all know these projects do not just -- States do not
23 just like create them like that. It takes a while and it
24 takes time to conceive, to plan for these projects,
25 especially transit projects or multi-multiyear projects,

1 high projects, as well. You have got to plan, you have
2 got to do the land acquisition, you have got to do the
3 contracting, all the site work and everything, accumulate
4 the land and then do the project. It takes years and
5 State and local governments need, as you know, many years
6 to do that.

7 The idea of simply doing the stop-and-go, stop-and-
8 go stuff that we have been guilty of here for a number of
9 years, it is wasteful. It is wasteful and we have got to
10 stop doing it.

11 I really applaud the bipartisan effort of Senator
12 Wyden, Senator Hatch and others here to say we are going
13 to not let this fund falter, we are not going to hit the
14 brakes at a time when we have a chance to push down on
15 the accelerator. We are going to like push on through
16 and keep growing this economy.

17 I think you have come up with a real smart approach.

18 I am really encouraged by that. You have embraced what
19 I call the two Cs -- the two Cs -- secret for a long
20 marriage, communicate and compromise; the secret for a
21 vibrant democracy, communicate and compromise, and we are
22 seeing just that kind of communication and compromise.

23 The last thing I will say is this. There is a
24 bridge that goes -- it is a road that goes around
25 Wilmington, Delaware. It is I-495. And there is a

1 bridge there that has been leaning over because of a huge
2 pile of dirt that was placed underneath the bridge.
3 Removed the dirt, the bridge is starting to stabilize a
4 little bit.

5 Long story short, the next 2 months, we are going to
6 be spending \$20 million to fix the bridge and get traffic
7 moving up and down the northeast corridor. That \$20
8 million pretty much spends the last of the emergency
9 funds that we have in the Federal highway transportation
10 system. After that, it is pretty much gone and we are
11 not at the end of the fiscal year.

12 We need to replenish the fund and then we need to
13 get serious about 6-year funding, a user fee, I hope,
14 user fee-based. And if Chuck Schumer is right and others
15 want to add something to it, maybe we can find a way to
16 do some financing on top of the funding, but we need the
17 funding.

18 I propose, and I will close with this, Mr. Chairman,
19 George Voinovich was in town last night. We had dinner
20 with him and some of our colleagues. And George and I
21 have been saying for years that we need to restore the
22 purchasing power of a gas tax and a Federal diesel tax,
23 restore it. And what we have suggested is raising it by
24 \$0.03 or \$0.04 a year for 4 years and then indexing it.

25 Our friends, Bob Corker and Chris Murphy have

1 proposed something similar to that. I have an amendment
2 that I am going to offer next week that would raise it
3 \$0.04 a year for 3 years to at least fund what we are
4 trying to do in our transportation bill. I hope we can
5 do a little more than that.

6 I thank you very much for this time.

7 The Chairman. Thank you, Senator Carper. Nobody
8 in the Senate has put more time into the nuts and bolts
9 of transportation policy than you and we appreciate it.

10 Colleagues, I think we are just going to go back and
11 forth. So we will have Senator Enzi next and then
12 Senator Cardin, if that is agreeable on both sides.

13 Senator Enzi?

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1 OPENING STATEMENT OF HON. MICHAEL B. ENZI, A U.S. SENATOR
2 FROM WYOMING

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4 Senator Enzi. Thank you, Mr. Chairman, and thank
5 you for the progress that has been made overnight in
6 working with Senator Hatch.

7 The highway fund is critical to all of our States.
8 When our States can make these long-term plans that
9 Senator Carper just talked about for investing in roads
10 and bridges and infrastructure, it supports the economy,
11 it supports jobs, it supports growing communities.

12 But for years now, we have been jumping on this one
13 short-term fix to another and that has cost taxpayers
14 more than \$50 billion to keep the trust fund from going
15 broke since 2008.

16 We cannot continue to rely on these short-term
17 fixes. Our States are being shortchanged when they have
18 to limit their planning to a year or 2 at a time because
19 they cannot be certain that the Highway Trust Fund will
20 be around for any longer than that.

21 Every time we turn to accounting tricks or pension
22 fund raids or trust fund raids or unpaid-for general fund
23 transfers, we undermine the reliability of the Highway
24 Trust Fund.

25 We have some very real and very difficult decisions

1 to make about the future of the Highway Trust Fund, how
2 to restore its stability, and I look forward to having
3 that discussion as we move on to a long-term solution.

4 We are also going to have to make some hard choices
5 to address the immediate shortfall that the Highway Trust
6 Fund is facing this summer and it needs to be a balanced
7 approach that includes ideas from both sides of the
8 aisle, and I appreciate the effort that is being made on
9 that.

10 I am concerned that we were making permanent tax
11 increases to cover a 6-month extension of the Highway
12 Trust Fund without even looking at matching spending
13 cuts. I am concerned we are looking at issues that have
14 nothing to do with transportation.

15 The need to provide the Highway Trust Fund with
16 long-term viability is incredibly important. It is just
17 as important that we approach the solution by focusing on
18 transportation-related funding for infrastructure. It
19 has always been a user fee-based system.

20 In the past, we have seen budget gimmicks, we have
21 seen accounting tricks, we have seen raids on unrelated
22 revenues to keep the Highway Trust Fund afloat. In 2012,
23 we stole 10 years' worth of pensions to pay for 2 years
24 worth of transportation. That is on the MAP-21 surface
25 transportation authorization bill. I am not sure we are

1 even constitutionally able to spend beyond our term of
2 office, and there is nobody here that is in for longer
3 than 6 years, and we stole 10 years' worth of revenue.

4 That bill also stole \$700 million from a single
5 State, that was the State of Wyoming, with the abandoned
6 mine land funds. We never anticipated loaning that money
7 to the Federal Government, especially with no plan to
8 ever repay that amount.

9 These kinds of gimmicks are never going to make the
10 trust fund reliable.

11 I appreciate the comments of Senator Menendez, who
12 mentioned the bill that we have for foreign investment in
13 real estate. That could make a huge difference in the
14 economy and produce more revenue that could be used in
15 highways.

16 I thank the Chairman for his efforts and I thank you
17 for the time. I yield the floor.

18 The Chairman. Senator Enzi, thank you. Just to
19 quickly respond to a couple of points.

20 First, and I am not sure you were here for this,
21 based on the concerns from Senator Thune and Senator
22 Hatch with respect to the heavy vehicle use tax, that was
23 struck and that is going to reduce the proportion of
24 revenue raisers to spending cuts in the bill. So I think
25 that will be seen as an effort to try to reach out on

1 both sides.

2 I also need to take notice of this matter that I
3 know is important to you, the MAL fund. You and I have
4 talked about this and I am very willing to work with you.
5 Senator Barrasso has included additional AML funding in
6 the helium bill, of course, that became law.

7 Senator Rockefeller also has an --

8 Senator Hatch. Can I weigh in on that?

9 The Chairman. Just as soon as I finish the
10 sentence. And Senator Rockefeller also has an amendment
11 related to the AML fund, his CARE Act. The CARE Act is a
12 priority of Senator Rockefeller and I just want it to be
13 clear I am going to work with the Senator from Wyoming,
14 the Senator from West Virginia.

