



Highway Bill Update

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Overview

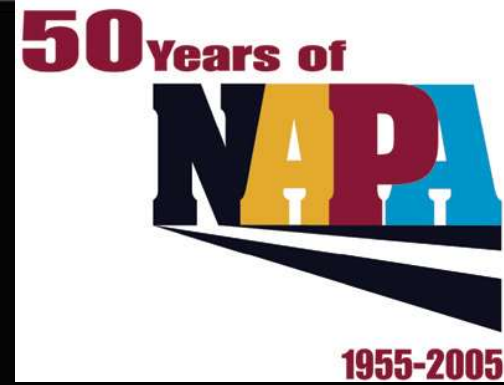
- Brief NAPA Update
- Highway Bill - How we got here
- Highway Bill - Where are we going
- The longer view



Thank you!

- Bill Cellini & Marvin Traylor
 - 50 years of partnership with Illinois Asphalt Pavement Association
- Dan Gallagher
 - Your voice for Illinois Asphalt Producers on NAPA's Board of Directors
- NAPA appreciates all the support we get from Illinois members!

NAPA Update



- 50th Anniversary
- 2005 Convention Concluded
 - Visions Publication
- Mid-Year Meeting in Washington, DC.
 - July 18-19-20
 - Gala Dinner @ Smithsonian Exhibition
- Asphalt History Book by December
 - Author Dan McNichol
 - Sponsorship opportunities

Program Update

- Marketing -
 - Asphalt Pavement Alliance



- Engineering -
 - Perpetual Pavement, Porous Pavement, Heavy-Duty Mixes, Noise Reducing Mixes, Warm Mix Asphalt

quietpavement.com

- Environment -
 - Diamond Achievement
 - Region 5 issue
 - Hired technical-legal expert: Mark Howard



50-in-'05 Membership Campaign

- Goal: Increase total HMA producer membership by one in each state
- 50 new members would position NAPA to address urgent environmental issues facing HMA industry
- Need all HMA producers to support NAPA at this time



THE LITTLE ENGINE THAT COULDN'T

WEYANTO
THEKILLON



SIGH

HOUSE

SENATE

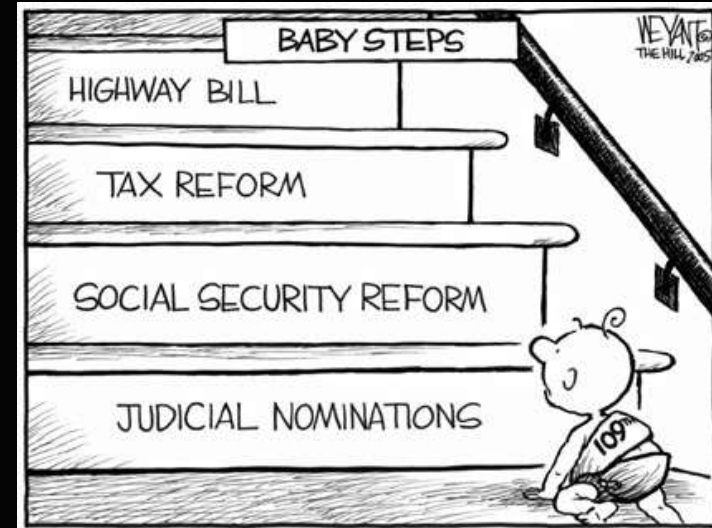
TRANSPORTATION
BILL

Political Shift is Real

- Reagan: shift burden to the states
- GOP Takeover - Strong Anti-tax fervor
- September 11, 2001 - “Security”
 - Homeland Security
 - War In Iraq, Afghanistan
- Deficits larger than domestic spending
- Transportation Dept. hemorrhaging clout
- Authorizing Comm’s risk irrelevancy
 - Firewalls, Guaranteed Funding at risk
- Public not focused on transportation

Current Legislative Agenda

- Social Security Reform
- Medicaid (Medicare)
- Tort Reform
- Tax Cuts (Legacy issue)
- Budget/Spending
- Getting Re-elected
- Highway Bill - Not high on the Senate agenda.
 - Inhofe moving Clean Skies first
 - Frist will not give bill floor time until April



