



THE SECRETARY OF TRANSPORTATION
WASHINGTON, DC 20590

March 30, 2015

The Honorable John A. Boehner
Speaker of the House of Representatives
Washington, DC 20515

Dear Mr. Speaker:

Transportation is a critical engine of the Nation's economy. Investments in our transportation network over the Country's history have been instrumental in developing our Nation into the world's largest economy and most mobile society. Over time, however, these investments have failed to keep pace with a population that is expected to grow by 70 million more citizens by 2045, and with the increase in the volume of freight traveling on our highways, railroads, and waterways.

Worse still, in recent years, the surface transportation enterprise—and the millions of jobs that come with it—has been thrown into a continuing period of uncertainty due to the numerous short-term spending “patches” that we use to fund our Federal transportation programs. Since 2009, our surface transportation programs have been operating under short-term extensions 11 times, including a 2-day lapse in March 2010. In addition, there have been 21 continuing resolutions (CR), forcing programs to operate under a CR for 39 of the last 77 months, not to mention a two-and-a-half-week stretch when the Government was shut down. The inability to pass a long-term surface transportation funding bill is creating an unacceptable level of uncertainty for governors, mayors, city and county councils, and tribal leaders because they do not know whether the Federal program and payments will be suspended—again—when the latest short-term patch expires in just a few weeks' time.

Increasingly, we are seeing State and local officials abandon planning on the more ambitious and expensive projects that will move our economy forward. Instead, these officials are targeting available dollars on smaller preventative maintenance and repaving projects that, while important for maintaining infrastructure availability in the near term, do not address the longer-term needs for additional investment in transportation infrastructure capacity and quality. State and local officials are rightly concerned about whether Congress will allow spending authority from the Highway Trust Fund to expire at the end of May—precisely when the construction season should be heading into full swing. Just recently, the Commissioner of Tennessee's Department of Transportation announced that he was delaying \$400 million in highway projects because of the funding uncertainty in Washington, saying “this piecemeal funding of projects and programs is having a significant impact on how and when State DOTs and municipal planning organizations deliver much needed investment in our transportation networks.” Similarly, the Director of the Arkansas State Highway and Transportation Department decided to delay \$100 million in

highway construction projects because of uncertainty over the Highway Trust Fund, and the Delaware State Transportation Commissioner decided to delay \$600 million in transportation construction projects until greater certainty can be provided. We may not see it directly, but failure to act on a long-term bill is actually making investments in critical infrastructure more expensive—and more difficult—for all of our State DOTs.

Inadequate and inconsistent funding is not our only problem. The Federal programs that govern how we deliver projects must be modernized. Too often, projects undergo unnecessarily lengthy reviews, and we need to be able to make the types of reforms that will expedite high priority projects and identify best practices to guide future efforts without undermining bedrock environmental and labor laws or public engagement. We also need to reward States and local communities that coordinate their decision-making with their neighbors and prioritize funding for freight projects that will benefit the Nation's economy.

For these reasons, I hope that everyone will agree that we must bring this period of short-term patches to a close. We must give the American people and the American economy a well-funded, multi-year authorization bill with new programs and reforms that are focused on the Nation's future needs. The only way we will be able to address these urgent challenges is for everyone to put their ideas on the table and have an open-minded, honest conversation in an effort to find common ground and forge a path forward. I am encouraged that Members from both parties have already started such a discussion and are working together to find a solution.

As part of this critically important discussion, the U.S. Department of Transportation is pleased to provide to you, for introduction and referral to the appropriate committees, a bill –

To authorize highway infrastructure and safety, transit, motor carrier, rail, and other surface transportation programs, and for other purposes.

The Generating Renewal, Opportunity, and Work with Accelerated Mobility, Efficiency, and Rebuilding of Infrastructure and Communities throughout America Act, or the GROW AMERICA Act, builds on the Administration's 4-year proposal that was transmitted to you last year. Our new proposal is expanded to a 6-year duration and shares many important goals with the bipartisan work already underway in Congress. The GROW AMERICA Act proposes to reauthorize the Federal surface transportation programs and improve the operation, condition, and safety of the Nation's surface transportation system by implementing policies that advance the President's goals to support job creation and economic activity in communities around the country. The Act would also expedite the project approval and permitting processes, improve the Nation's freight system, create ladders of opportunity to the middle class, and ensure that taxpayer dollars are spent as efficiently as possible.