15 Now I see that my friend from Utah has strong views
16 on this, too, and I want to recognize him for any
17 comments.

18 Senator Hatch. Well, I want to thank you for being
19 willing to work with these folks, especially Senators
20 Enzi and Rockefeller, because it is a disgrace what they
21 have had to go through, and let us find some way to
22 resolve that problem.

23 I am very appreciative that you are willing to work
24 on these matters. It just means a lot to us on this
25 side.

1 The Chairman. I am determined to get this right
2 and thank you for bringing it up, Senator Enzi. We have
3 talked about it in the past.

4 Senator Cardin?

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1 OPENING STATEMENT OF HON. BENJAMIN L. CARDIN, A U.S.
2 SENATOR FROM MARYLAND

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4 Senator Cardin. Thank you, Mr. Chairman.

5 One of the pleasures of serving on the Senate
6 Finance Committee at this time is the leadership we have
7 on the Committee, and I thank you and I thank Senator
8 Hatch for the open communications that we have had not
9 only among our Chairman and Ranking Member, but all the
10 members of the Committee, to try to get tax policy right.

11 So I thank you for once again providing the
12 leadership so that this Committee can act in a timely
13 way.

14 Clearly, we need a 6-year reauthorization of our
15 Surface Transportation Act. I, along with Senator
16 Carper, serve on the Environment and Public Works
17 Committee and I applaud Senator Carper's leadership on
18 that Committee and bringing about the same type of
19 bipartisan cooperation and working together.

20 So at the end of the day, we could get a 6-year
21 reauthorization on some very difficult policy judgments,
22 on how we deal with the flexibility within the Surface
23 Transportation Act, how we deal with the problems between
24 the urban States and the less urban States.

25 Senator Carper's leadership, with the bipartisan

1 group he mentioned, we were able to get that done in our
2 Committee, and that is what we need to pass.

3 It passed, by the way, in the Environment and Public
4 Works Committee with a unanimous vote.

5 Senator Schumer is talking about bipartisan for
6 infrastructure, absolutely, a unanimous vote.

7 So we need to get a 6-year reauthorization done and,
8 Mr. Chairman, I particularly appreciate your addition to
9 the modified mark that expresses the sense of the Senate
10 for the need to pass a long-term transportation funding
11 bill, because that is what we need to do.

12 We need to do that for the sake of economic growth,
13 for our global competitiveness, and for predictability,
14 as has been pointed out.

15 The people who design our highways and our bridges
16 and our transit systems do not work on a 6-month basis.
17 They work on long-term planning. So we need to get a
18 long-term bill done.

19 What you have done here is the responsible thing,
20 because as you point out, time will run out. We will not
21 get this done in the next couple of weeks.

22 Extending the program through the end of the year is
23 the responsible thing and the revenues that you were able
24 to come with jointly certainly represent, I think, the
25 political philosophy of the Senate today and it is the

1 right way to go and I applaud you for that.

2 Long-term, what are we going to do on revenues?

3 Here, I just want to point out the obvious. A per gallon
4 gasoline tax when you are trying to reduce the
5 consumption of gasoline in this country will not fund our
6 transportation needs in the future.

7 Certainly, I will be supportive of any long-term
8 reasonable efforts to produce the revenues we need so
9 that we can at least do what the Environment and Public
10 Works Committee did, and I would hope that we could even
11 expand that and do more.

12 So when you start looking at the gasoline tax -- and
13 I applaud those who have said let us adjust it and
14 certainly let us adjust it for inflation -- that is a
15 responsible approach. But I would hope we would look at
16 alternative ways, including a per barrel tax on oil,
17 which I think is a more predictable funding source for
18 the future than a per gallon gasoline tax, and I would
19 certainly hope we would look at carbon emissions and look
20 at ways in which we can accomplish not only revenues for
21 transportation, but also an environmental policy and an
22 economic policy and security policy which is better for
23 our country.

24 I want to just underscore the point that at the end
25 of the day, we have to do more for infrastructure in this

1 country and I hope we can get a 6-year bill done. I hope
2 the 6-year bill is at least at the level that the
3 Environment and Public Works Committee is recommending.

4 But I want to just acknowledge and app[laud the
5 efforts that other members of our Committee have made,
6 including Senator Warner on your infrastructure Bank, I
7 think that we need to look at that. I think that is a
8 creative way to be able to supplement the funds that go
9 in for infrastructure.

10 I know he has worked across party lines. He has
11 worked with my colleague in the House of Representatives,
12 Congressman Delaney, and I think that is the type of
13 creativity that we need.

14 Congressman Delaney and Senator Warner both have
15 come from the business sector. So they are taking that
16 idea to Congress as to how we can energize more
17 leveraging of funds.

18 I want to mention one other idea that I am going to
19 be working on and hope that we will have a chance to deal
20 with this before the end of this year, and that is using
21 the model that has worked so well on housing, the low
22 income housing tax credit, which energizes public-private
23 partnership to build affordable housing in our community.

24 I think we could take a similar model and use it to
25 leverage public-private partnerships for transportation.

1 I know in my State and I imagine in all the States,
2 we have the three Ps, the public-private partnerships,
3 where we have gotten the private sector energized to help
4 us deal with the transportation needs in our community.

5 I think we can do a better job through our tax code,
6 similar to how we got bipartisan support on low income
7 housing tax credits to energize the public-private
8 partnerships to deal with infrastructure in our
9 community.

10 I hope we will have that opportunity with those
11 types of ideas on a bipartisan basis as we are working
12 today to expand infrastructure opportunities for our
13 country.

14 The Chairman. Thank you, Senator Cardin.

15 Before I recognize Senator Isakson, just on this
16 point with respect to the long-term. I think the
17 objective, as you said, is on a bipartisan basis to be as
18 creative and aggressive as we possibly can on matters
19 within our jurisdiction and, also, obviously, to work
20 with other committees. I have got some additional ideas
21 on that and I look forward to working with you. And a
22 fine statement.

23 Senator Isakson?

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1 OPENING STATEMENT OF HON. JOHNNY ISAKSON, A U.S.
2 SENATOR FROM GEORGIA

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4 Senator Isakson. Mr. Chairman, I look forward to
5 working with you and Ranking Member Hatch on a temporary
6 patch for the Highway Trust Fund. We do not need to let
7 the Highway Trust Fund go unfunded and go short.

8 But I want to remind everybody we are kind of
9 patching or fixing a Model T, when we wish were driving a
10 Lamborghini.

11 Senator Cardin has really raised the critical issue.

12 We have got to fix a problem that is only going to get
13 worse with the current Highway Trust Fund formula. With
14 the consumption of gas in proportion to the usage of
15 gasoline separating further and further, our problem is
16 going to get worse, not better, and we have got to think
17 outside the box and there are a lot of potential things
18 we can do.

19 But we might as well do a Lamborghini solution in
20 the long-term and then continue with Model T patches, or
21 else we are going to be a second class country in
22 infrastructure one of these days.

