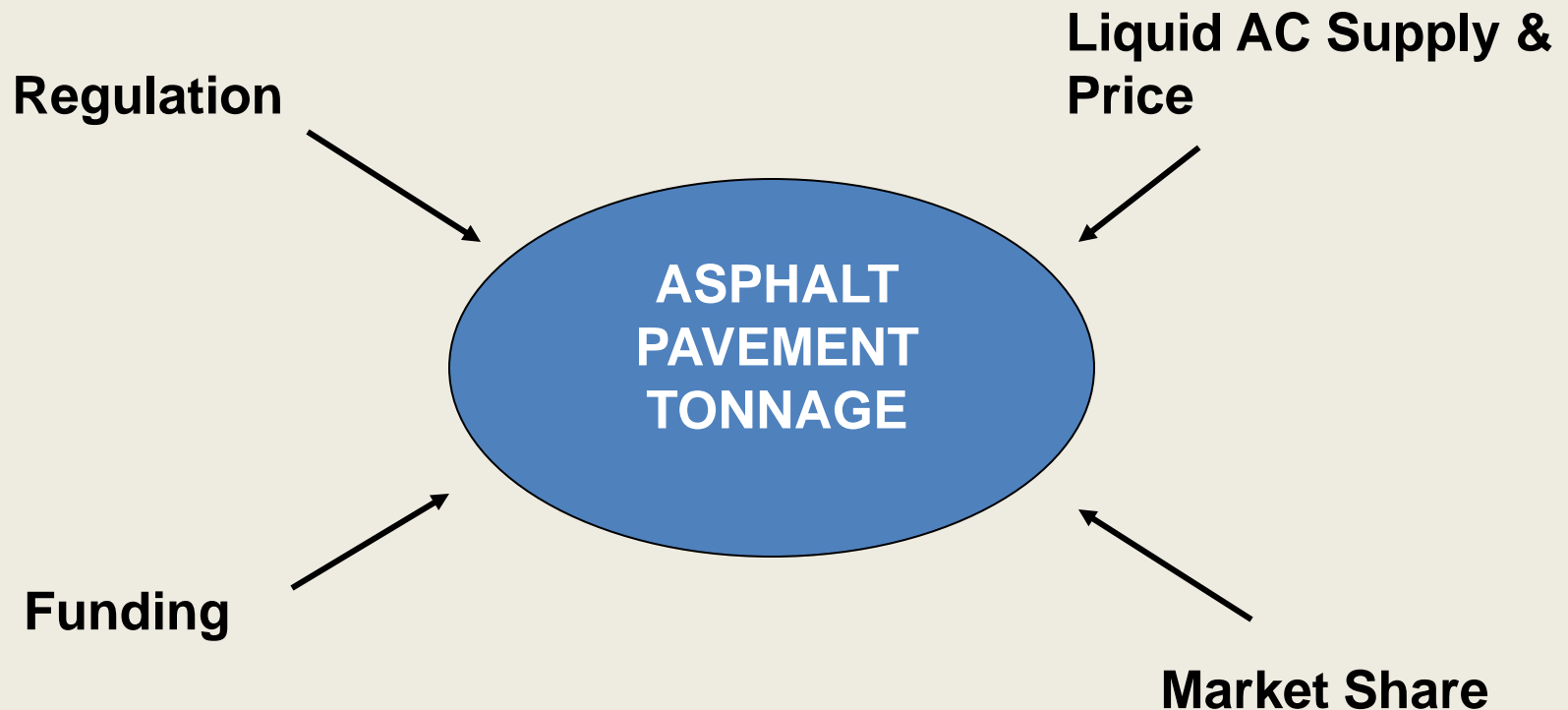


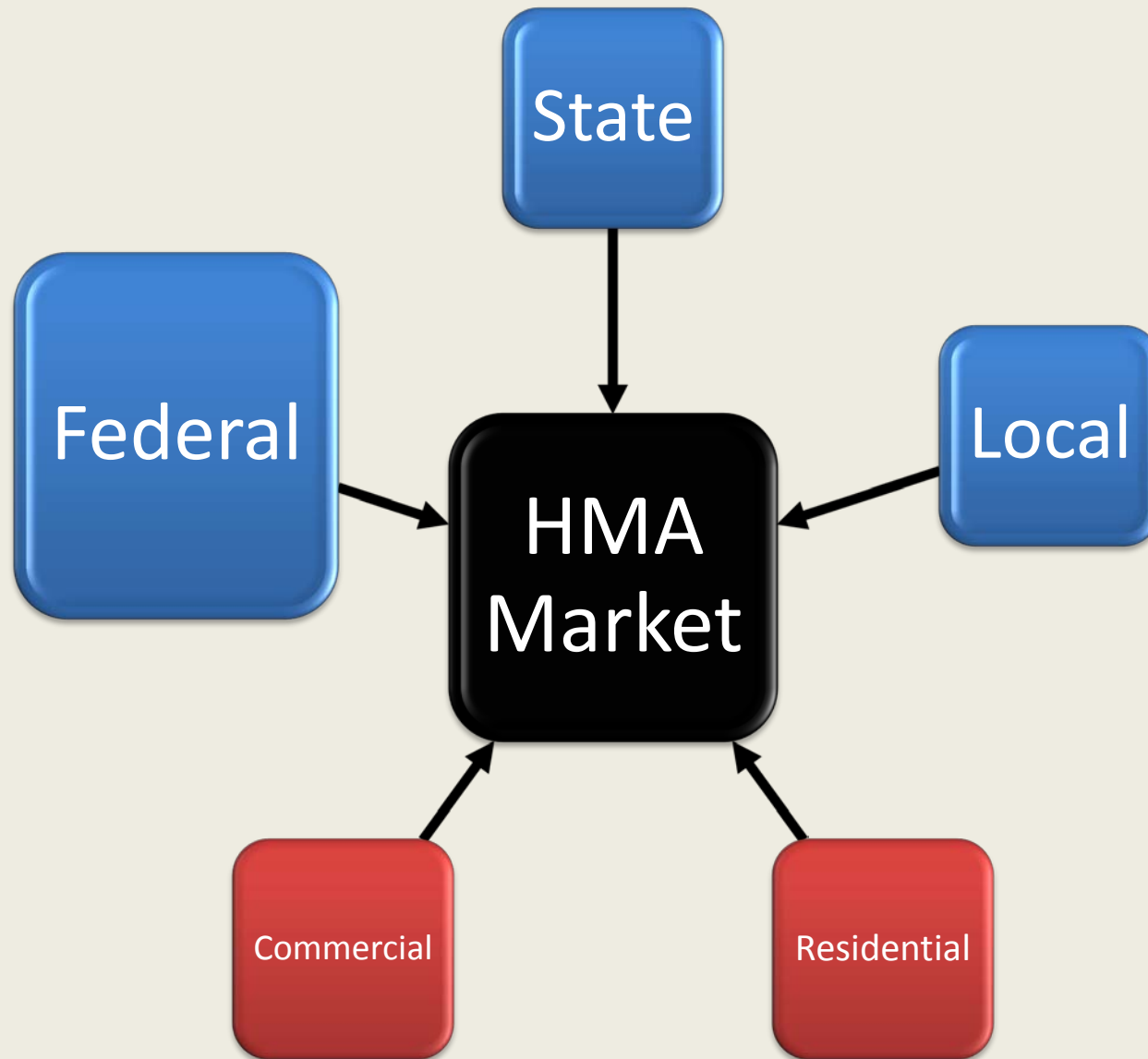
# Highway Funding Outlook

By Jay Hansen, Vice President –  
Legislative and Regulatory Affairs

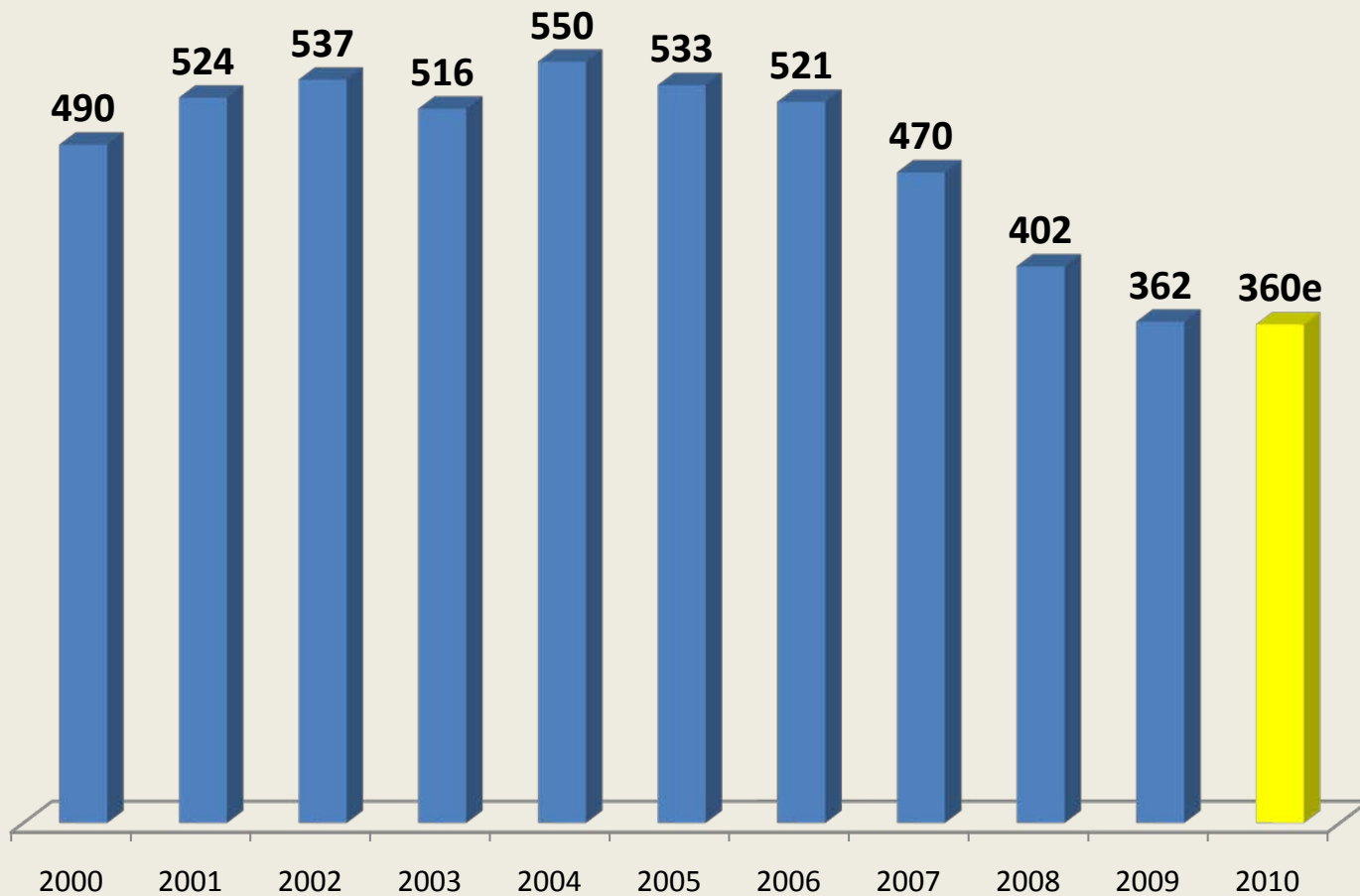
# Factors Impacting Tons



# US Asphalt Pavement Market

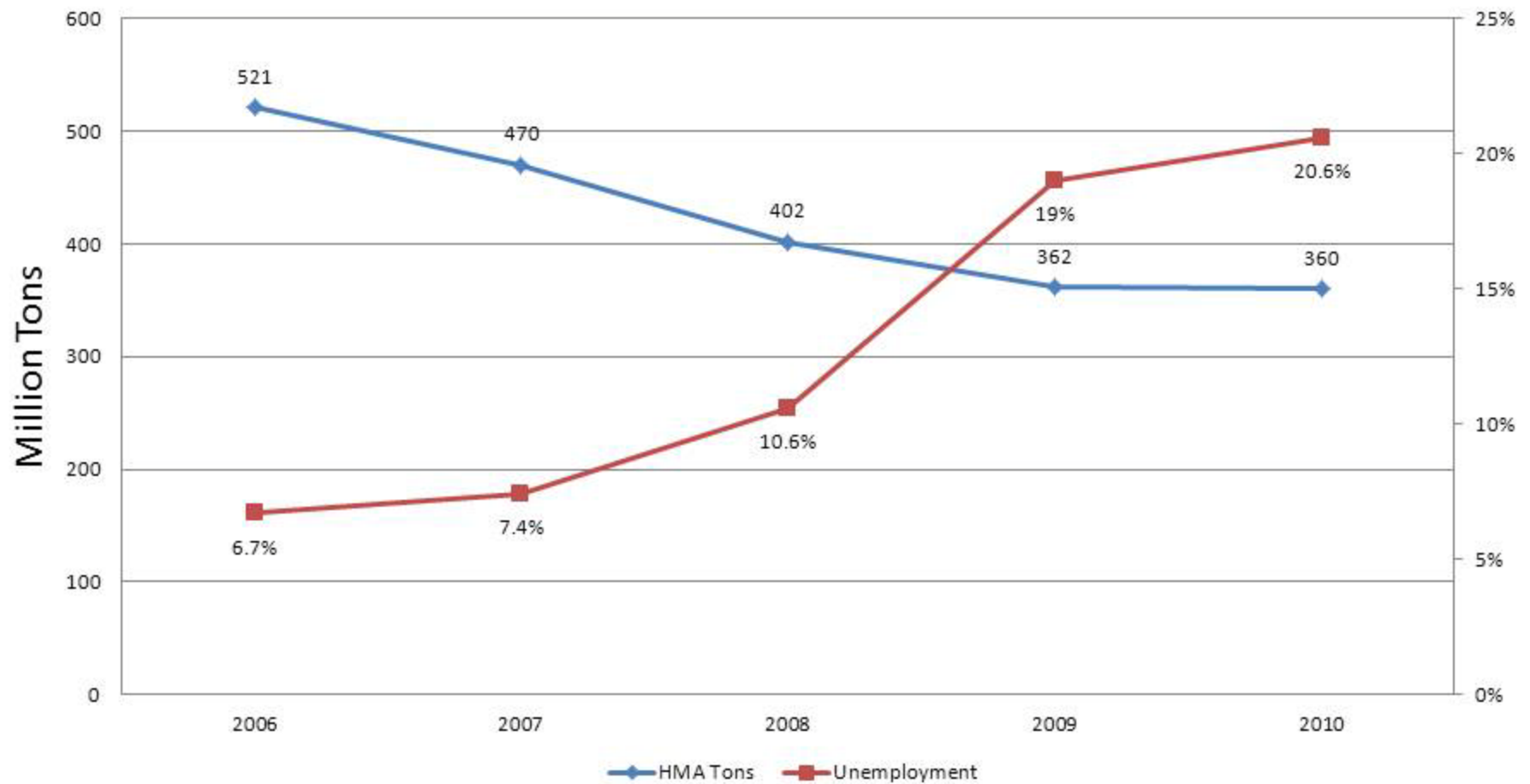


# Tons of HMA Produced (*excludes RAP, RAS*)



# HMA Tons Produced Annually

## Annual Unemployment Rate – Construction Industry



# Policy Issues Impacting Market

- SAFETEA-LU Extension
- Continuing Resolution
- Debt Limit Increase
- 2012 Congressional Budget
- 2012 Transportation Appropriations
- Multi-Year Transportation Bill
- FAA Reauthorization

