

Brownstein

DATE: Feb. 16, 2021
TO: Interested Parties
FROM: Brownstein Hyatt Farber Schreck
RE: House Ways and Means Subcommittee on Select Revenue Measures: “Examining the Economic Impact of Federal Infrastructure Investment”

On Tuesday, Feb. 15, the House Ways and Means Subcommittee on Select Revenue Measures held a hearing titled, “Examining the Economic Impact of Federal Infrastructure Investment.” Testifying before the committee were Dr. Shawn Wilson, secretary, Louisiana Department of Transportation and Development; Victoria Sheehan, commissioner, New Hampshire Department of Transportation; Joung Lee, deputy director and chief policy officer, American Association of State Highway and Transportation Officials; Dr. Mona Hanna-Attisha, MD, MPH, FAAP, Michigan State University; and Mark McClymonds, president, McClymonds Supply & Transit Co., Inc. The discussion focused on implementation of the Infrastructure Investment and Jobs Act (IIJA, P.L. 117-258).

Member Opening Statements

Chair Mike Thompson (D-CA) said the IIJA provides critical broadband infrastructure and workforce development opportunities and addresses the climate crisis through resiliency and electric vehicle (EV) projects. He also said the IIJA contains programs that protect against natural disasters and reduce energy costs for Americans. Ranking Member Mike Kelley (R-PA) argued that the Biden administration’s “fix it first” policy undermines local communities’ abilities to use federal dollars to fix core infrastructure. He argued that infrastructure funding should focus on hard infrastructure like roads and bridges and that the IIJA leads to wasteful spending and burdens taxpayers.

Key Issues

- **Climate Resiliency:** Chair Thompson and Rep. Lloyd Doggett (D-TX) asked how IIJA invests in climate resiliency. Lee said its flexible formula programs, combined with discretionary grant programs, meet each state’s unique infrastructure circumstances. He said the formula programs increase eligibility to include previously ineligible activities that strengthen resiliency across all core program categories. Doggett asked how increasing EV charging infrastructure will lead to greener transportation. Lee said the IIJA addresses “range anxiety” by requiring alternative fuel quarters every 50 miles. Rep. Kevin Hern (R-OK) asked if there any concerns that the IIJA will fund green energy projects rather than fix roads and bridges. McClymonds said the IIJA does fund green energy projects rather than fix critical infrastructure like roads, bridges and utilities. Rep. Suzan DelBene (D-WA) asked how the IIJA can improve flood resiliency. Dr. Wilson said IIJA investments will follow state directives so that local authorities can make the most effective decisions with the funds.
- **Workforce Development:** Chair Thompson and Ranking Member Kelley asked how the IIJA will promote the development of a green workforce. Lee and Dr. Wilson emphasized the importance of community partnerships and how IIJA funds will directly support community projects that need such a workforce. Reps. Gwen Moore (D-WI) and Linda Sanchez (D-CA) asked how

Congress can ensure a diverse workforce is employed for IJIA projects. Sheehan said the Department of Transportation hopes to educate individuals about the various work opportunities available. Dr. Wilson said IJIA projects will require Disadvantaged Business Enterprise participation and will give states hiring flexibility to employ a diverse workforce.

- **Economic Impact:** Ranking Member Kelley asked about the taxes and fees to which McClymonds' company is subject. McClymonds said the company pays over \$1 million in turnpike fees, \$5 million in road use taxes, a \$1 tax on every gallon each truck burns in Pennsylvania and other user fees. Rep. Darin LaHood (R-IL) asked about the challenges and costs associated with obtaining a new Commercial Driver's License (CDL). McClymonds said changing criteria has made it difficult to obtain a CDL. Rep. Jodey Arrington (R-TX) asked about the economic impact of the National Environmental Policy Act and other permitting requirements. McClymonds said while he cannot quantify the impact, the cost of reusing a building would amount to four or five times the original quoted cost, adding that projects now take 18 months, rather than 90 days, as a result. Reps. Ron Estes (R-KS) and Lloyd Smucker (R-PA) asked what types of goods and services have been most affected by inflation. McClymonds said beyond the truck driver shortage, the price for truck and trailer parts have increased significantly.
- **Equity:** Reps. Linda Sanchez (D-CA) and Stacey Plaskett (D-VI) asked what short-staffed communities should be doing to procure formula funds and complete projects. Dr. Wilson said Departments of Transportation across the country will prioritize local community collaboration and engagement. Reps. Terri Sewell (D-AL) and DelBene asked about advancing equity partnerships. Dr. Wilson said the tools made available through the IJIA, in conjunction with local partnerships, would create a pathway for equity.
- **Specific Projects:** Rep. John Larson (D-CT) asked how the Hartford intermodal infrastructure project can be successful. Dr. Wilson said the IJIA provides additional discretionary opportunities for which Connecticut could qualify. Rep. Brad Schneider (D-IL) asked what percentage of IJIA funds are spent on "real infrastructure" projects. Lee quoted a Brookings Institute analysis which found that 90% of IJIA funds are spent for such projects.

Next Steps

The Biden administration will continue implementing the IJIA. As part of this effort, the White House will convene a 12-part webinar series on its implementation [Guidebook](#), which is designed to help state and local governments capitalize on opportunities under the IJIA. The next webinar, which Brownstein will cover, will be held on Thursday, Feb. 17 and will focus on the Airports Section of the Guidebook.