23 I want to make three points. Senator Menendez's
24 bill on FERPTA is absolutely critical and we ought to do
25 that. It will bring investment money into the United

1 States of America and not risk United States' sovereignty
2 in any way whatsoever. It will improve the situation.

3 Senator Grassley was absolutely correct. Time is
4 money. Permitting and extracted or extrapolated
5 permitting processes only eat up money from the Highway
6 Trust Fund and do not put asphalt on the ground.

7 We need to be environmentally sound, but not
8 environmentally crazy in terms of permitting our roads.
9 So once we get one EI study, we ought to be able to be
10 satisfied and move forward without having to do more and
11 more redundant services. And more fast-tracking of
12 permitting works better and better and better.

13 Lastly, Senator Cardin is also right on the low and
14 moderate income housing tax credit.

15 The Finance Committee can use tax policy to
16 incentivize private investment in infrastructure in the
17 United States in a way that lowers cost to the taxpayer
18 and raises the quality of life for the American citizen.

19 I look forward to working with Senator Cardin on
20 ideas just like that.

21 I yield back.

22 The Chairman. Thank you, Senator Isakson.

23 I do not think I have been accused recently of being
24 disinterested in out-of-the-box solutions, because that
25 is clearly important and, as you know, Oregonians looking

1 at some also that are particularly creative. So I look
2 forward to following this up with you.

3 Our next Senator -- Senator Brown?
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1 OPENING STATEMENT OF HON. SHERROD BROWN, A U.S. SENATOR
2 FROM OHIO

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4 Senator Brown. Thank you, Mr. Chairman and Senator
5 Hatch. Thank you both for the work as you strive to do
6 the short-term fix and then the long-term real solution.

7 I appreciate hearing the comments from colleagues
8 and the ideas they bring to the table and the importance
9 of that in moving on this bipartisanly and how it is
10 pretty clear that we in this country, from World War II
11 into there 1980s, led the world in infrastructure. The
12 word had never seen the kind of infrastructure that we
13 built from water and sewer to highways and bridges, the
14 interstate, our ports, our airports, our community
15 colleges, our medical research. All of that really is
16 public investment in infrastructure and we have shorted
17 that public investment in the last 30 years.

18 I think Senator Cardin's comments about the way the
19 gas tax worked is exactly right.

20 We all have in our States major, major projects that
21 have either been delayed or have moved more slowly than
22 we would like. In my State, there is a huge innerbelt
23 bridge project in Cleveland. There is a bridge across
24 the Ohio River in Cincinnati that carries 4 percent of
25 gross domestic product, because it is I-75 from Detroit

1 to Lido, Dayton, Cincinnati south through many of the
2 States that are represented here, Route 8 in Akron, so
3 many of these.

4 As we talk about this and offer ideas, I want to
5 discuss and then as we discuss funding, I want to mention
6 both for short and long-term, what I think is good public
7 policy.

8 I have spoken with Chairman Wyden at some length and
9 a number of my colleagues about this. Good public policy
10 and will bring revenue, and that is the issue of workers'
11 misclassification.

12 When we resume the markup at some point, I intend to
13 offer an amendment on the Fair Playing Field Act
14 legislation I have introduced, that there is some, I
15 think, increasing support in the business community and
16 bipartisanly.

17 In far too many cases, where most employers are
18 playing it straight, tens of thousands of employers have
19 misclassified their employees, therefore denying
20 everything from health and safety protections, Social
21 Security benefits, not paying into unemployment
22 insurance, not paying into workers' compensation.

23 We see it especially in trucking and construction,
24 service sectors like landscaping and home health care.
25 When employees are classified as independent contractors,

1 then an employer does not have to pay overtime or
2 contribute the employer's share of Social Security or
3 Medicare. Employers do not have to worry about UI taxes
4 or offering health insurance.

5 Meanwhile, employers who do right by their
6 employees, and the great majority do right by their
7 employees, are placed at a disadvantage, competitive
8 disadvantage when their rivals are short-circuiting this/

9 You can think of a construction company. I was
10 talking in the most conservative part of the State. A
11 board member of the NFIB yesterday, who is in Cincinnati,
12 and he sees the competitive edge that his rivals have,
13 because they are misclassified, while his construction
14 company plays it by the book and pays his employees on
15 the books, pays into Social Security, pays into UI, pays
16 into workers' compensation, all of that.

17 The proposal, Treasury should issue new guidelines
18 clarifying who is an employee. The IRS should reclassify
19 independent contractors who have been found in an audit
20 to meet the common law test of being an employee.

21 Companies can keep the current safe harbor unless
22 their workers are reclassified. The proposal carves out
23 industries where historically workers have been
24 independent contractors by those workers' choices,
25 insurance companies, insurance and financial services,

1 doctors, lawyers, accountants, other highly compensated
2 professional services.

3 Now, we know -- and here is the good news especially
4 on this in terms of potential funding for the highway
5 bill. Cracking down on misclassification was scored at
6 \$5.7 billion over 10 years. And when that happens,
7 workers would not be taken advantage of. Employers that
8 are playing it right, and that is the great majority of
9 employers, would be able to benefit from the way they
10 have rightly earned it. It would help protect workers
11 and those honest employers that everybody is playing by
12 the rules.

13 So I will offer that amendment at some point. It is
14 one of the creative ways around this table to generate
15 revenues and it is good public policy at the same time,
16 Mr. Chairman.

17 Thank you.

18 The Chairman. Senator Brown, you have made a
19 number of important points and I just want to come back
20 because I think you are spot on on this issue of public
21 investment.

22 Here in this room Standard & Poors told us that the
23 private sector, particularly with reforms like
24 streamlining, can make a real dent in the infrastructure,
25 needs of this country.

1 But we are never going to get there without the kind
2 of public investment focus that you and Senator Cardin
3 have hammered away on this morning and I appreciate it
4 and I look forward to following up on all your proposals.
5 So I am with you.

6 At this point, we are going to ask unanimous consent
7 to include Senator Stabenow's statement in the record.
8 Without objection, that will be done.

9 [The prepared statement of Senator Stabenow appears
10 at the end of the transcript.]

11 The Chairman. Next in order of appearance on the
12 Republican side, Senator Toomey. Senator Toomey?

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1 OPENING STATEMENT OF HON. PATRICK J. TOOMEY, A U.S.
2 SENATOR FROM PENNSYLVANIA

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4 Senator Toomey. Thank you, Mr. Chairman.

5 I, too, want to commend you for the really
6 constructive way you have approached this. I do
7 appreciate that and I hope we will get to an acceptable
8 resolution here.

9 As perhaps one of the Senate's most fiscally
10 conservative members and a hawk on Federal spending, and
11 I do believe the Federal Government wastes a staggering
12 amount of money, the fact is not all spending is created
13 equal and spending for legitimate infrastructure projects
14 does not waste money as much as Federal spending does,
15 but, in fact, helps to encourage economic growth and
16 generates a durable asset and generates a yield for our
17 economy and for the government.