# 2010

- Hire Act
  - Stabilized Market
    - Secured General Fund Transfer to Highway Trust Fund
    - Provided Full Year Contract Authority
- Stimulus Program
  - \$5.5 billion spent in 2009
  - \$11.5 billion spent in 2010
  - \$10 billion remaining

# Election Results

- More Conservative Congress
  - Transportation Champion Oberstar Ousted
  - 100 New Members of Congress
- New Mission
  - Cut Government Spending to Grow Economy
    - Includes Highway Program
    - No More Bailouts
    - Gas Tax Increase Non Starter



# Lame Duck Session

- Highway Bill Extension Thru March 4
- Highway Funding Thru March 4
- For Fiscal 2011, States received 155 days federal highway contract authority and highway funding to commence construction season
- New Congress Determines 2011 Market

# House

- Republican Controlled
- Earmark Ban
- House Rules Change on Highway Funding
  - Appropriation Bill determines annual Highway funding level
  - Much easier to cut highway spending
  - Highway funding aligned with tax receipts

# T&I Committee

- Committee Size & Clout Reduced
  - 20 Freshman GOP Members
- Chairman Mica's "More With Less" Proposal
  - No Gas Tax Increase
  - Draft Bill at Current Revenue Baseline (\$35 billion)
  - Leverage
  - End Diversions
- Ranking Member Rahall
  - Pro-Highway

# Senate EPW Committee

- Chairman Boxer
  - Bill thru Committee by Memorial Day
  - Need to Compromise
  - Stretch Existing Resources
  - Diversion Issue Seen as Divisive
  - Wants Signal from House on Funding
- Ranking Member Inhofe
  - Wants to Address Diversions

# President Obama's Proposal

- Supports Infrastructure Investment
- Supports Six-Year Bill
- Focus on Existing Highway System
- Opposes Gas Tax Increase
- Expands Highway Trust Fund Programs
- Punts How to Pay for Bill

# Surface Transportation Trust Fund

## *4 Sub-Accounts*

- Highways (\$69.7b)
- Transit (\$22b)
  - All transit funded out of account
- Rail (\$8b)
  - Includes Amtrak, High-Speed Rail
- Nation Infrastructure Bank (\$5b)
  - All multi-modal projects eligible

