



NATIONAL STONE, SAND & GRAVEL ASSOCIATION



Natural building blocks for quality of life



August 10, 2010

The Honorable Erskine Bowles
Co-Chair, National Commission on Fiscal Responsibility and Reform
1650 Pennsylvania Ave NW
Washington, DC 20504

The Honorable Alan Simpson
Co-Chair, National Commission on Fiscal Responsibility and Reform
1650 Pennsylvania Ave NW
Washington, DC 20504

Dear Chairmen Bowles and Simpson:

As the National Commission on Fiscal Responsibility and Reform examines the nation's fiscal position and the federal government's constitutionally mandated mission to provide both for the common defense and for interstate commerce – both which require well-maintained, useable, safe and efficient transportation programs, we write to urge the National Commission to recommend that Congress continue to finance federal transportation investments through fiscally responsible and budget-neutral user taxes and levies.

Since 1796, the federal government has played a role in developing and funding roads to promote the nation's economic vitality and improve the quality of life for its citizens. In 1956, Congress established the Highway Trust Fund as a user-supported fund to finance construction of the Interstate Highway System. Simply, the revenues of the Highway Trust Fund were intended for financing highways, with the taxes dedicated to the Highway Trust Fund paid by the users of highways.

The user-pay principle established by Congress was fair to those who benefited and provided a predictable revenue stream from which to plan, design, and construct transportation projects. The Interstate Highway System, which is currently 47,000 miles in length, was financed and built in partnership with state and local government over the last 50 years and has become central to our nation's transportation network.

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The user fee financed Highway Trust Fund has until recently performed as Congress intended and has in fact generated large annual balances peaking at \$31 billion in 2000. Since then the balance in the Highway Trust Fund has been spent down, and in 2008 Congress enacted the first of three rescue packages to supplement user-fee revenues with general fund revenues to restore fiscal solvency of the Federal-Aid Highway Program.

The imbalance was due in part to the fact that the federal tax (currently 18.4 cents per gallon) on gasoline for the Highway Trust Fund has not been adjusted since 1993. This has resulted in reduced purchasing power of the Highway Trust Fund dollar and insufficient revenues to support and sustain the current Federal-Aid Highway Program spending levels. Moreover, the Highway Trust Fund's balance sheet was made worse by the poor economy beginning at the end of 2007 that resulted in significantly reduced revenues flowing into the Highway Trust Fund.

Meanwhile, the demand on the nation's surface transportation network continues to grow as many needed maintenance and capacity projects are deferred or cancelled. Thirty-two percent of America's major roads are in poor or mediocre condition and twenty-five percent of America's bridges are structurally deficient or functionally obsolete. Moreover, Americans spend 4.2 billion hours a year stuck in traffic. These trends will only worsen as chronic under-investment by all levels of government continues to erode the performance of our nation's vital highways, roads and bridge network.

When President Barack Obama established the National Commission he noted, "For far too long, Washington has avoided the tough choices necessary to solve our fiscal problems." We agree. The National Commission has an historic opportunity to restore fiscal stability into the Highway Trust Fund and put the Federal-Aid Highway Program on a solid foundation of fiscal sustainability.

We believe the National Commission's final report to the President should address the Federal-Aid Highway Program's financing and delivery mechanism. Congress is re-examining the federal role and purpose of the Federal-Aid Highway Program as it struggles to draft a surface transportation authorization bill. The timing is right for the National Commission to weigh in on this issue.

We therefore urge the National Commission to recommend the following as it regards the Federal-Aid Highway Program's financing and delivery mechanism:

1. Reaffirm the strong federal role, in partnership with state and local governments, in the construction, expansion and maintenance of the federal highway system;

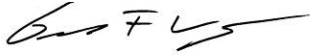
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2. Re-establish the primacy of the users-pay/users-benefit principle through fiscally responsible and budget-neutral user taxes and levies;
3. Restore trust in the Highway Trust Fund by increasing revenues into the Highway Trust Fund, maintaining the current budgetary firewalls, and focusing highway spending on well-defined goals and measurable performance outcomes; and
4. Increase total federal highway investment to modernize the nation's highway, road and bridge network for the 21st Century.

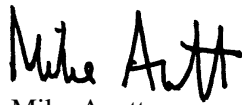
This investment in America's highway infrastructure is fundamental for economic growth and for our freedom of mobility. This investment or lack thereof, impacts every American, every day.

As the principal suppliers of materials used to manufacture our nation's highways, roads and bridges, we recognize the fiscally unsustainable path this nation is currently on in financing highway construction. Leadership will be required to reverse the declining performance of the nation's highway infrastructure through increased federal investments. In the final analysis, the transportation needs are simply too great, and the impacts on the nation's economic health and well-being too substantial, to sweep this issue under the rug for another generation to tackle. The time is now to address the long-term sustainability of the Highway Trust Fund in funding the nation's highway network.

Sincerely,



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National Asphalt Pavement
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