18 So this is important and I am in favor of properly
19 funding the legitimate transportation needs.

20 Having said that, Mr. Chairman, I am concerned that
21 throughout Federal spending on transportation, we have
22 spending that is unnecessary, spending that is excessive,
23 and we impose very costly mandates on getting some of
24 that spending done. And it is hard to support looking
25 for additional revenue from the American people if we are

1 not doing something about the unnecessary spending that
2 is embedded in this.

3 So I hope we will be able to work together to
4 address some of that. I want to touch on a couple of
5 examples.

6 Mr. Chairman, one is an amendment that I intend to
7 discuss here and that is the transportation alternatives
8 project. In 2014, \$820 million authorized, well over \$8
9 billion over 10 years, and this is for items like bike
10 paths, trails, beautification projects.

11 Recently from this category of transportation
12 spending, we had a \$180,000 grant to the National
13 Corvette Museum. Now, I am sure the National Corvette
14 Museum is a very nice place to visit, but I am not sure
15 that it should be a priority of Federal funding of
16 transportation.

17 These other items are terrific to have, but when we
18 do not have the funding for the urgent things that we
19 need, I think we need to prioritize. And some of these
20 items -- in fact, all of these items -- I would be in
21 favor of any given State or locality choosing to spend
22 the money if they want to beautify the highway or add
23 bike trails or any other amenities that they might
24 support, that would be fine. It is not clear to me that
25 that is a Federal responsibility, however.

1 So I have an amendment that would prohibit Highway
2 Trust Fund dollars from funding those kinds of
3 alternatives and it would instead ensure that that money
4 goes to building roads and bridges and repairing the
5 roads and bridges that we have.

6 There is another problem we have in the way we deal
7 with transportation, and that is the permitting process.
8 I think several members have touched on this. I would
9 like to offer an amendment that was previously offered by
10 a Democratic Senator and it would deal with expediting
11 environmental permitting reform in one narrow respect.

12 We should point out, by the way, for the year for
13 which we have the most recent data, which is 2011, the
14 median time to complete environmental permitting was 79
15 months, 6.5 years to get the permitting done. That is
16 ridiculous and it adds an enormous amount to the cost.

17 In Pennsylvania we are still repairing damages and
18 still trying to get permits to repair damage caused by
19 Hurricanes Lee and Sandy.

20 So my amendment mirrors the amendment that Senator
21 Ben Nelson introduced in 2012 and it simply says that any
22 road or highway or bridge that is damaged by a natural
23 disaster or declared emergency can be repaired -- that
24 every bridge can be rebuilt, reconstructed, repaired
25 without having to obtain a whole new environmental

1 permit, since they already went through that process once
2 before.

3 Finally, Mr. Chairman, I am deeply skeptical about
4 Federal funding for the high speed rail project that is
5 being discussed in California. Initially estimated at
6 \$33 billion, my understanding is the current estimates
7 are over \$66 billion.

8 The promise was that this would result in a 2 hour
9 and 40 minute train ride from San Francisco to Los
10 Angeles. The *Los Angeles Times* believes that will still
11 take over 3 hours, even if the project is completed as
12 planned.

13 Of course, airlines can do this in 1.5 hours and it
14 is, again, not clear to me that this is something that we
15 ought to be spending Federal transportation dollars on.

16 So, Mr. Chairman, again, I appreciate your approach.

17 I do hope we will look to find ways to avoid unnecessary
18 and excessive expenditures, as well as simply looking for
19 revenues.

20 The Chairman. Thank you, Senator Toomey.
21 Certainly, we are going to continue to work on this at
22 every stage of the process in a bipartisan way.

23 Sort of as you get into it, obviously, this
24 Committee has the opportunity to make the funding process
25 more efficient. So we can work with you on that.

1 Permitting, of course, means that another committee,
2 Senator Boxer's committee and Senator Boxer and Senator
3 Vitter can be part of that discussion, as well. But I am
4 interested in working on it on both fronts and following
5 up with you.

6 Senator Warner?

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1 OPENING STATEMENT OF HON. MARK R. WARNER, A U.S. SENATOR
2 FROM VIRGINIA

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4 Senator Warner. Thank you, Mr. Chairman. Let me
5 join everyone else in commending you and Senator Hatch on
6 your approach. This is a very important issue.

7 As a former governor, I can tell you there are lots
8 of governors at this point that are very nervous about
9 what we are going to do or not do, because projects have
10 already been halted.

11 Let me also affiliate myself with those who say we
12 need a permanent, long-term funding solution. But I also
13 believe that we have got to put more tools in the toolbox
14 and one of the suggestions that I have been working on
15 has been the ability to leverage private capital.

16 There are enormous amount of private capital,
17 domestic and foreign -- I agree with Senator Menendez on
18 his amendment -- that want to access the American
19 infrastructure market.

20 Many states already have P3s, but there is not
21 really any kind of national focus on this. We do have
22 the TIFIA Program, but there is no ability to look at
23 this in a comprehensive way. Matter of fact, if you want
24 to hear something that is a little bit crazy, there is
25 actually an office at the Department of Treasury that

1 advises American pension funds how to invest in European
2 infrastructure. There is no similar office to invest in
3 American infrastructure because there is no tool.

4 Again, this idea of financing is not a silver
5 bullet. These funds need to be repaid. I have also
6 worked with Senator Bennet on his idea.

7 But let me take my couple of minutes here and talk
8 about an amendment that I will put forward, but would
9 really love my Republican colleagues to consider.

10 It is called the Bridge Act. It started with five
11 Republican cosponsors and five Democratic cosponsors.
12 Initially, I thought it might arise in Commerce. So it
13 has more Commerce members than Finance members at this
14 point.

15 But what is different about this effort than
16 previous financing efforts is that we look at a much more
17 independent board, number one; number two, the projects
18 that we looked at would have to be investment grade, so
19 there would be an independent ranking, no ability to put
20 projects in the queue that did not meet that criteria.

21 First dollar loss would have to be on the private
22 sector side. We also acknowledge that if we are going to
23 use these tools, so far they have been more used in
24 larger states. We put a greater focus on rural.

25 Senator Blunt from Missouri, who is my lead

1 cosponsor on this, we have 23 State DOT commissioners or
2 senior officials on the line yesterday. While they all
3 wanted to make sure we found a permanent solution, they
4 all were in agreement that they could use this kind of
5 initiative.

6 At the end of the day, what is this kind of
7 financing of authority able to do? One, it is the
8 ability to put long-term patient capital, 20 year to 40
9 year capital to work.

10 Number two, because of the guarantees involved, it
11 dramatically drives down interest rates. The assumptions
12 have been as much as 200 basis points to 300 basis points
13 over a 30-year timeframe. That is a tremendous savings
14 and oftentimes a component piece of a project that really
15 needs to be there to make a project go.

16 Third is, quite honestly, we do not have the project
17 finance expertise on the public sector side to go into
18 all three. This would take our activities. It would not
19 take away from TIFIA, but it would allow there to create
20 at the Federal level the project finance expertise that I
21 think is necessary.

22 Finally, in terms of bang for the buck, while this
23 initiative would be initially capitalized with \$10
24 billion, it only scores at \$7 billion. Conservative
25 estimates have estimated that that would leverage \$300

1 billion worth of projects.