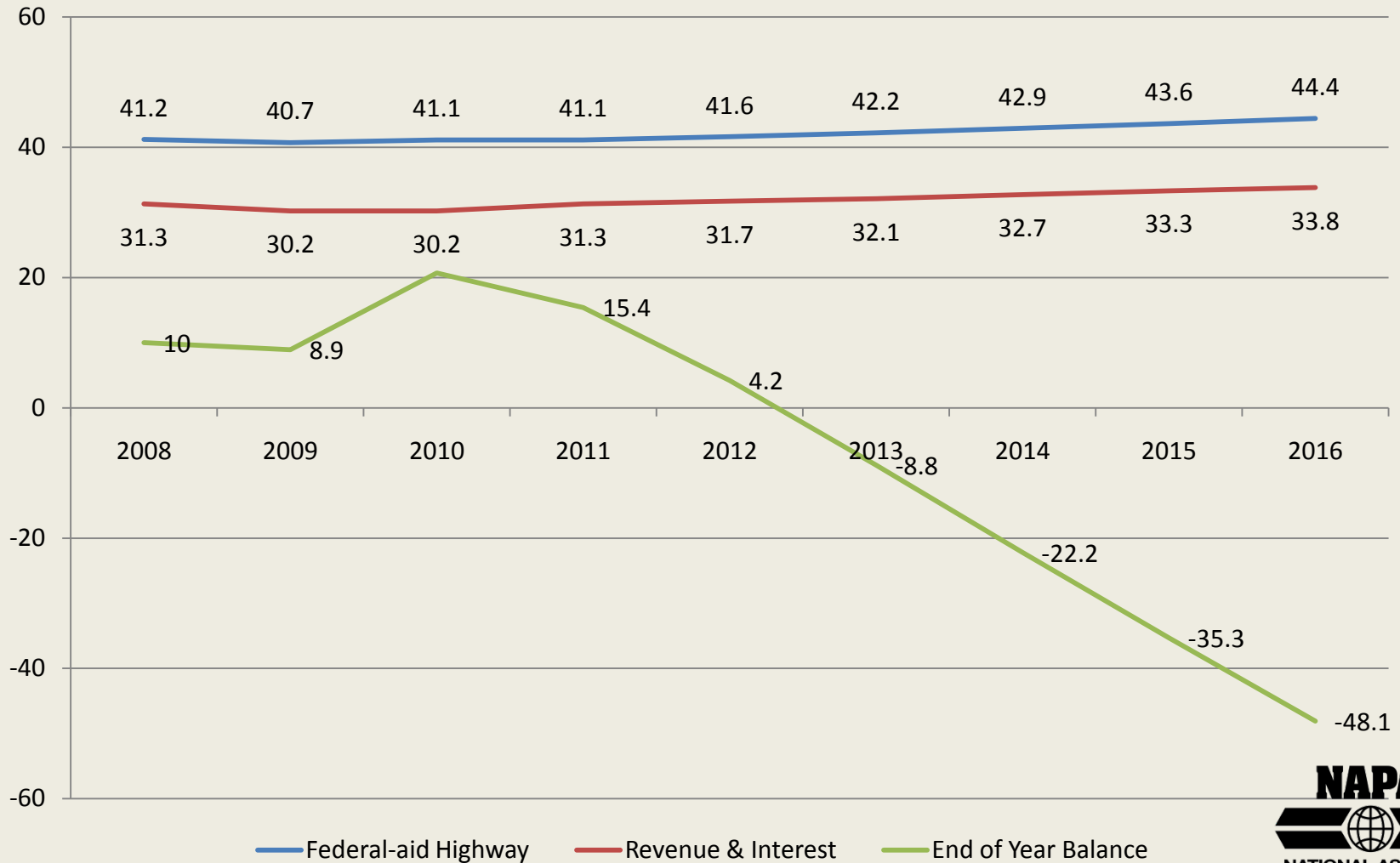
# Highway Program

- National Highway Program (32.4b)
  - Highway Infrastructure Performance Program
  - Flexible Investment Program
- Livable Communities (4.1b)
- Federal Allocation (1.4b)
- R, T & E (661m)
- Leadership Awards (1.3b)
- One Time Boost aka Stimulus (25b)

