



# Fixing America's Surface Transportation (FAST) Act An Asphalt Industry Analysis

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# FAST Act

## Outline of Presentation

- Overview
- Funding
- Program Changes
- Asphalt Pavement Market Outlook
- Resources
- Q & A

1991

ISTEA  
“Intermodal”

SAFETEA-LU  
“Bridge to  
Nowhere”

2005

1998

TEA-21  
Firewalls, Guarantees, RABA,  
“Spend down the HTF”

2012

MAP-21  
“Performance  
Measures”

2015

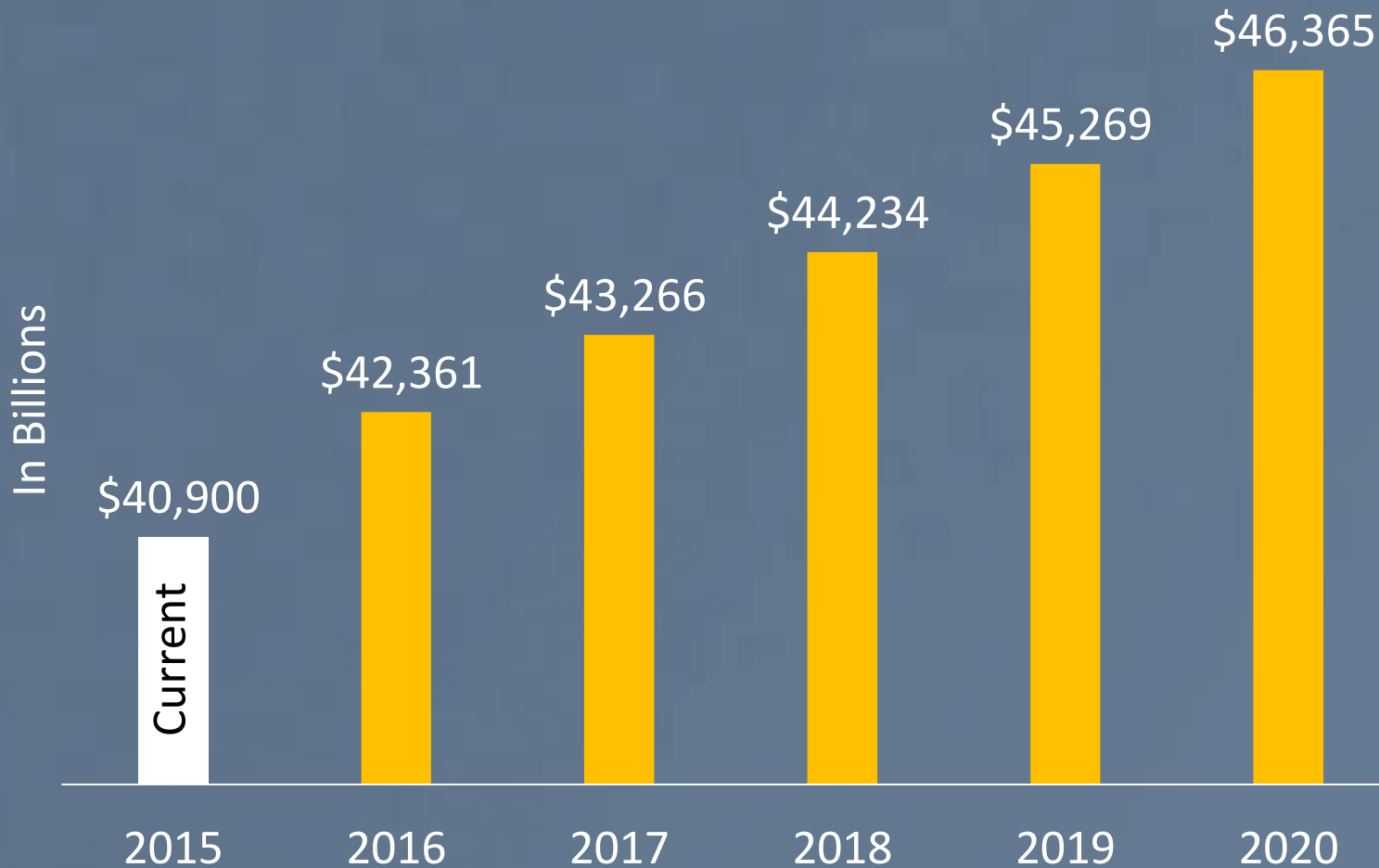
FAST Act  
“Freight”