2 We are the only industrial nation in the world that
3 does not have this tool at the national level. I think
4 it is worthy of a spirited debate. I hope my colleagues
5 on both sides of the aisle will engage with me on this.
6 There may be other tools, as well, on the financing side.

7 But we can learn from other countries, we can learn
8 from various states who have used this tool. And as we
9 think about permanent funding, we also have to think
10 about being able to leverage the kind of private capital.

11 If we look back a decade from now and miss these
12 record low interest rates and miss the opportunity to
13 literally put billions and hundreds of billions of
14 dollars of private capital work, we are going to miss a
15 great opportunity.

16 Thank you, Mr. Chairman.

17 The Chairman. Thank you very much, Senator Warner.
18 One of the benefits of having former governors like you
19 and Senator Carper, Senator Alexander would be a third,
20 not a member of this committee, but always very
21 constructive on these bipartisan matters is you give us
22 some of this fresh thinking.

23 I will tell you, Senator Warner, I just think at
24 this point, with billions and billions of dollars of
25 private capital on the sidelines, I think it would just

1 be legislative malpractice to not try to come up with
2 creative innovative policies to get some of that money
3 off the sidelines and into the infrastructure area.

4 I know that when we did Build America bonds, for
5 example, prior to that the government had never invested
6 in bonds, ever. The government had never invested in
7 bonds and when we talk to colleagues about it, they said
8 my State would not really exist if we had not had the
9 capacity to bring the private sector in with funding.

10 So I very much appreciate your proposal and I know
11 we have got bipartisan support for a number of these
12 ideas both here and in the other body, and I am going to
13 work very closely with you on it.

14 Senator Portman is next.

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1 OPENING STATEMENT OF HON. ROB PORTMAN, A U.S. SENATOR
2 FROM OHIO

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4 Senator Portman. Thank you, Mr. Chairman. Thank
5 you and Senator Hatch for your interest in hearing from
6 us. We have given you a few amendment and understand we
7 now have more time and have a couple other ideas for the
8 mix.

9 This is going to be a tough project. The Committee
10 has the responsibility of now paying for what everybody
11 wants, which is a new highway bill. So the easier work
12 is to say what it ought to look like, the harder work,
13 and how do you pay for it, understanding that many of us
14 believe infrastructure is important enough that we ought
15 to look at what we are doing even more expensively.

16 We obviously huge fiscal problem in this country
17 generally with deficits going back up to \$1 trillion,
18 within a 10-year period, a debt of over \$17 trillion, and
19 specifically in the Highway Trust Fund, a shortfall.

20 In fact, since 2008, we have put \$54 billion into
21 the Highway Trust Fund from general revenues -- \$54
22 billion.

23 So this thing is not working and it is our job to
24 try to figure out. It is not going to be easy. And I do
25 think there is a combination of things. I listened

1 carefully to my colleague from Pennsylvania, Senator
2 Toomey, about his questions on the permitting side. He
3 is absolutely right. Our permitting in this country has
4 gotten out of hand and we do have separate legislation
5 for that, as the Chairman indicated. However, that is
6 part of the way in which we get costs down. The
7 regulatory relief generally is part of the way to get
8 costs down, and we ought to work some bipartisan
9 agreement so that as part of this process, as we have in
10 the past, by the way, in highway bills, helping on
11 specifically expediting permitting and having a dashboard
12 where you understand what the status is of specific
13 projects.

14 All that could help. We have got some good ideas on
15 that.

16 On private capital Senator Warner talked about and
17 the Chairman indicated his support for getting some of
18 that more private capital in addition to TIFIA. TIFIA
19 funding, by the way, works very well in some cases and I
20 am supportive of that. I think those are interesting
21 ideas.

22 Let me throw another one in. It is one of the
23 amendments I already offered and I offered it last go-
24 round with the highway bill and will continue to, and
25 that is a little more radical. I understand it has been

1 talked about today and on a bipartisan basis, people have
2 expressed some concerns about it. But I think it makes a
3 lot of sense, and that is to return this money to the
4 States.

5 In fact, it is not even returning it to the States,
6 which is how it is usually described. It is allowing it
7 to stay in the States.

8 Just to give you one interesting statistic that I
9 think would surprise a lot of members of the Committee
10 and a lot of our constituents, almost three-quarters of
11 highway spending is done only through State and local
12 funds.

13 So the notion that the States somehow are not
14 capable of dealing with high projects is just wrong.

15 In Ohio we have a track process, it is very
16 sophisticated, to prioritize the spending. But in Ohio,
17 what we do with our Federal gas tax dollars is not part
18 of that three-quarters. It is part of the one-quarter.
19 We collect it for the Federal Government. We send it to
20 Washington. Washington, because of administrative costs
21 and regulations we have talked about today, and fully a
22 quarter of it comes back, by the way, not for roads and
23 bridges. We actually get \$0.91 back in Ohio. Some
24 States I know get more back.

25 There are probably some ways to work on that

1 formula. But the point is why not let Ohio keep its gas
2 taxes. It would help us to solve this financing problem
3 in significant ways, partly because a quarter of it comes
4 back not for roads and bridges; again, \$54 billion having
5 been bailed out just since 2008.

6 So that is an amendment that I have offered again.
7 In 2013, the last year for which we have statistics,
8 State and local governments spent \$110 billion on roads
9 and bridges. The Federal Government spent \$46 billion.

10 So, again, the States and local governments are
11 spending a lot more than the Feds and they are doing it
12 based on a priority system and in a sophisticated way.

13 Let me give you a specific example. There is an
14 engineer in Clinton County, Ohio, his name is Jeff
15 Linkous, and I have asked our engineers across the State
16 to give me data on this. He has one that is interesting
17 because it is an apples-to-apples comparison.

18 There is a river that runs through Clinton County,
19 Ohio and there was a need for a couple of bridges over
20 this. It is called Todd's Fork and one is crossed by a
21 road called Prairie Road, the other is called Starbuck
22 road. And from each of these roads they built a bridge
23 recently.

24 One was done with State money and one was done with
25 Federal money. The bridges are the same length. They

1 are similar otherwise, almost identical. The one that was
2 built with Federal money cost 20 percent more, he says at
3 least 20 percent more.

4 Pushing him, I said, "Well, why is that true? Why
5 couldn't you save 20 percent by just having the money
6 stay in Ohio and having the State build it rather than
7 the government coming in to build it?" And this does not
8 include the administrative costs taken out. I am talking
9 about just the cost to Ohio to build this bridge.

10 What he said was, "Yeah, you know, the State has
11 requirements and regulations, of course, but when you
12 include the environmental studies, the way the Fed
13 require it, the historical and archeological studies, the
14 way the Fed require it, the right-of-way expenses, the
15 way Fed require it, the design and review cost, the way
16 the Fed requires it, it not only cost over 20 percent
17 more, it took longer."

18 So I know it is not viewed as a traditional approach
19 to this, but I think we ought to look at this as part of
20 this process.