# Highway Trust Fund

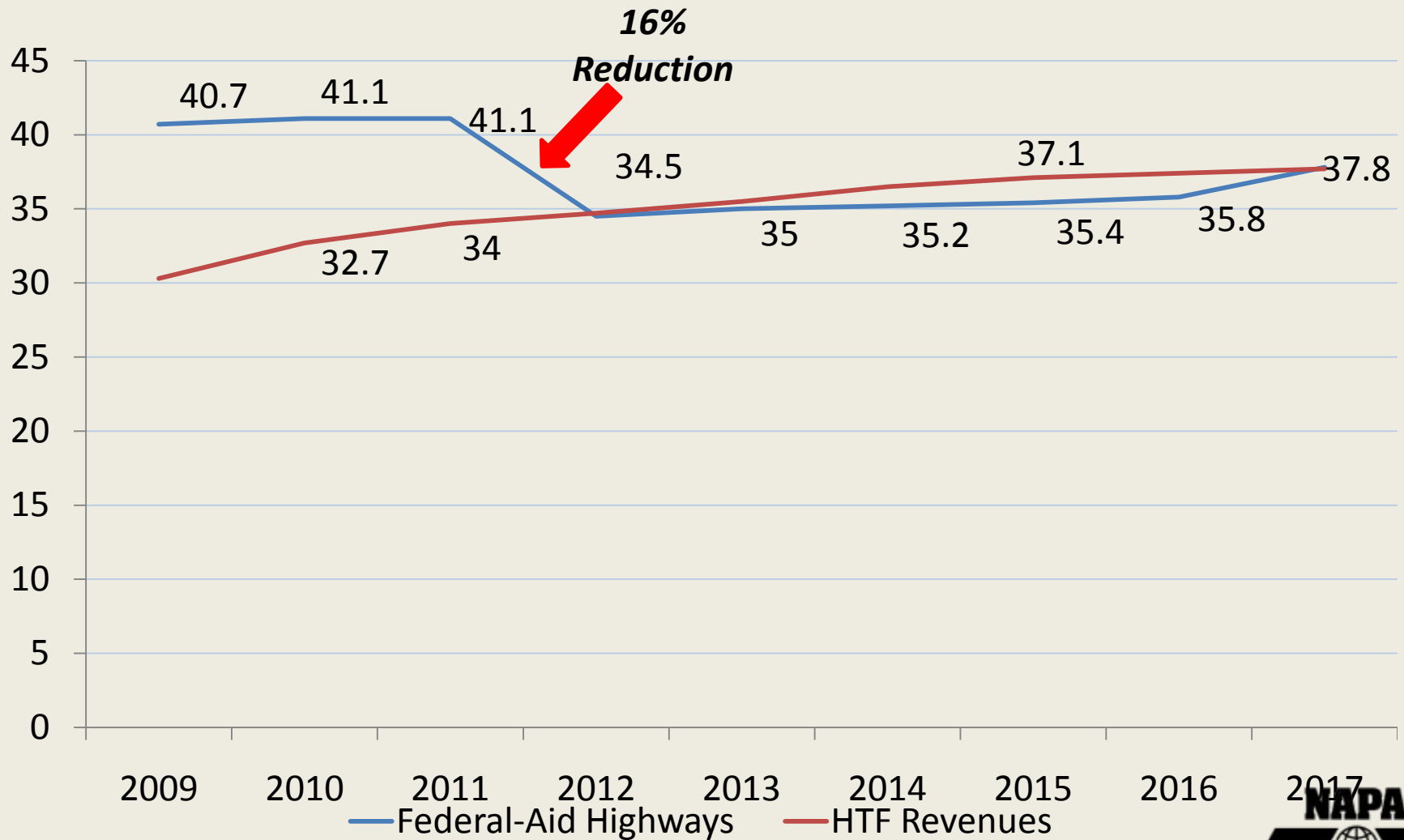
## 2008-2016

*in billions*

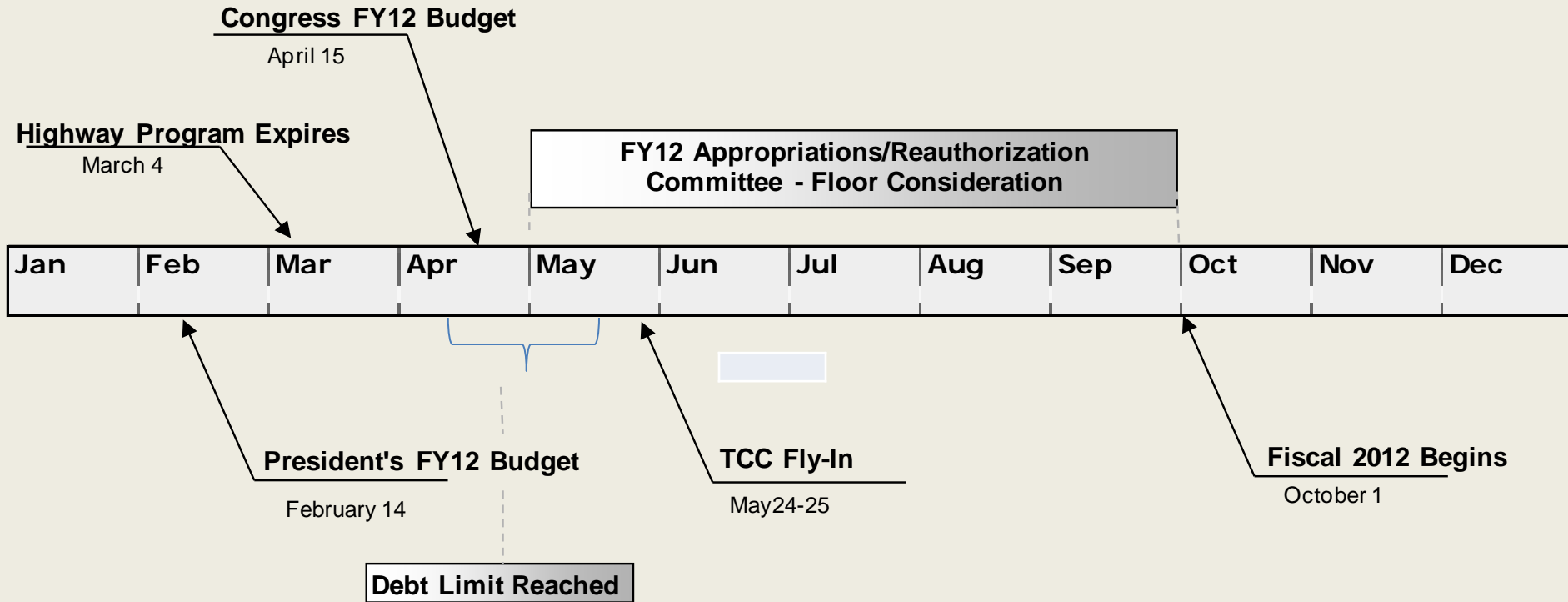




# Highway Spending at Current Tax Rates



# Key Dates

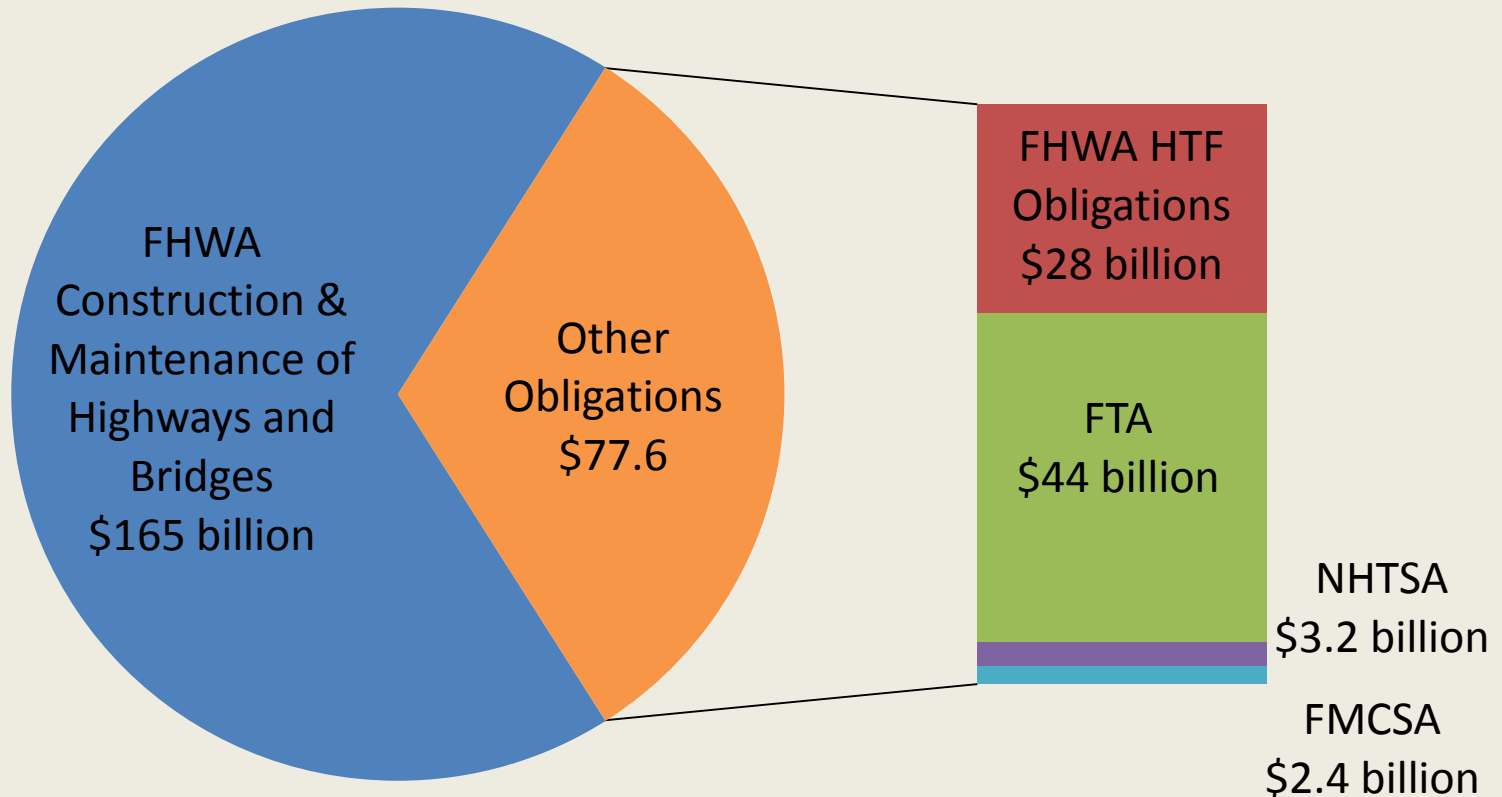


# NAPA Position

- Full Year extension at current funding level.
- Enactment of a multi-year surface transportation bill with guaranteed funding levels.
- Address Highway Trust Fund diversions
- Reauthorize Asphalt Research Consortium