How Big a Bill

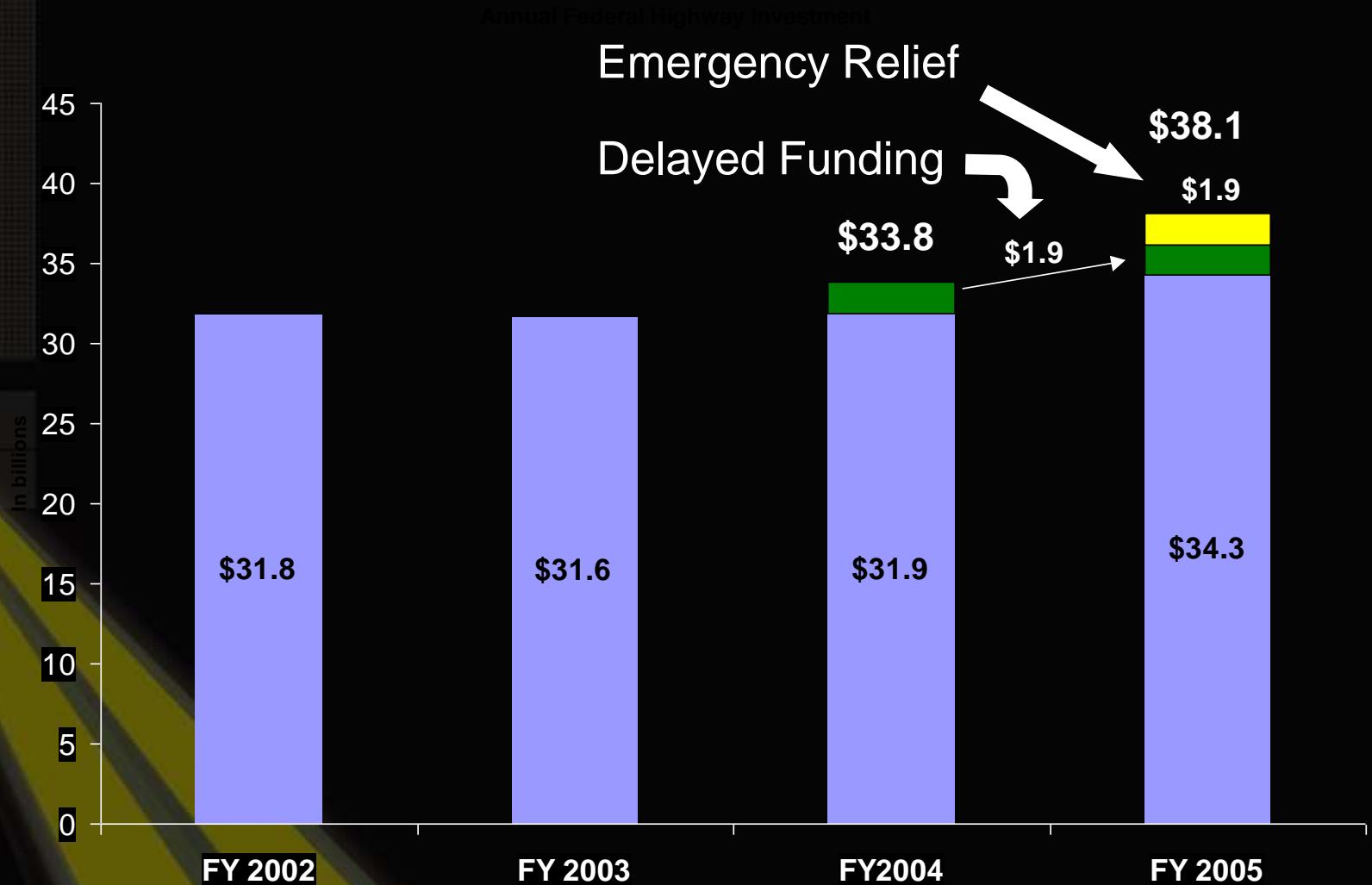


- 108th Congress
 - Gas tax off the table
 - President - \$256 billion using existing revenues
 - Inhofe - \$318 billion assumes ethanol and other tax enhancers
 - Young - \$375 billion → \$279 billion
 - September compromise - \$284 billion
 - Legislation dies.
 - Congress enacts 6th extension through May 31, 2005