Specifically, the Administration's legislative proposal to reauthorize the Nation's surface transportation programs will accomplish the following objectives:

Protecting the safety of the traveling public: In 2013, motor vehicle crashes killed approximately 32,000 Americans and injured more than 2.3 million, making motor vehicle crashes one of the leading causes of death in the United States. Every life is precious, and one

life lost on our roads is one too many. The GROW AMERICA Act addresses safety vulnerabilities on our transportation network, both through increased investment in safety programs, and through policy changes that strengthen oversight and increase accountability. It includes:

- Harsher penalties for manufacturers that refuse to address defective and dangerous vehicles and equipment that endanger the public.
- Authority to require manufacturers to cease retail sale or require repair of vehicles or equipment, or both, that pose an imminent hazard to the safety of the motoring public.
- Authority to require rental car companies and used car dealers to participate in recalls of defective and unsafe vehicles.
- Streamlining Federal truck- and bus-safety grant programs to provide States with greater flexibility to address regional and evolving truck- and bus-safety issues.
- Increased funding to the Highway Safety Improvement Program to help engineers prevent the next crash by identifying hazards, and to implement lasting safety improvements.
- Authority to give States additional funding and flexibility so that they can make greater progress in eliminating drunk and distracted driving, and in addressing other key safety concerns.
- Authority for new programs and funding dedicated to implementing positive train control on commuter and intercity passenger rail routes, improving highway-rail grade crossing safety, and mitigating the adverse impacts of rail operations in local communities.

Closing the Nation's infrastructure deficit: The GROW AMERICA Act proposes important policy improvements and makes critical investments to close this Nation's infrastructure deficit, including:

- ***Strengthening policies and providing \$317 billion to invest in our Nation's highway system:*** The proposal will increase the amount of highway funds by an average of nearly 29 percent above FY 2015, emphasizing "Fix-it-First" policies and reforms that prioritize investments for much needed repairs, and improvements to the safety of our roads and transit services, with particular attention to investments in rural and tribal areas.
- ***Creating a dedicated grant program for projects that benefit the Nation's commerce:*** The U.S. transportation system moves more than 52 million tons of freight worth nearly \$46 billion each day, or almost 40 tons of freight per person per year, and freight tonnage is expected to increase by 62 percent by 2040. The GROW AMERICA Act includes \$18 billion over 6 years for a new multi-modal freight program that will relieve specific bottlenecks in the system, strengthen America's exports and trade, and give freight stakeholders a meaningful seat at the table in selecting funded projects. The new initiative

encourages better coordination of planning among the Federal government, States, ports, and local communities to improve decision-making.

- *Strengthening policies and providing nearly \$115 billion for transit systems to expand transportation options:* The proposal increases average transit spending by nearly 76 percent above FY 2015 enacted levels, which will enable the expansion of new projects that improve connectivity, such as light rail, streetcars, and bus rapid transit, in suburbs, fast-growing cities, small towns, and rural communities, while still maintaining existing transit systems. These transit investments will play a critical role in supporting communities around the country—for example, by providing transportation options in rural communities that have growing numbers of seniors.
- *Strengthening policies and providing nearly \$29 billion for the Nation’s intercity passenger and freight rail network:* Highways, transit, aviation, inland waterways, ports, and harbors all have dedicated trust funds. Rail does not have a dedicated source of Federal revenue. The GROW AMERICA Act will provide predictable, dedicated funding for rail, which will provide States, localities, and railroads with the certainty they need to effectively plan and implement their projects. This funding will allow our Nation to better address the growing backlog of state-of-good-repair needs on our rail system and deliver the improvements required to accommodate growing passenger and freight rail demand.
- *Expanding access to markets and strengthening rural communities:* America’s rural communities are the critical link in the Nation’s multimodal transportation network. From manufacturing to farming, freight logistics to energy production, rural America is home to many of the Nation’s most critical infrastructure assets, including 444,000 bridges, 2.98 million miles of roadways, and 30,500 miles of interstate highways. Specifically, the GROW AMERICA Act will encourage safety on high-risk rural corridors, provide workforce development in rural areas, make much-needed freight investments, increase deployment of broadband use in rural areas, and improve the Federal Lands Transportation Program to achieve a strategic, high-use transportation system on roads that directly access Federal lands.
- *Expanding and strengthening of the Department’s credit programs to spur innovative financing and increase overall infrastructure investment:* The GROW AMERICA Act expands financing options under the Transportation Infrastructure Finance and Innovation Act (TIFIA), which leverages Federal dollars by facilitating private participation in transportation projects and encouraging innovative financing mechanisms that help advance projects more quickly. The Act will provide \$6 billion over 6 years, which could result in \$60 billion of direct loans. In addition, the Act increases the accessibility of the Railroad Rehabilitation and Improvement Financing Program by reducing the cost of obtaining a loan for short line railroads and other borrowers, and increases the availability of Private Activity Bonds by raising the existing \$15 billion cap to \$19 billion.
- *Strengthening domestic manufacturing:* The GROW AMERICA Act will strengthen existing “Buy America” requirements to ensure that taxpayer investments for public transportation translate into American jobs and opportunities for innovation. The Act allows for an orderly