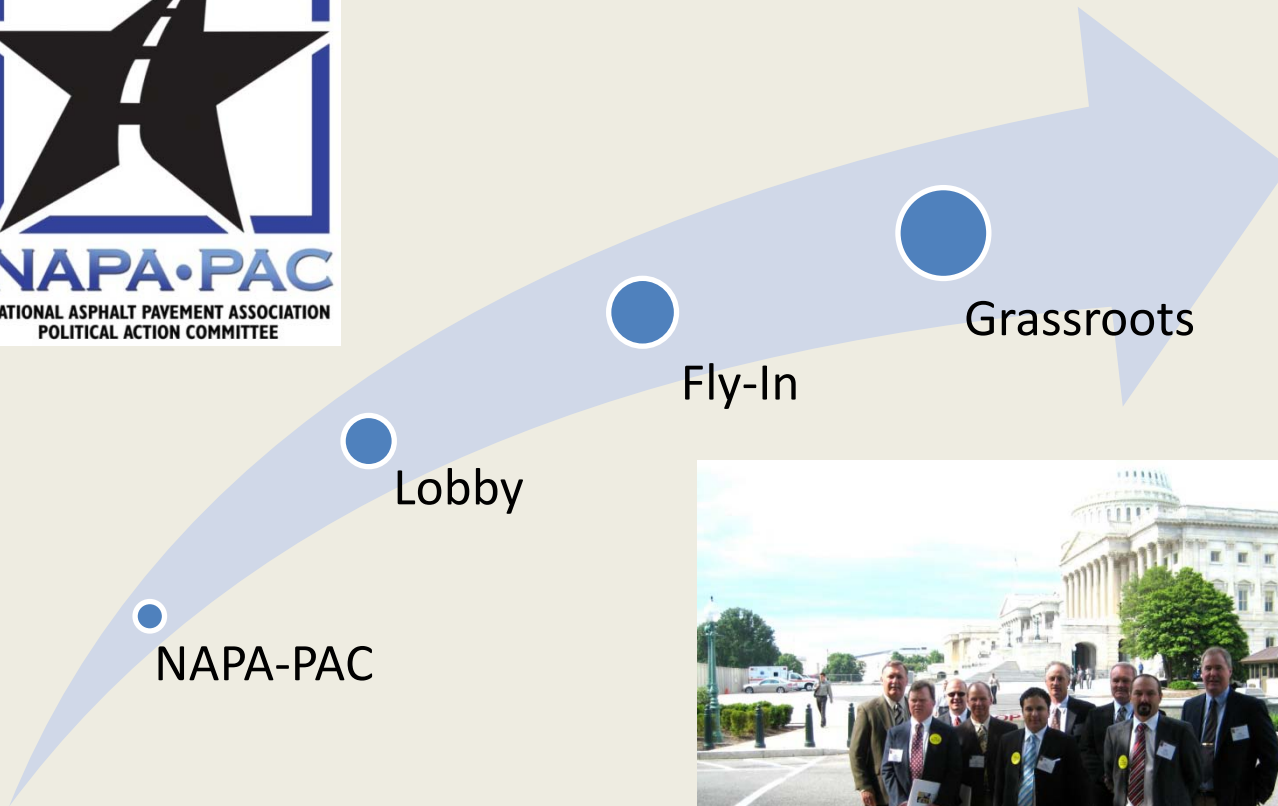
# HTF Expenditures 2004-2008

Source: GAO



Annual Average  
\$33b for Highways and Bridges - \$15.5b Diverted

# Legislative & Regulatory Affairs



Grow the Highway  
and Airport  
Infrastructure  
Market – Federal  
Level



# Why Grassroots?

- Make lawmakers aware that we exist
- Create background noise NAPA needs to negotiate
- Influence key votes



# Grassroots Action Plan

- Identify Highway Reauthorization as a top company priority
- Prepare a grassroots action plan
- Encourage subcontractor and vendor involvement
- Host plant and project tours
- Meet with Members of Congress in District Office.

# The Meeting and Message

- Request an appointment
- Prepare for the lobbying visit
- Focus the meeting
- Make the ask
- Listen and gather information
- Follow up
- Share outcomes with NAPA