Impact of Short-Term Extensions

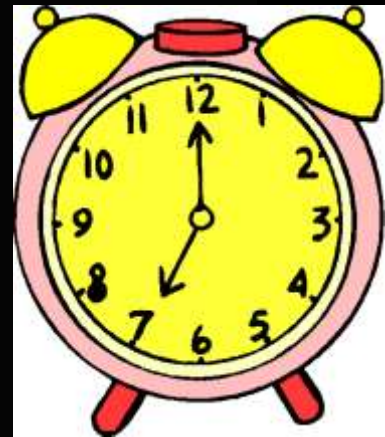
- 2004 a “thoroughly disrupted” year
 - 6 extensions distributed highway funding in small amounts
 - Annual funding totals for states uncertain
 - More difficult to develop a year-long letting program
 - States cautious about committing funds in case change in funding levels/formulas
 - Nevertheless, 2005 market is up!

Highway Funding up \$4.3 Billion



Remainder of FY 2005

- Still need legislation to authorize highway funding June 1 - September 30th
 - Either a multi-year bill, or
 - Another short-term extension
- Such legislation may change highway funding level of \$34.6 billion

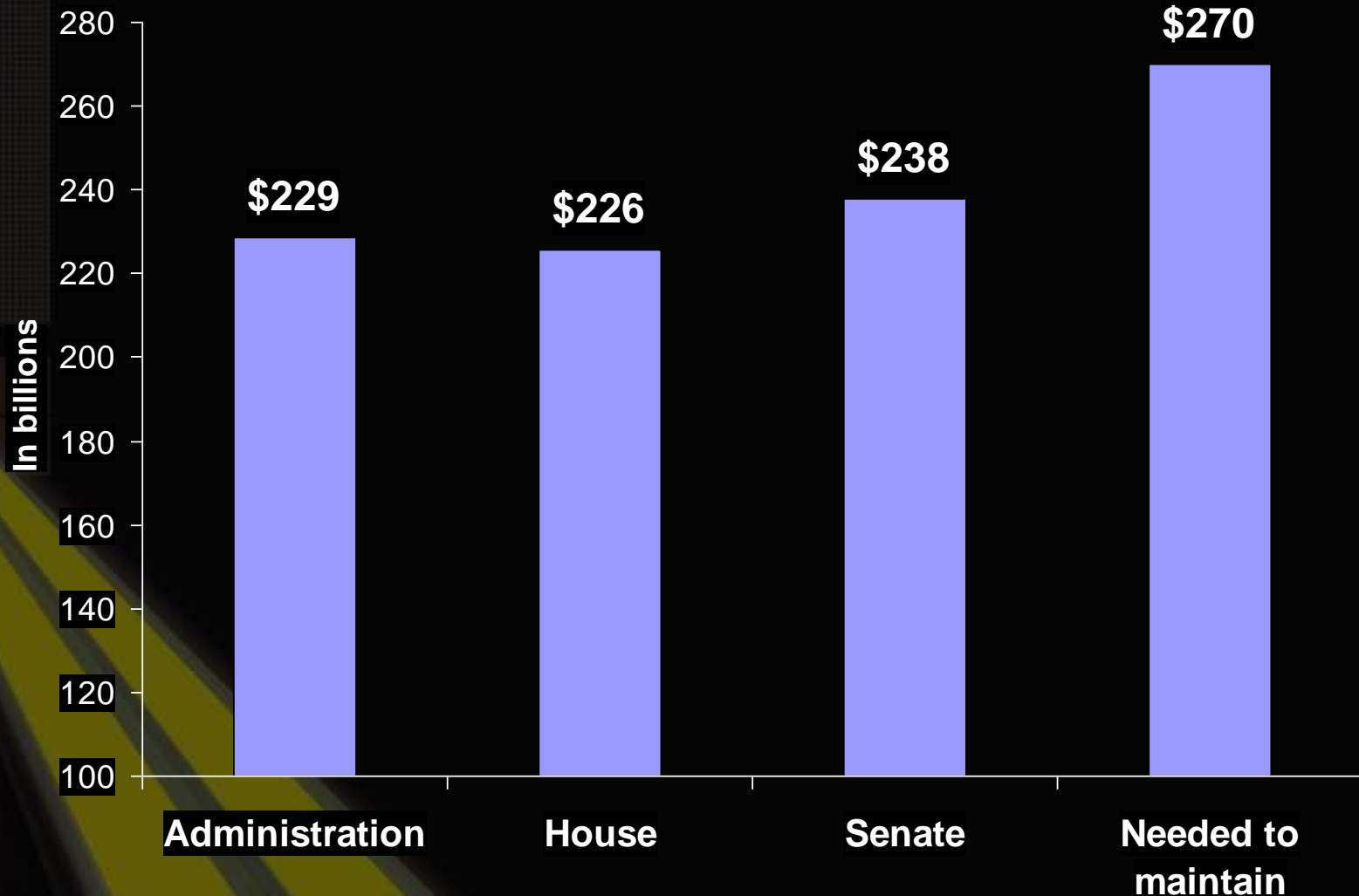


\$284 Billion Transportation Bill

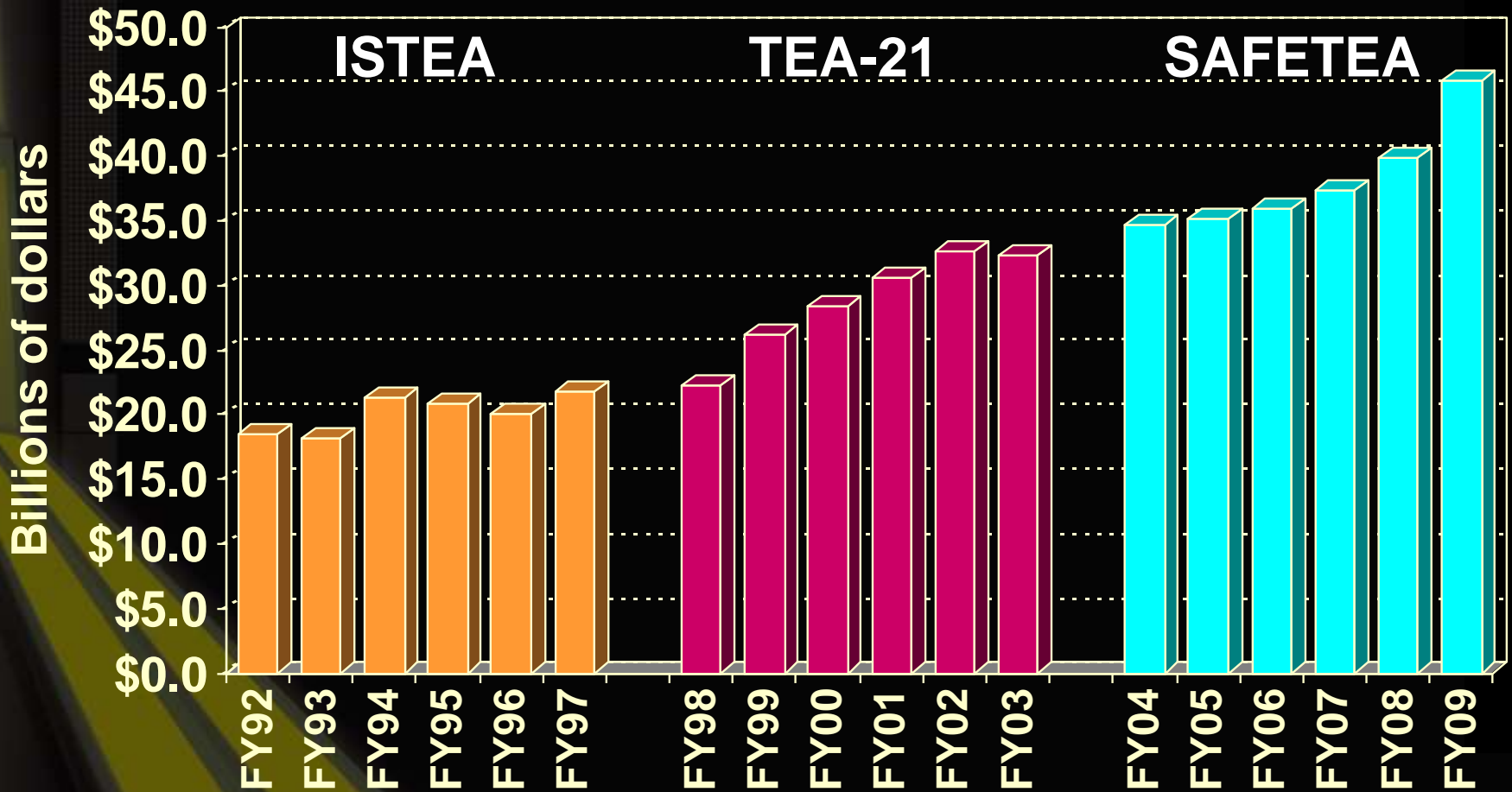
- Positive sign from President
 - \$4.5 billion boost from last year
 - Starting point for legislation
- Trust Fund revenues can support
 - Assumes ethanol tax changes
- Enacting Highway bill is a process
 - Opportunities to grow funding even higher