# FAST Act

## Legislative Process

- 7/30: DRIVE Act Passed Senate 65 – 34
- 11/5: STRR Act Passed House 363-64
- 12/4: FAST Act Passed House 359 – 65:
  - All 65 ‘no’ votes came from Republicans, including lawmakers opposed to the EXIM bank measure.
- 12/4: FAST Act Passed Senate 83 – 16:
  - Democratic Sens. Carper (Del.) and Warren (Mass.) and 14 Republicans, including GOP presidential candidates Sens. Cruz (Texas), Paul (Ky.) and Rubio (Fla.), voted against the legislation.
- 12/5: FAST Act Signed Into Public Law 114-9x

# Federal-Aid Highway Funding



# Funding Highlights

## Under FAST Act

- No Change to Formulas
- All States Remain Donee States
- 5.1% Increase in Highway Funding in 2016
- 2.1%  $\approx$  2.4% Increase 2017-2020
- Funding is Predictable
- General Fund Transfers = \$70 billion
- Transfers Will Mean Larger Bailouts Necessary in 2021

# Funding Offsets Under FAST Act

Increase NHTSA civil penalties	0.423
Passport revocation for tax scofflaws	0.395
Allow the IRS to hire private tax collectors	2.408
Index Customs fees to inflation	5.188
Federal Reserve surplus account transfer	53.334
Federal Reserve dividend payment reduction	6.904
Sell 66 million barrels of SPR crude oil	6.200
Office on Natural Resources Revenues royalty overpayment fix	0.320
<b>TOTAL</b>	<b>\$75.172 Billion</b>

# Allocated Core Highway Programs

## Current Versus FAST Act

2015	2016-2020
National Highway Performance Program	Continued
Surface Transportation Program	Surface Transportation Block Grant Program (STBGP)
Highway Safety Improvement Program	Continued
Railway-Highway Crossings Program	Continued
Congestion Mitigation and Air Quality Improvement Program	Continued
Metropolitan Planning Program	Continued
Transportation Alternatives Program	Folded into STBGP
	National Highway Freight Program (NEW)



# Program Changes

## Surface Transportation Block Grant Program

- Converts Existing Surface Transportation Program to a Block Grant Program:
  - Flexible
  - Transportation Enhancements Program now part of STBGP
  - Many transportation-type projects eligible
  - Sub-allocated to municipalities
  - Congress shifting funds away from state DOT control

# Freight

## National Highway Freight Network

- Expanded:
  - Includes Critical Commerce Corridors (CCC)
  - US DOT must establish a National Multimodal Freight Network
  - Includes rail, ports, inland waterways and cargo airports
  - States must develop comprehensive freight plans

# Freight

## National Highway Freight Program

- \$6.3 Billion Program
- Money Apportioned to All States:
  - Must be spent on National Highway Freight Network (a highway-only network) and only for projects that improve movement of freight
  - States may use up to 10% of their apportionments for freight rail and intermodal freight projects

# Freight

## National Significant Freight and Highway Projects Program

- New \$4.5 Billion Grant Program
- Grants Administered and Awarded by USDOT:
  - Grants are primarily for highway projects that improve the movement of freight
  - Eligible projects must be on the National Highway Freight Network or National Highway System
  - Freight rail and intermodal projects are eligible for up to \$500 million in project funding
- Congress has veto authority over any approved grant