21 I am going to offer this amendment and I look
22 forwards to having a debate on it to get back on a
23 fiscally sustainable path with regard to highway spending
24 and to eliminate waste.

25 The States have the capacity to be able to make

1 these decisions. We give them very little flexibility
2 now. We could certainly give them more flexibility, as
3 was talked about earlier. But I think we ought to go and
4 give these States the ability to keep these funds and,
5 therefore, stretch that public dollar further that is
6 collected at the pump.

7 Thank you, Mr. Chairman.

8 The Chairman. Thank you, Senator Portman. Two
9 points. First, the Committee now has adopted a modified
10 mark with six substantive changes and I look forward to
11 talking with you about them and we are going to make it
12 clear as we go forward, particularly with Senator Hatch's
13 leadership, to talk to the House and Chairman Camp so we
14 can look for additional bipartisan opportunities to get
15 this done and get this done quickly.

16 I would just say on the role of the States, I am
17 interested in looking for ways to creatively build this
18 Federal-State-private sector partnership. A number of
19 your colleagues, for example, have been interested on the
20 bond issue for having a broader role for the States, that
21 the States can think creatively on bonds.

22 I would only say that we all understand there is a
23 reason it is called the interstate highway system. It is
24 Federal in nature.

25 Senator Portman. Mr. Chairman, could I interrupt

1 you there just for a second, because I neglected to add
2 that in the amendment, as you know, we require the States
3 to maintain the interstate highway system under all the
4 current requirements.

5 In other words, there would be no ability for a
6 State not to provide to the interstate system the same
7 attention that they do now with Federal funds.

8 The Chairman. Let us go to Senator Casey.

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1 OPENING STATEMENT OF HON. ROBERT P. CASEY, JR., A U.S.
2 SENATOR FROM PENNSYLVANIA

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4 Senator Casey. Mr. Chairman, thank you very much.

5 I appreciate the work that you have done on -- I will
6 call it the PATH Act, but I think it is important to read
7 the words, Preserving Americas Transit and Highways Act,
8 instead of just using an acronym.

9 But I am grateful for the work you have done working
10 with the Ranking Member and others to come up with a
11 bipartisan approach and a way forward.

12 This challenge is right at our doorstep now. This
13 insolvency, potential insolvency of the Highway Trust
14 Fund is what the lawyers might call a clear and present
15 danger.

16 I believe and I know others have said this, but we
17 should say it again because it bears repeating, that if
18 we do not act and we do not act in a manner that meets
19 that challenge, this will be the transportation
20 equivalent of a government shutdown. No one wants to go
21 there, no one should want to go down that path.

22 We know, as well, as much as it is a challenge, it
23 is also an opportunity. We know that infrastructure
24 creates jobs. We are told by -- in terms of the data
25 that you spend \$1 billion and you get between 27,000 jobs

1 and 37,000 jobs. I believe that if that number were
2 lower than that, it would still be a substantial job
3 creator.

4 So if we can spend in an appropriate way and create
5 between 27,000 and 37,000 jobs, we should act
6 accordingly.

7 In our State of Pennsylvania, we have the
8 unfortunate distinction of having the highest number of
9 structurally deficient bridges, 5,5543 at last count.
10 The average age of a bridge in Pennsylvania is some 54
11 years.

12 That is just a startling challenge that we have in
13 front of us in Pennsylvania, even with a substantial
14 bipartisan effort at the State level, House and Senate
15 finally passing legislation last year in Pennsylvania.
16 They need a full Federal partner on this.

17 Mr. Chairman, my last point in the remaining time I
18 have is to talk about the Inland Waterways Trust Fund,
19 which many people know is the fund that helps us with our
20 locks and dams. For some parts of the country, that may
21 not mean much, but if you live in Western Pennsylvania or
22 if you live several other States principally in the
23 Midwest, that is how commodities are moved. That is how
24 we have interstate and sometimes intrastate commerce that
25 moves.

1 Without a lock and dam system, a waterway system
2 that is functioning, we are in big trouble. If that
3 system were to shut down because of a lack of investment
4 in the infrastructure in Pennsylvania, it would be
5 cataclysmic for Southwestern Pennsylvania, not just
6 Pittsburgh, but the entire region of Southwestern
7 Pennsylvania.

8 So we have a proposal which has bipartisan support
9 to increase the user fee by \$0.09 per gallon on barge
10 fuel, which is part of my River Act. This fee has not
11 been increased since 1994. It is supported by -- just
12 remember two numbers here -- 300 and 250. It is
13 supported by the 300 users -- that does not happen very
14 often around here folks are so concerned about something
15 that they are willing to have a higher barge fee and
16 accept it.

17 So it is supported by the 300 users who will provide
18 the revenue and will be able to help their customers, but
19 it is also supported by that other number, as I said,
20 250, 250 national, State and local organizations, barge
21 operators, ag groups, energy groups, organized labor,
22 conservation groups across the board.

23 The bipartisan support for this was plainly evident
24 during the Water Resources Development Act legislation --
25 reauthorization, I should say. We had support that was

1 bipartisan. Senator Alexander has worked hard on this,
2 Senator Blunt on the Republican side, and, at that time,
3 Senators McCaskill, Landers, Stabenow, Franken, Harkin,
4 Durbin, and Klobuchar, just to name a few.

5 So it is the right thing to do. It is consistent
6 with not just an infrastructure focus, but literally a
7 transportation priority to move commerce.

8 So I will be offering an amendment on that.

9 Mr. Chairman, let me say, finally, in addition to
10 commending the work you are trying to do in a bipartisan
11 fashion, having this session today prior to a markup is
12 very helpful. We appreciate the opportunity to talk
13 about the important transportation priorities, but also
14 to talk about the Inland Waterways Trust Fund.

15 Thank you.

16 The Chairman. Senator Casey, thank you. Your
17 statement obviously shows you have spent a lot of time
18 doing your homework and you have got the facts there.

19 I note that this is bipartisan and I am very
20 interested in working with you. It is not very often
21 that you have people come forward and say, look, this is
22 not rocket science; we need this expansion and we are
23 essentially willing to put up the dollars in order to put
24 it together.

25 So I am going to have to do some follow-up work on

1 it, but I pledge today to work closely with you and the
2 bipartisan group that is working on this.

3 Senator Casey. Thanks very much.

4 The Chairman. Senator Thune is here and as he
5 begins his remarks, I also want to commend him for the
6 changes that were made on the provision that he and
7 Senator Hatch sought to modify, the heavy vehicle use
8 tax, and I had said, before you joined us, Senator Thune,
9 that another feature of this that I hope is going to send
10 a message to all sides that we have an opportunity to
11 come together to look at essentially the specifics of how
12 you build a bipartisan coalition, because your amendment
13 with Senator Hatch does reduce the proportion of revenue
14 raisers to spending cuts in the bill.

15 I hope that as Senator Hatch and I go forward to
16 talk to Chairman Camp and Congressman Levin, that that
17 also will be well received as we try to get this done and
18 get it done quickly.

