



ASSOCIATION OF
EQUIPMENT MANUFACTURERS

June 8, 2010

TO MEMBERS OF THE UNITED STATES SENATE:

On behalf of the nation's construction equipment dealers and manufacturers, we want to express our opposition to the surface transportation funding provision contained in the "The American Power Act" (APA). As currently structured this proposal would undermine the user fee principle for financing federal transportation improvements that has served our nation and economy well for more than 50 years.

At a time when almost every major infrastructure reauthorization program is pending before Congress and laboring under grossly inadequate funding, this legislation would establish a new user fee on highway travel and allocate only a portion of these revenues to the critical purpose to which they have historically been devoted – important programs that improve the nation's highway and public transportation network and create well-paying, sustainable jobs in construction, manufacturing and related industries. The U.S. Department of Transportation estimates more than \$30 billion per year of new investment is needed simply to maintain our highways, bridges, and transit systems and another \$75 billion is required annually to build the transportation infrastructure our economy needs to stay competitive and grow.

The construction equipment industry is still reeling from dramatic reduction in sales experienced over the past two years. A study by IHS Global Insight shows the construction equipment industry – which includes manufacturing, distribution and maintenance companies – shed a staggering 37 percent of its workforce since the equipment market peaked in 2006. At 37 percent, the unemployment rate of the equipment industry is almost twice that of the construction industry as a whole and more than three times that of the general economy.

The solution to the challenges facing our nation's surface transportation network is expeditious passage of a multi-year authorization bill with significant new investment and comprehensive policy reforms. That goal would be compromised by the APA's proposal to impose new fees on motorists and divert these revenues to non-transportation activities.

We urge you to devote all revenue raised from any "climate fee" on the transportation system to the Highway Trust Fund to support comprehensive surface transportation improvements that will improve safety, create critically needed jobs, increase its efficiency and at the same time achieve an important goal of the APA – reduced emissions from this sector.

Sincerely,

Toby Mack
President & CEO
Associated Equipment Distributors

Dennis J. Slater
President
Association of Equipment Manufacturers