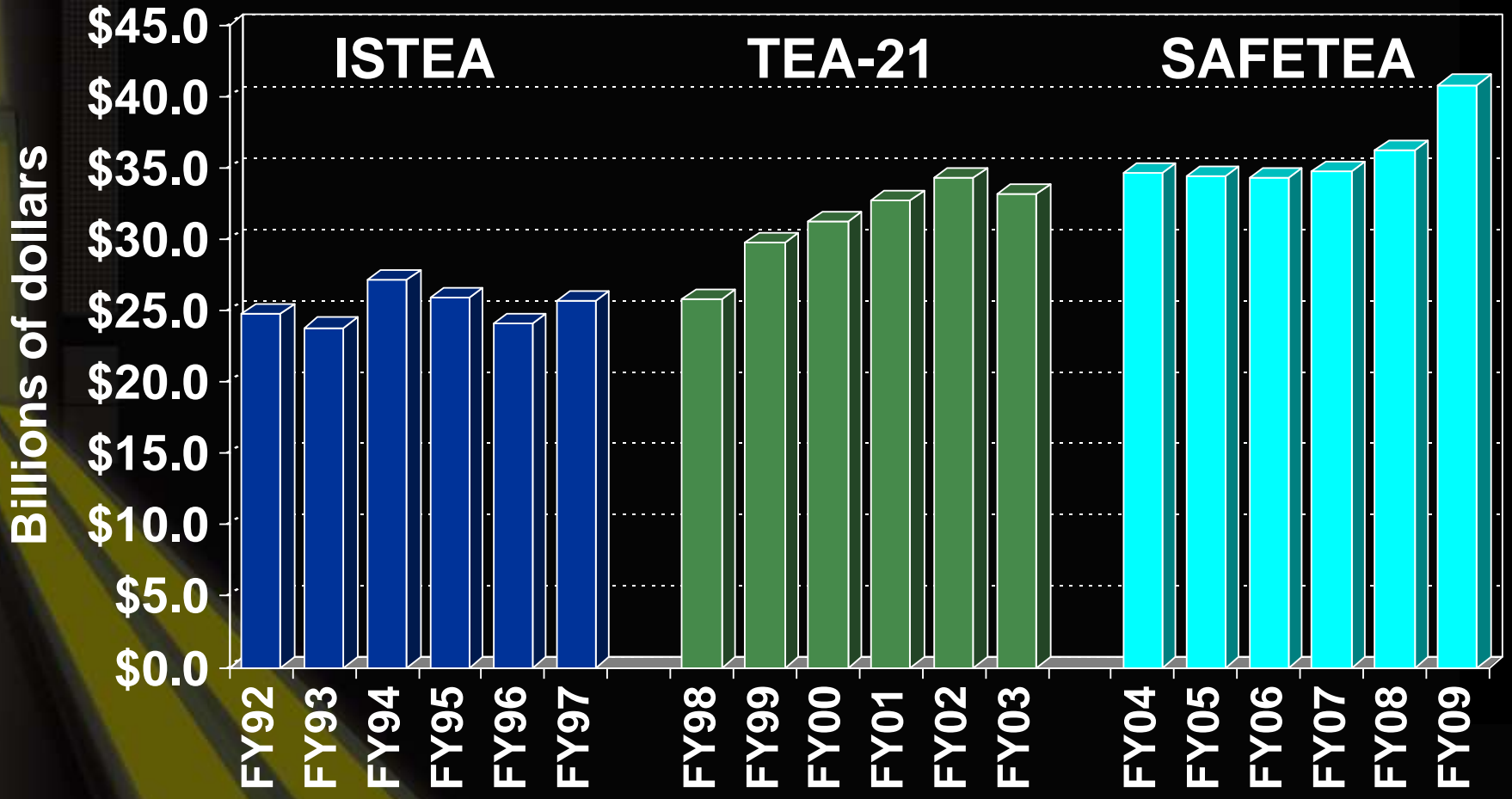
Comparison of Proposed Highway Funding Levels