# Tolling

## Toll Pilot Program

- Amends the Interstate System Reconstruction and Rehabilitation Pilot Program Which Allows Up To 3 States to Toll a Single Existing Interstate:
  - Imposes a 3-year time limit on applicants (USDOT may extend by one year if applicant is making progress)
  - Imposes a one-year time limit on applicants currently holding slots (USDOT has option to extend by a year)
  - Currently North Carolina, Virginia and Missouri hold slots

# Innovative Financing

## National Surface Transportation and Innovative Finance Bureau

- Headed by Executive Director:
  - Run TIFIA, Freight & Highways Projects Program
  - DOT Liaison on Environmental Permitting
  - Develop financing best practices
- TIFIA Reduced from \$1 billion to \$275 Million, Growing to \$300 Million in FY 2019 and FY 2020

# Pavement

## Accelerated Implementation & Deployment of Pavement Technologies Program

- NAPA Established Program Under MAP-21
- The Fast Act Reauthorizes AID-PT program:
  - Provides \$12 million annually (\$6 million asphalt, \$6 million concrete)
  - Requires clearinghouse website
- Focuses on Field Deployment
- Funds Very Successful and Ongoing FHWA-NAPA Cooperative Agreement
- Also Funds Asphalt Programs for NCAT and Asphalt Institute Among Others

# Pavement

## Alternate Bidding

- Section 120, USC 23 Lists Examples of Technologies That May Be Considered Innovative by FHWA And Eligible for 100% Federal Share
- FAST Act Lists “Alternative Bid” as an Example:
  - FHWA not required to do anything
  - AD-AB Guidance Issued by FHWA
  - 2/3 or more of states do Alternative Bidding
  - States will burn through their federal funds faster if this was actually implemented



# Pavement Rapidly Curing

- The FAST Act Adds Another Example Under Section 120, USC 23.
- A Pavement Technology That Has the Following Three Attributes:
  - a 75-year lifecycle
  - manufactured in a low greenhouse gas producing manner
  - cures rapidly
- FHWA Has Discretion Whether to Promote the Technology
- States Will Burn Through their Federal Funds Faster if They Use 100% Federal Match

# Pavement

## Sustainability/Durability Study

- PCA Requested DOT Study on Pavement-Vehicle Interaction
- Rep. Comstock (R-VA) Added Durability to Language
- NAPA Worked to Make Sure Study Was Not Mandated, T&I Committee Agreed!
  - Language is broadly vague
  - FHWA already issued report on PVI in January 2015
  - No funds directed for the new study
  - One-year deadline not practical
  - Other groups tried to amend language and are unhappy

# Other Issues

## Hours of Service, Work Zone, Every Day Counts

- Hours of Service:
  - Expands air-mile radius from 50 to 75
- Work Zone Safety:
  - Directs DOT to issue MAP-21 regulation to protect highway workers from motorist intrusions
- FHWA Every Day Counts (EDC) Initiative:
  - Makes Permanent EDC
  - Instructs FHWA to develop market-ready innovations and best practices every two years

# Asphalt Pavement Market

## FAST Impacts

- Market Turned Corner in 2014
- 2015 Market Up About 6% Through 3Q:
  - Commercial, residential rebounded
  - States increasing highway investments
- FAST Act Will Have an Immediate Boost to Paving Market in all 50 states
- States Will Have to Boost Their Highway Spending Now That They Know FAST Act Funding Levels:
  - This will grow the asphalt market on the back end of the FAST Act
- Freight Program Will Spend More Slowly:
  - Provide head-to-head opportunities with concrete

# Asphalt Pavement Market

## U.S. Paving Tons



# FAST Act

## Resources

- NAPA's Government Affairs Team:
  - Jay Hansen, Executive Vice President
  - Ashley Jackson, Manager – Government Affairs
  - Steve Palmer, Vice President, Van Scoyoc Associates
  - Martin Whitmer, Partner, Whitmer & Worrell
- NAPA Team Available for SAPA-organized Conference Call Briefings
- NAPA Team Available for Company Conference Call Briefings
- NAPA Web Site:
  - Summaries
  - Funding Tables
  - Links
  - Thank you letters to Members of Congress
- NAPA Legislative Committee Meets February 8 , 2016