19 So we recognize you for any comments.

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1 OPENING STATEMENT OF HON. JOHN THUNE, A U.S. SENATOR FROM
2 SOUTH DAKOTA

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4 Senator Thune. Thank you, Mr. Chairman. I
5 appreciate your diligence in trying to get this thing
6 moving along and your willingness to work with our side
7 and with Senator Hatch.

8 The Federal highway program is extremely important
9 in our country and it is certainly extremely important in
10 my State of South Dakota. I am pleased that the
11 Committee has turned its attention to this issue.

12 The uncertainty we have got right now surrounding
13 the trust fund is very problematic, already having real
14 world impacts on projects, businesses and communities
15 across the country.

16 I think the last thing any of us wants is to have
17 state transportation departments and contractors left
18 holding the bag come August, which is what is going to
19 happen if we do not get this addressed.

20 So, again, I appreciate Chairman Wyden's interest in
21 acting as quickly as possible to find the funding
22 necessary to ensure the solvency of the Highway Trust
23 Fund in the short term.

24 More importantly, I appreciate the work of Chairman
25 Wyden and Ranking Member Hatch and the members of this

1 committee that have come to the negotiating table in good
2 faith and I hope we can move toward a solution that will
3 enjoy bipartisan support.

4 I am particularly pleased that the Chairman's
5 modified mark released last night does remove the new
6 tax, as you mentioned, Mr. Chairman, associated with the
7 heavy vehicle use tax, and that demonstrates, I think,
8 movement in the right direction.

9 Moving forward, I believe the package that will be
10 considered by this Committee does need to include
11 reasonable spending reforms and toward that end, I filed
12 a couple of amendments, which I may offer when we resume
13 in July, depending on the outcome of the ongoing
14 negotiations.

15 The first amendment, with Senators Hatch, Roberts
16 and Cornyn, demonstrates that we cannot fund this bill
17 entirely through spending reductions, in combination with
18 royalties from increased American energy production,
19 which I think is something that we really need to be
20 looking at as a potential funding source for the high way
21 program going forward, certainly, if we do not get it
22 accomplished in this particular round.

23 The second amendment would strike the tax increases
24 in the Chairman's mark and replace them with a provision
25 designed to reduce improper payments of the unemployment

1 insurance and Social Security disability insurance
2 programs.

3 That amendment, which I filed with Ranking Member
4 Hatch, is fully within this Committee's jurisdiction and,
5 as you pointed out, Mr. Chairman, it lays out a path
6 forward on a balanced package that I hope might be able
7 to attract bipartisan support.

8 That amendment would raise roughly the same amount
9 of funding for the Highway Trust Fund as the Chairman's
10 mark, but it would do so in a balanced way with little
11 more than half of the funding coming from spending
12 reforms and a little less than half from taxes -- from
13 revenues, I should say, associated with tax compliance
14 and enforcement.

15 And by the way, that amendment, Senator Hatch and my
16 amendment, is one that is supported by Americans for Tax
17 Reform. We have a letter to that effect.

18 We should all realize that finding a bipartisan
19 agreement is going to take compromise on both sides. It
20 is unlikely that it is going to be a package of 100
21 percent revenues, as the Chairman has proposed, or 100
22 percent spending reform, as some of us on the Republican
23 side had proposed. I suspect it is going to have to be
24 something in the middle.

25 But I believe it is something that we can accomplish

1 through smart tax compliance measures, as well as through
2 addressing fraud that exists in some of the spending
3 programs under this Committee's jurisdiction.

4 So I commend you, Mr. Chairman and Ranking Member
5 Hatch, for continuing to work together on a package I
6 hope we will be able to consider shortly after the July
7 4th recess.

8 A party line vote out of this Committee likely means
9 a bill that will die on the Senate floor and that is in
10 no one's interest when it comes to the Highway Trust
11 Fund.

12 Let me just say in closing that it is important that
13 we remember that there is much work to be done not just
14 in the short term as we address the crisis that is in
15 front of us today, but as we begin to think about the
16 financing piece of a long-term surface transportation
17 reauthorization, and hopefully this negotiation will lay
18 some of the groundwork for that broader discussion on
19 highway investment in this country and I am pleased that
20 we are moving forward on this particular piece of that in
21 a bipartisan way.

22 And I think we all have to recognize these solutions
23 are not going to be easy. But stabilizing the Highway
24 Trust Fund, restoring the integrity of the surface
25 transportation program is important not only for our

1 States, but for the United States economy.

2 I hope, Mr. Chairman, that at the conclusion of this
3 immediate crisis, that we will put our heads together and
4 really get after taking on a long-term reauthorization of
5 the Highway Trust Fund.

6 We have now, for the last several times, been
7 borrowing from the general fund, putting it on the debt,
8 handing the bill to our children and grandchildren, and
9 that is not an acceptable way to fund highways in this
10 country.

11 So a long-term approach to this that looks at what
12 we want to do in terms of funding infrastructure in this
13 country, the strategy that we would put in place to
14 accomplish that, and the financing mechanism to support
15 it are really important discussions, long overdue, and I
16 think it is a challenge that we as a Congress and we as a
17 country need to confront.

18 There is a reality looming ahead of us that we
19 either are going to have to accept a much smaller,
20 dramatically smaller Highway Trust Fund and highway
21 program or we are going to have to figure out how we are
22 going to fund it, and that discussion needs to start now,
23 because when this short-term extension expires, we are
24 going to be faced with that looming problem and challenge
25 which is not going away.

1 So I hope that we can get after the real issue here
2 once we solve this immediate crisis.

3 Thank you, Mr. Chairman.

4 The Chairman. Thank you, Senator Thune. You have
5 always understood the urgency of going forward on
6 transportation funding and doing it in a bipartisan way,
7 and I look forward to working with you.

8 Let us now have Tom Barthold from the Joint
9 Committee on Taxation describe the modification to the
10 mark. I note, again, that the modification was developed
11 on a bipartisan basis by both the Majority and the
12 Minority staff.

13 Let us Mr. Barthold explain the modifications. Then
14 Mr. Abraham from the Majority staff and Mr. Wyatt from
15 Senator Hatch's staff are here to answer questions about
16 the mark and the modification.

17 Also, Mr. Mark Mazur is here. He is the Assistant
18 Treasury Secretary for Tax Policy.

19 Mr. Mazur, we welcome you.

20 So let us have Mr. Barthold explain the bipartisan
21 modifications to the mark.

22 Mr. Barthold. Thank you. Thank you, Chairman
23 Wyden and Senator Hatch.

24 Members have before them Joint Committee documents,
25 JCX-75, which describes the Chairman's underlying mark

1 and then documents JCX-77, which describes in detail the
2 modification, as well as the table of estimated budgetary
3 effects, which is JCX-78.

4 I will briefly describe the modification. First of
5 all, the modification to the mark makes two changes to
6 provisions that are in the mark.

7 As the Chairman noted in his opening statement, the
8 modification would strike the mark's proposed increase in
9 the heavy vehicle use tax. And then, secondly, the
10 modification would make some changes to the Chairman's
11 mark regarding the required distribution rules of pension
12 plans.