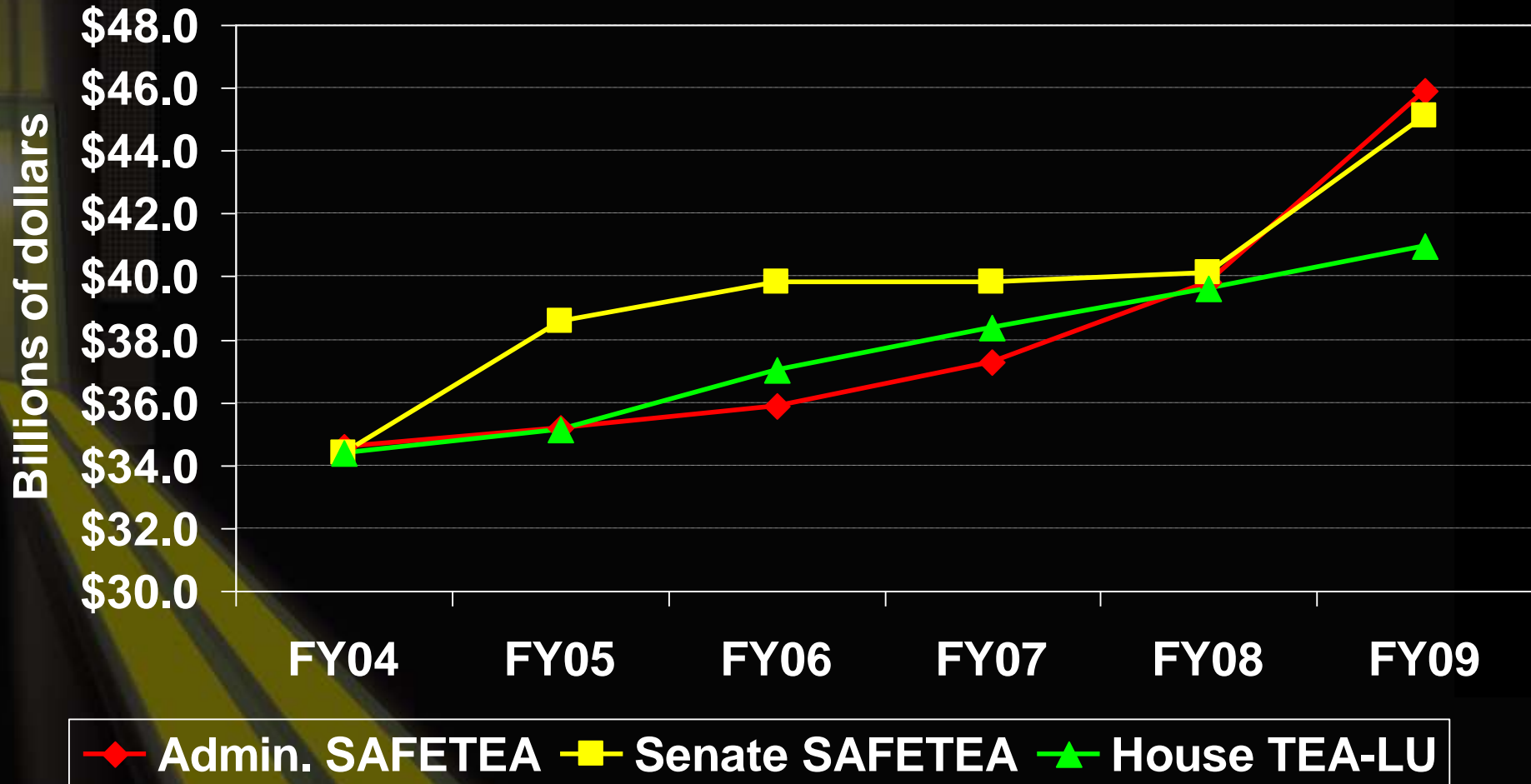
Highway Program Funding – SAFETEA vs. TEA-21 and ISTEA



