

# InfrastructureUSA

## Guest on THE INFRA BLOG

**Congressman Richard L. Hanna (R-NY)**

**Conversation with Steve Anderson, Managing Director, InfrastructureUSA**

### **Infrastructure Banks: Giving States Control Over Investment**

The Northeast, where I live—it's an aging infrastructure system. We actually still have brick sewers and old lead-line water pipes and things like that that need to be replaced, and a lot of the communities, particularly in upstate New York, simply don't have the growth, the tax base, the revenue to do those kinds of things. But they can go to the state infrastructure bank, find a way to leverage that money and do some of these projects and spread the cost out over time. That's part of the purpose of it. So much of what the federal government does is so darn prescriptive that the states really don't have the latitude to do things that they know they need to do, but the federal government may either not agree with or simply hasn't funded. So this is just one more tool to help them do that. It gives them leverage and it gives them versatility and opens up to 15% of what they get from the federal government for an opportunity to basically do things that they want to do and they need to do for local communities. It might not necessarily fit what the federal government has normally designated. And it's pretty simple. As a matter of fact, it used to be part of SAFETEA-LU, it was not picked up again and we noticed that, so Ms. Hahn and I have introduced this bill to make it part of the MAP-21, which expires in May. So we're hoping for a long-term, fully funded bill, and we're also confident that this will become part of it.

### **Congressional Inaction**

Congress simply isn't working together. In this particular issue it's interesting because if there was ever a committee that was bipartisan and successful, it was always the Transportation Committee because everyone has bridges, everyone has roads and needs therein, but when I came here four years ago they did away with earmarks, which is code for kind of greasing some of the things that needed to be done. People made trades, and earmarks are gone, and that's a good and a bad thing. I think overwhelmingly it's been positive, but it also slows down the system. The other thing is there's a good many members who've pledged no new taxes, don't want to raise the gas tax or anything else, and there is a difference between investing in our future and building our competitiveness or being state of the art, and we're not anymore in terms of transportation. Sometimes I think we take our eye off the ball. You can't have a successful country without having a good infrastructure system, and ours is in decline. We need to be more thoughtful and willing to talk about how we're going to pay for it.

### **Why The Gas Tax Is Not the Answer**

We need to help municipalities, cities, states, engineers, everybody involved. We need to give them a long-term bill, which historically has been six, seven years and fully funded. We're about \$15 billion short of where we need to be because the gas tax just isn't raising it. We need to figure out how to do that, and if you look around the country

you see that cities and states are able to do that on their own in some places. Some of the states have raised their gas taxes, some of them have found other ways. It's tough where I live; I regard the gas tax as a regressive tax for my own community because it's a rural community, and New York does something I think is wrong headed, but they actually charge tax on tax. The sales tax of New York, which is one of the highest in the country, actually taxes the tax that the federal government puts on it. So we have some of the highest gas prices in the country. For New York it's particularly bad, and a lot of New York's money that comes from the feds winds up going into mass transit— for better or for worse, and it certainly is a conversation to be had—but mass transit does not pay anything in. And another interesting detail that's beginning to emerge in a big way is that 18-34-year-olds share cars, they use Uber, they live in cities, they enjoy the full benefit of the highway system by ordering through FedEx and the U.S. Post Office and UPS. Things get to their houses but they don't own a car; they're really not paying directly like people where I live are, for those roads and bridges and transportation needs. So it's a broken system. We need to find a way, moving forward, to fund it thoughtfully and fairly, and for my money there are ways to do it, but the gas tax just isn't working anymore.

### **States Are Actually Getting Things Done**

Local governments are better at working things out than the federal government. States around the country have managed to find new revenue sources by telling people what's going to happen with the roads and bridges, and where the money's going to go, and then doing the work. The federal government is not good at communicating. Congress, as you can see through so many different examples, is not good at finishing what it starts, and there is so much dysfunction here that the opportunity to talk about paying for something doesn't even exist. It's hard to get out on the floor and simply say, "How are we going to pay for this?" Because you do have this overwhelming debt and deficit year-in and year-out, and people are focused on that, but that's not the only thing we should be focused on. We need to focus on how we're going to pay for our transportation bill. To be blunt, there is an ideological divide here that simply believes that government is too big, and there are people who think that the federal government has no role in paying for transportation at all. Believe it or not, there are more than a few members that think that way. I'm not one of them. Clearly, it's constitutional for the federal government to involve itself in infrastructure and interstate transportation. But you look at places like Virginia: they were able to raise their taxes to pay for some of their improvements, and other states have done it. I give them credit because they're showing that they can lead.

### **Political Leaders Need to Speak Up For Infrastructure**

I think we take a lot for granted. The individual is not that affected by how well a road is built, or how secure a bridge is, or how well mass transit's moving when it's not in their backyard. Somebody drives out their driveway and there's a giant pothole, they make a phone call, but if everything's ok they don't. If their gas taxes aren't going up, they're happy. Maybe that's one of the reasons why it works locally, because it relates locally and personally and it's more visceral. That's why people with the job that I have and the other people here have to have a vision of their own. We have to value transportation,

value intermodal works and everything along with it. It's our job to get out there and say, "Damn it, this is important." It's not easy, but one thing about infrastructure is it doesn't fix itself, and things cost more and more year-in and year-out, and you reach a point where you can't fix something and it has to be torn down and that's even more expensive. So we're under the gun to do a lot of maintenance and upkeep, and we're simply not doing it. We're going to pay a big price for it in the future and it's going to be a lot more than if we were doing it now.

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