



NATIONAL STONE, SAND & GRAVEL ASSOCIATION



Natural building blocks for quality of life



August 22, 2011

The Honorable Patty Murray
Co-Chairman
Joint Select Committee on the Deficit Reduction
U.S. Senate
Washington, D.C. 20510

The Honorable Jeb Hensarling
Co-Chairman
Joint Select Committee on the Deficit Reduction
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairmen Murray and Hensarling:

As the Joint Select Committee on Deficit Reduction begins its mandated mission to find an additional \$1.5 trillion debt savings over ten years, we urge that the committee consider the state of our nation's surface transportation system in its deliberations. The current extension of the surface transportation law and the authority to collect the motor fuels user fee that supports it expires on September 30, 2011. A cost-effective, well-maintained, useable, safe and efficient transportation system is essential to economic growth, job creation and global competitiveness. It is our belief that the committee has the opportunity to address future funding and continuity of the federal transportation programs in its debt and deficit reduction deliberations.

We understand and acknowledge the challenges of the current fiscal environment and do not believe that the current surface transportation programs are immune from rigorous review and reform. In fact, we have urged debate on this core federal responsibility since before the expiration of the current surface transportation law on September 30, 2009. Unfortunately, meaningful legislative progress has not yet materialized due to the inability of the Congress or the administration to solve the financial challenges confronting the Highway Trust Fund.

Our organizations represent the construction materials that are essential to the built environment. Production of construction materials is down as much as 70% across the country with highway

improvement projects postponed or canceled due a combination of fiscal constraints and a lack of funding certainty. The construction sector continues to struggle under an unemployment rate that is nearly double the national average. Millions of jobs have been lost since 2007. Without identifying a way to stabilize and bolster the federal transportation funding mechanisms, the next multi-year authorization will include draconian cuts of as much as one-third of federal highway, public transportation and safety investments. This will only accelerate the deteriorating performance of the nation's surface transportation network and greatly undermine economic growth and competitiveness. Furthermore, a reduction of highway funding as contemplated in the House-passed Budget Resolution is estimated to result in a loss of more than 600,000 jobs.

The user-fee-financed Highway Trust Fund has, until recently, functioned extraordinarily well as a means to fund the establishment and preservation of our critically important surface transportation system. In fact, this mechanism generated large annual balances, peaking at \$31 billion in 2000. The balances since then have declined, due largely to the fact that the federal motor fuels tax (currently 18.4 cents per gallon for gasoline) has not been adjusted since 1993. This has resulted in a 30% reduction in the purchasing power of the Highway Trust Fund dollar and is woefully insufficient to support the growing investment needs associated with our aging and deteriorating surface transportation system. This dire financial situation has been exacerbated by reduced receipts into the Highway Trust Fund as people started driving less due to the slumping economy beginning in 2007.

Luckily, there is a recognition that something needs to be done and that investment in our transportation infrastructure can play an important role in our economic recovery and debt reduction efforts. The National Commission on Fiscal Responsibility and Reform and the bipartisan group of Senators known as the Gang of Six recommended reducing the national deficit and devoting new revenue to the Highway Trust Fund. We support this thinking, and have actively engaged our organizations' grassroots and grasstops in the effort to build understanding of the surface transportation needs of America and the consequences of a failure to act to authorize a long-term surface transportation program.

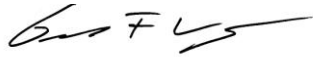
The select committee has a unique and historic opportunity to address the nation's fiscal situation. No funding solution should be off the table, but it is imperative that funding certainty be brought to the surface transportation program and current funding levels maintained while we transition to a new funding mechanism and upgrade the transportation system for the 21st century.

Our surface transportation system has, in many places, reached the end of its design life and is at or beyond capacity. Years of underinvestment in this critical asset is harming America's economy and future growth potential. In the final analysis, the transportation needs are simply too great and the impacts on the nation's economy too substantial for this issue to be swept aside for later generations to confront. The time to be bold is now and to address the long-term sustainability of the Highway Trust Fund and funding the nation's surface transportation network.

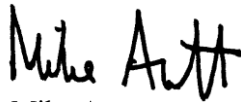
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We thank you for taking on this monumental task. Please call on us if we can be of any assistance as you work to identify means and strategies to reduce our Nation's staggering deficit.

Sincerely,



Gerald F. Voigt, P.E.
President and CEO
American Concrete Pavement
Association



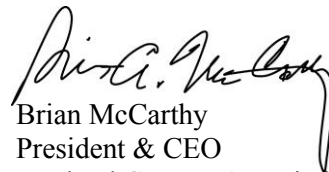
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cc: The Honorable Max Baucus
The Honorable John Kerry
The Honorable Jon Kyl
The Honorable Rob Portman
The Honorable Pat Toomey

The Honorable Xavier Becerra
The Honorable Dave Camp
The Honorable James Clyburn
The Honorable Fred Upton
The Honorable Chris Van Hollen