Highway Program Funding In 2004 Dollars – SAFETEA vs. TEA-21 and ISTEA



Comparison of Highway Funding Under Administration SAFETEA, Senate –passed SAFETEA and House TEA-LU (H.R. 3)



House Actions

- H.R. 3 (TEA-LU) approved in Committee March 2.
 - \$284 billion
 - Donor-Donee issue not addressed
 - 3,315 highway projects
 - \$9 billion
 - IL in top 5
 - House Floor Action
 - Formula Amendment
 - Toll Amendment



It's Time for Congress to Act on TEA-21 Reauthorization

- Motor vehicle crashes kill over 43,000 people on U.S. roads each year and cost the American economy \$230 billion. Roadway conditions and alignments are a factor in an estimated one-third of motor vehicle crashes.
- Traffic congestion costs the U.S. economy \$70 billion annually.
- Poor road conditions cost the average automobile owner \$400 every year in repair costs.

**Good Roads Cost Money...
Bad Roads Cost More!**

Senate Actions

- Sen. Frist will not let bill greater than \$284 billion on Senate floor
- Chairman Inhofe will support amendments in Committee/Senate floor/Conference to grow funding
- Senate Finance Committee key
- Committee Markup March 16
- Opportunities for industry to grow funding
 - \$5-10 billion still on the table



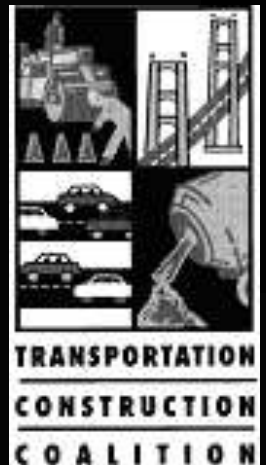
Key Pressure Points

- Highway funding can be increased when:
 - SAFETEA on Senate floor
 - SAFETEA in Conference
 - FY 2006 budget resolution on H/S floor
 - FY 2006 Transportation Appropriations bill debated



Your Mission

- Respond to the grassroots alerts!
 - Timing is important
 - Involve all your employees and families.
- Attend the TCC Legislative Fly-In
 - NAPA, ARTBA, AGC, NSSGA, NRMCA
 - April 26-27, 2005
- Your involvement is critical to your market!

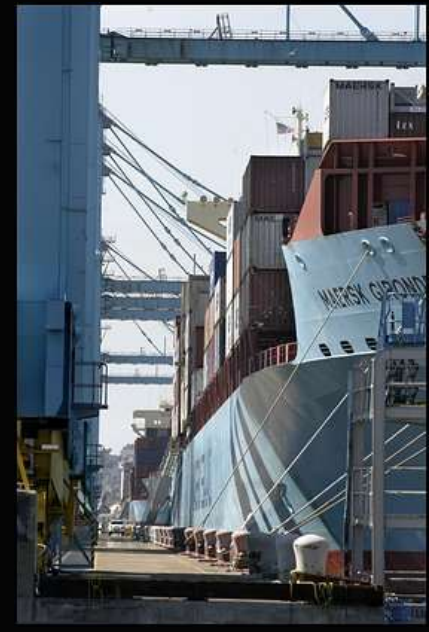


Key Illinois Lawmakers



Longer View - Driving Forces

- Population growing 30 million every 10 years
- VMT growing from 2.7 trillion (2000) to 3.3 trillion by 2010
- Truck traffic to double by 2020
- 80% of growth in suburbs
- Highway congestion is increasing



Transitional Period

- Pressure on the fossil fuel-based user fee concept
 - Fuel efficiency, alternative fuels, hybrids
 - Fuel tax loosing purchasing power
 - Congress won't support user fee increase
 - Except for deficit reduction. 5 cent (1990) 4.3 cent (1993)
- Highway Trust Fund stretched to the limit
 - Expenditures exceed revenues
 - Byrd Test triggered signaling insolvency

