

NATIONAL STONE, SAND & GRAVEL ASSOCIATION



Natural building blocks for quality of life

**TESTIMONY OF
ROD MARTIN
VICE PRESIDENT, MARTIN STONE QUARRIES, INC.**

**HEARING ON
“THE UPCOMING HIGHWAY BILL AND ENSURING IT
MEETS THE NEEDS OF SMALL BUSINESS”**

**Submitted to
House Small Business Committee
Subcommittee on Oversight and Investigations
July 16, 2009**

Thank you Chairman Altmire, ranking member Fallin, and members of the Subcommittee for inviting me to testify on behalf of the National Stone, Sand & Gravel Association (NSSGA) on the importance of reauthorization of our nation's surface transportation law to the aggregates industry, particularly its small business members. I am Rod Martin, Vice President of Martin Stone Quarries, Inc., located in Bechtelsville, Pennsylvania.

The National Stone, Sand & Gravel Association represents the crushed stone, sand and gravel – or construction aggregates – industries. Its member companies produce more than 90 percent of the crushed stone and 70 percent of the sand and gravel consumed annually in the United States. There are more than 10,000 construction aggregate operations nationwide. Almost every congressional district is home to a crushed stone, sand or gravel operation. Proximity to market is critical due to high transportation costs, so 70 percent of our nation's counties include an aggregates operation. Of particular relevance to this hearing, 70 percent of NSSGA members are considered small businesses.

Martin Stone Quarries was founded in 1953 by Henry Martin, my grandfather. We operate two granite gneiss quarries in Bechtelsville, Pennsylvania. People have quarried at the site since the late 1800s. I run the business with two other third generation owners. We currently employ 58 which is down 20 percent from 2006 levels.

In addition to providing quality materials and services to our customers, we at Martin Stone Quarries are committed to being a responsible corporate member of our surrounding communities. Our time, materials, and financial resources have been routinely donated to the construction and restoration of many local parks, recreational areas, and churches. Educational field trips, offered to any interested school districts, serve to inform local students about the unique nature of the mining industry. Martin Stone Quarries has also opened its gates to local fire companies, allowing them to perform mock rescue drills inside the quarry.

While we are proud of the accomplishments achieved by Martin Stone Quarries in the past, we are always looking for ways to better our company, employees, and local communities. Martin Stone Quarries will continue to provide quality products and maintain its position as a valued member of the many communities of which we are a part.

Sales of natural aggregates generate nearly \$40 billion annually for the U.S. economy. When combined with related industries, such as cement, concrete, and construction equipment and supplies, the transportation construction industry generates more than \$200 billion in economic activity every year and employs more than 2 million people. During 2007, more than three billion tons of crushed stone, sand and gravel (or 2.56 billion metric tons) valued at approximately \$21.5 billion were produced in the U.S.

Nearly two-thirds of the non-fuel minerals mined each year in the U.S. are aggregates. Construction aggregates are used primarily in asphalt and concrete. Ninety-four percent of asphalt pavement is aggregate; 80 percent of concrete is aggregate. About 10 tons of aggregates per person are used annually in America. Every mile of interstate contains 38,000 tons of aggregates; about 400 tons of aggregates are used in construction of the average home.

Aggregates are used in nearly all residential, commercial and industrial building construction and in most public works projects such as roads, highways, bridges, railroad beds, dams, airports, water sewage treatment plants and tunnels. Although Americans pay little attention to these natural materials they also go into the manufacture of glass, paper, paints, pharmaceuticals, cosmetics, chewing gum, household cleaners, and many other consumer goods.

Through its economic, social and environmental contributions, aggregates production helps create sustainable communities and is essential to the quality of life Americans enjoy.

The business of successfully building and maintaining our national surface transportation infrastructure depends in large measure on funding stability and year-over-year predictability provided by the surface transportation reauthorization. The current law, the Safe, Affordable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), expires on September 30. It is imperative that Congress act to reauthorize the law now

or lose the benefits of the economic stimulus that are just beginning to be felt by the construction aggregates sector.

Reauthorization is critical to NSSGA's many small aggregates producers. Sixty percent of Martin Quarries business comes directly from road construction in sales to asphalt plants and other highway contractors.

Multi-year reauthorizations provide an important continuity that my company, our employees, and customers rely upon in order to meet the significant and growing needs of local, state and federal transportation programs.

Multi-year highway reauthorizations are particularly vital for the funding confidence they instill in state Departments of Transportation. When state Departments of Transportation know that the Federal-aid Highway program will apportion to them their federal funding year-over-year in the amount authorized, they have confidence that their state expenditures will be reimbursed. The states then award contracts, and the process of building and maintaining our transportation infrastructure can proceed smoothly. Confidence in the stability of the program is a critical factor in ensuring its success.