phase-in by transit suppliers by raising the current 60 percent threshold to 100 percent over multiple years to bring the “Buy America” requirements for transit in line with the requirements in other modes.

Modernizing the U.S. Transportation System through technology and process innovation:

Technological changes and innovation have the potential to transform vehicles and infrastructure, logistics, and the delivery of transportation services to promote efficiency and safety. Likewise, process innovation has the potential to improve the way that the Government operates in the service of the American people. To that end, the GROW AMERICA Act is focused on:

- ***Improving project delivery and the Federal permitting process:*** The GROW AMERICA Act will help projects break ground faster by expanding on successful Administration efforts to modernize the permitting process while protecting communities and the environment. The Act will institutionalize capacity within the Department to improve interagency coordination and implement best practices, such as advancing concurrent, rather than sequential, project review, and using the online permitting dashboard to improve transparency and coordination, and track project schedules. The Act will also increase flexibility for recipients to use Federal transportation funds to support environmental reviews, and to help integrate overlapping requirements and eliminate unnecessary duplication.
- ***Encouraging innovative solutions through competition:*** The Act more than doubles the size of the highly successfully Transportation Investment Generating Economic Recovery (TIGER) competitive grant program and cements it in authorizing statute, which will encourage States and localities to bring more innovative, cross-modal proposals to the table and give the Department more resources to see that the most meritorious projects are constructed. In addition, the Act would dedicate \$6 billion over 6 years to establishing the Fixing and Accelerating Surface Transportation (FAST) program, which is designed to create incentives for State and local partners to adopt critical reforms in a variety of areas, including safety and peak traffic demand management. Federally inspired safety reforms, such as seat belt and drunk-driving laws, have saved thousands of American lives and avoided billions in property losses.
- ***Encouraging regional coordination and local decision-making to improve outcomes:*** The Act includes policy reforms to incentivize improved regional coordination by Metropolitan Planning Organizations, which are local communities’ main voice in transportation planning. The GROW AMERICA Act also strengthens local decision-making in allocating Federal funding so that local communities can better realize their vision for improved mobility.

Financing the Act through pro-growth business tax reform: The GROW AMERICA Act is fully paid for through an important element of the President’s plan for a reformed business tax system that will encourage firms to create U.S. jobs instead of shifting jobs and profits overseas. The \$478 billion authorization in this proposal for new mandatory spending is subject to the Statutory Pay-As-You-Go (PAYGO) Act. As shown in the President’s 2016 Budget, the PAYGO costs of this proposal would be \$121 billion over the 10-year period from 2016 through 2025. The Administration’s business tax reform proposal would impose a one-time 14 percent

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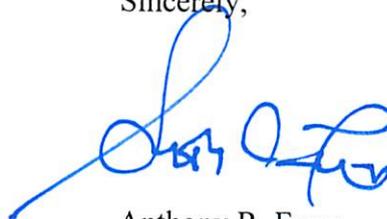
transition tax on the untaxed foreign earnings that U.S. companies have accumulated overseas. Unlike a voluntary repatriation holiday, which the President opposes and which would lose revenue, this transition tax would mean that companies have to pay U.S. tax right now on the \$2 trillion they already have overseas, rather than being able to delay paying any U.S. tax indefinitely. And it would be coupled with reforms to eliminate the incentive to shift profits and jobs to tax havens in the future. Revenue from the transition tax—along with projected fuel tax receipts—will fully pay for the GROW AMERICA Act.

We look forward to working with you and our public and private sector stakeholders to enact a robust 6-year surface transportation bill before the expiration of current transportation programs on May 31, 2015.

The Office of Management and Budget advises that the enactment of this legislative proposal would be consistent with the President's program.

I have sent a similar letter to the President of the Senate.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Anthony R. Foxx', with a long horizontal stroke extending to the left.

Anthony R. Foxx

Enclosures