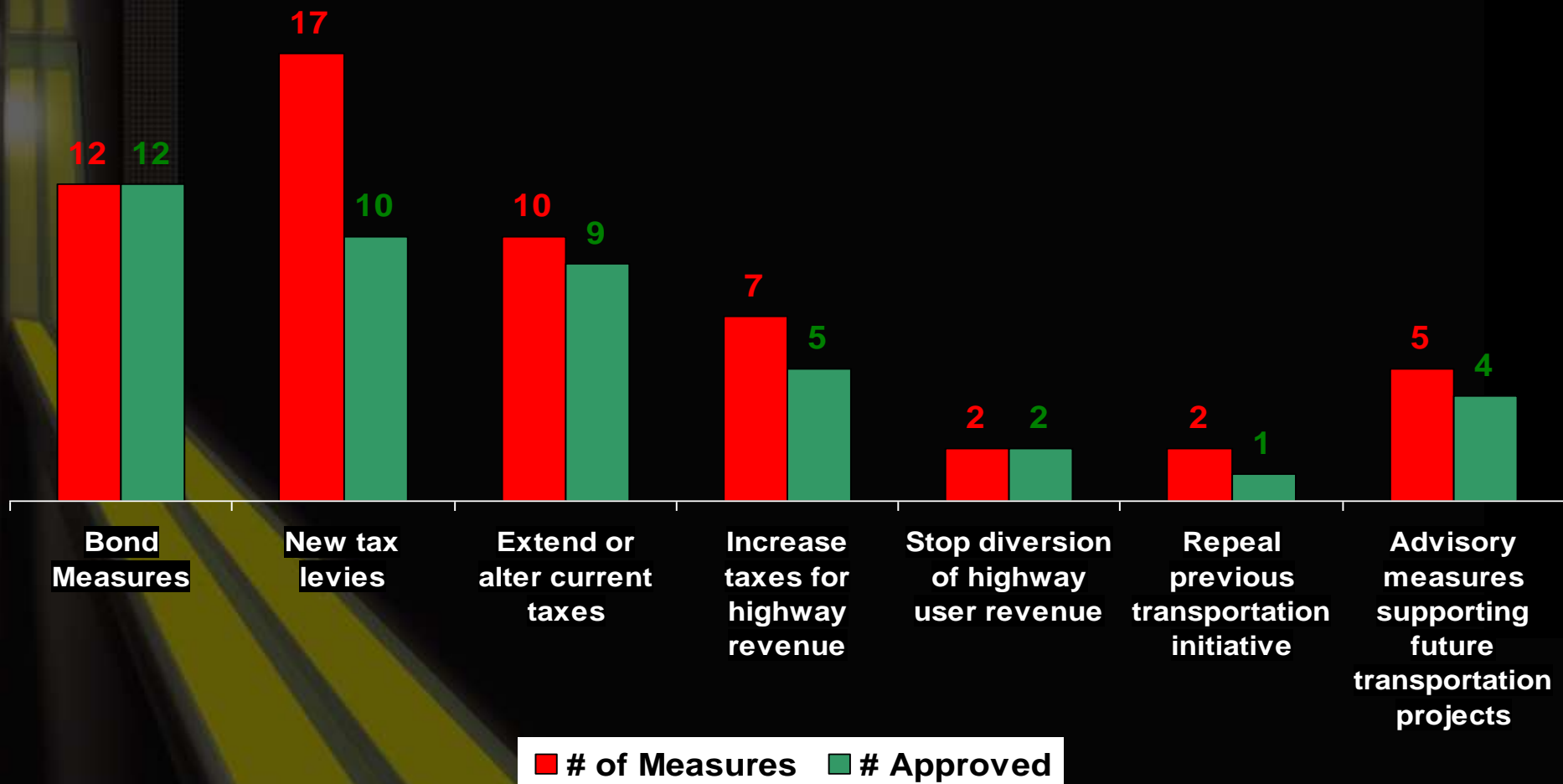


Transitional Period

- Federal share as a percentage of highway funding is down
 - Even as many states shifted highway funds to general budget
- Substitution/Diversion is a major issue
 - Federal highway funds substituted for state and local funds
 - Rate of substitution 60 cents on the \$1.00
 - Illinois diverting 30% of user fee revenues
- Tolling and bonding not a cure-all
 - Niche market but not a replacement



Voters Speak up on 2004 Transportation Ballots



NAPA Actions

- NAPA funding U.S. Chamber of Commerce study
 - How to fund transportation in the future
 - For congressional mandated Blue Ribbon Panel
 - Panel will take up future federal role
- NAPA leading effort to help states grow highway market
 - TRIP State highway funding task force
 - State survey
 - State funding toolkit
 - Complement state funding efforts

Thank You!



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