When there are doubts, as there are today, awards for construction projects slow because states are not sure there will be funding for reimbursement. When states wait to see what Congress will do and when it will do it, the pipeline of project awards slows. This inevitably leads to a loss of jobs in the construction and related industries. If Congress fails to act to reauthorize the nation's surface transportation law by expiration of the current law at the end of September, highway funding will be cut almost in half. To Pennsylvania a failure to act will mean a funding reduction of \$756 million.

In the absence of a long-term plan, my customers are telling me they are not sure what the next years are going to bring to them, thereby causing me to withhold investing in plants and new machinery for the foreseeable future. It is increasingly difficult to do long range workforce planning due to uncertain demand. We are looking at a round of layoffs that will take my workforce down by another five percent if there is no improvement and Congress fails to pass a multi-year reauthorization bill.

NSSGA supports development of a new vision for our nation's surface transportation system. President Eisenhower signed the law creating the National Interstate Highway System over fifty years ago. It was designed to last 25 years. We are 25 years beyond the original life of the system.

Just last week the Texas Transportation Institute released its annual mobility report. The report found that nationally congestion is costing \$87.2 billion annually, with 2.8 billion gallons of gas wasted, and 4.2 billion hours spent sitting in traffic. The report used Federal Highway Administration data that included information gathered through 24-hour monitoring of highway systems. The five most congested areas in order are Los Angeles/Long Beach/Santa Ana; the Washington, D.C. region; Atlanta; Houston; and, San Francisco-Oakland.

The least expensive way not to waste fuel and to improve environmental impact is to improve the capacity of our roads and bridges and alleviate congestion. A U.S. DOT study states every dollar invested in the nation's highway system yields \$5.40 in economic benefits in reduced delays, improved safety and lower vehicle operating costs.

More than 70 percent of the nation's goods by dollar value are transported on our roads and highways. We support critical corridors of commerce to assure that our trucks can get goods to market in a competitive world.

Improved safety is another important reason to pass a multi-year highway reauthorize bill now. Over 41,000 people die on highways in the United States. A July first safety study by the Pacific Institute for Research and Evaluation, *On a Crash Course*, commissioned by the Transportation Construction Coalition found that deficient road conditions are a factor in more than half of the fatal crashes in the United States, contributing to more deaths than speeding, drunken driving or failure to use seat belts. Road-related conditions were a factor in 22,000 fatalities and cost \$217.5 billion each year the study concludes.

We can do better. Safety must come first to ensure that you and I and our families, friends, and employees get to and from their daily activities safely.

Martin Stone is passionately committed to the safety of its most precious resource, our employees. The company uses all possible means – be they administrative or sophisticated engineering controls – to protect employees.

Furthermore we look out for the whole individual who works for us, through such programs as Employee Assistance Plans (or EAPs), as well as counseling on such things as personal finances, legal matters, and other issues.

We are proud that our protections seem to be working at Martin Stone. In fact, for the past several years we have maintained a total injury incidence rate of just .014 injuries for every 200,000 hours worked. This is substantially below the national average for our industry.

NSSGA supports development of a new vision for our nation's surface transportation system. Developing a new vision of transportation is non-negotiable – it is a matter of life and death; economic growth through job creation; national security; and, global competitiveness.

NSSGA will actively support passage of a new highway reauthorization bill that includes core recommendations developed by association members. NSSGA recommends that Congress adopt a new-multi-year reauthorization that preserves the mobility Americans are accustomed to, along with a funding mechanism sufficient for preserving and improving our nation's roads and highways – long-term national assets.

The next multi-year reauthorization bill should allow adequate time to transition to a vehicle miles traveled (VMT) user fee. We understand the privacy concerns attendant to a VMT and the concerns of rural residents who must travel long distances to commute to work or school or run errands. Nevertheless, Americans have demonstrated time and time again unlimited innovativeness and we firmly believe the people who have put a man on the moon and developed the I-Phone can certainly conceive of solutions to these legitimate concerns.

As Martin Stone, NSSGA and our coalition partners have said, all funding options for increasing revenues into the Highway Trust Fund to provide sustainable long-term funding for the nation's surface transportation network must be on the table.

Additionally, NSSGA recommends that a multi-year surface transportation reauthorization ensure the integrity of the program by resisting unrelated earmarks, preserving the budget firewalls that ensure all gasoline user fees are directed back into the highway system, and allowing innovative funding

mechanisms to pay for transportation projects. To protect taxpayer money further, Congress should fund research essential to the development of the most technically advanced, economic and long-lasting pavements.

Thank you, Mr. Chairman, for this opportunity to testify today on the importance of Congressional action on a multi-year surface transportation reauthorization. Martin Stone and the members of the National Stone, Sand & Gravel Association look forward to working with Congress in developing a reauthorization bill that will spur economic revitalization by creating jobs (small business generates 60 to 80 percent of new jobs), while simultaneously building the surface transportation network of the 21st Century.

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