13 In short, what this provision now does is it makes
14 general a 5-year distribution period from IRAs or
15 qualified plans -- the balance of that, I should say --
16 upon the death of either the employee or the owner of the
17 IRA. So it makes general a 5-year distribution period
18 with specific exceptions for qualified beneficiaries,
19 such as the employee's spouse, the employee's minor
20 children, some certain other categories.

21 The rest of the modification provides some
22 additional provisions that were not in the underlying
23 mark. The modification would transfer \$750 million from
24 the leaking underground storage tank trust fund to the
25 highway trust fund.

1 Under present law, liquefied natural gas is taxed at
2 the same rate as diesel fuel, 24.3 cents per gallon. The
3 modification would tax liquefied natural gas on an energy
4 equivalent basis. The energy equivalent basis is roughly
5 58 percent a gallon of liquefied natural gas. That is
6 about 58 percent of the energy of a gallon of diesel
7 fuel. So the tax rate applicable to liquefied natural
8 gas under the modified mark would be 14.1 cents per
9 gallon.

10 The modified mark would also include an additional
11 compliance measure. Under present law, paid tax
12 preparers, when preparing a taxpayers return which would
13 claim the earned income tax credit, have a specific due
14 diligence requirement and the Chairman's -- the
15 bipartisan modification would require that paid tax
16 return preparers also need a due diligence requirement on
17 returns that are claiming the American Opportunity tax
18 credit.

19 The modified mark would make changes to the notion
20 of the normal retirement age in certain defined benefit
21 plans.

22 Some defined benefit plans define a normal
23 retirement age as the earlier of a specific age, such as
24 age 65 or 62, or completion of a specific number of years
25 of service, having worked for the employer for 30 years

1 for example.

2 There have been issues arise in plans using a normal
3 retirement age that have a service component, whether it
4 will violate other qualification requirements to be a
5 qualified defined benefit plan.

6 The proposal in the modification allows plans that
7 are currently using a normal retirement age with a
8 service component of 30 years or more to continue using
9 it, but only with respect to employees who are plan
10 participants or employees or an employer sponsoring the
11 plan prior to January 1 of 2017.

12 Then lastly, as noted by the Chairman in his opening
13 statement, the modification includes a sense of the
14 Senate on need to provide for long-term transportation
15 funding.

16 Mr. Chairman, Senator Hatch, that concludes my
17 description of the modification. I am happy to answer
18 any questions that the members might have.

19 The Chairman. Thank you. Thank you very much, Mr.
20 Barthold. And let me also thank you for the ongoing
21 professionalism that you and your colleagues at JCT bring
22 to this.

23 You have done a lot of work for us in a very expert
24 fashion very, very quickly. And my sense is that some of
25 your folks haven't have not gotten much sleep the last

1 couple of nights as a result of these bipartisan labors
2 and we are very appreciative of the professionalism.

3 Colleagues, do any Senators have any questions
4 regarding the mark and the modification?

5 [No Response.]

6 The Chairman. Hearing none, let us be clear in
7 terms of where we are.

8 Senator Hatch and I will be reaching out to Chairman
9 Camp to find out how the House plans to pay for this
10 legislation, whether there are items in their package the
11 Finance Committee can agree to.

12 I have talked to Chairman Camp. Senator Hatch, of
13 course, has been our leader in it.

14 To essentially touch on an earlier point, to me, the
15 prime terrain for the bipartisan compromise is that area
16 that is in between the hot button issues that there
17 really is not the time for the two parties to go to their
18 respective corners and battle it out.

19 Between there and the accounting gimmicks that do
20 not produce funds that help pay our bills, let us put
21 those two areas off limits and in between those two
22 areas, there are lots of opportunities for discussion and
23 that is exactly what Senator Hatch and I will pick up on
24 as we go forward in our discussions with the House.

25 It is my intention, as Senator Hatch and I have

1 discussed, that we are going to work closely together and
2 reconvene the markup early during the week of July 7.

3 Senator Hatch, is there anything else you would like
4 to add?

5 Senator Hatch. Mr. Chairman, I congratulate you on
6 the excellent work you are doing on this and everybody on
7 the Committee is very appreciative and they are very
8 understanding of what we are trying to do here.

9 The Chairman. Thank you, Senator Hatch. There is
10 no doubt that this tangible progress could not be
11 possible without the good work of not just you, but your
12 staff, and we look forward to continuing that.

13 With that, the Finance Committee is adjourned.

14 [Pause.]

15 The Chairman. One other matter. The Committee
16 stands in recess subject to the call of the Chair.

17 With that, the Finance Committee is now adjourned.

18 [Whereupon, at 11:32 a.m., the Committee was
19 recessed, to reconvene at the call of the Chair.]

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Finance Markup: Opening Statement of Senator Stabenow

Thank you, Chairman Wyden, for prioritizing the Highway Trust Fund, which is dangerously close to a shutdown.

60 years ago, in Cadillac Square in Detroit, President Dwight D. Eisenhower urged support for the Interstate Highway System and said that building a network of highways will lead to “a nation of great prosperity, but will be more than that: it will be a nation that is going ahead every day.”

And now, Mr. Chairman, instead of “a nation going ahead,” we are staring down a shutdown of the Highway Trust Fund.

If the trust fund is shut down, it will cause serious problems to our entire economy. Workers need highways in good enough condition to drive to their jobs. Trucks full of goods need to make it to market. Children need to get to school.

When traffic stops, the economy stops.

In Michigan, we are seeing political gridlock that is creating actual road gridlock. The brutal winter, coupled with long-standing neglect and the unwillingness of one party to make tough decisions, has left Michigan with crumbling roads and supersized potholes that are several feet deep.

And we're seeing this same story repeated all across the country.

We all remember the horror of watching the bridge in Minneapolis collapse.

Last year, a bridge on a highway in Washington state collapsed -- fortunately, no one was seriously hurt.

But our economy will be hurt if the Highway Trust Fund shuts down in July.

We saw the economic uncertainty caused by the government shutdown last October. The last thing our economy needs right now is a transportation funding shutdown that jeopardizes road projects across the country.

As the President said in a speech about transportation last month: Our friends in Europe recognize the importance of infrastructure: They

invest two times more than we do on transportation.

China recognizes this, too: The Chinese government spends four times more than we do on transportation.

All of our competitors know that a transportation system powers growth.

When President Eisenhower spearheaded the interstate highway system 60 years ago, he understood that America's infrastructure was directly tied to American jobs and American opportunity.

And that in turn meant American leadership in the world.

A problem this serious demands a serious solution. But with the highway fund in danger of shutting down this summer, we cannot afford to wait for a long-term fix that will be acceptable to both parties.

Let us focus our attention first on patching the trust fund for this fiscal year, so that states can count on the federal dollars they need to make the most

pressing improvements to their crumbling infrastructure.

If we can do that, then we will have a consensus that we can bring into discussions about a long-term solution to the transportation system.

Traditionally, roads have not been a partisan issue. I have hope that on an issue as urgent as this one, we can bridge the partisan divide.

I look forward to working on the Chairman's markup. I urge my colleagues on the committee to pass this bill, and to bring it to the Floor, so that we can get started on making improvements that will make Americans safer and more productive.