

To:

U.S. Senate Committee on Commerce, Science, and Transportation  
U.S. Senate Committee on Environment and Public Works  
U.S. Senate Committee on Banking, Housing, and Urban Affairs  
U.S. House of Representatives Committee on Transportation and Infrastructure

From: Association of Equipment Manufacturers

Date: April 30, 2025

Subject: Priorities for Surface Transportation Reauthorization

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The Association of Equipment Manufacturers (AEM) represents over 1,100 companies manufacturing equipment and providing services for the agriculture, construction, utility, mining, and forestry sectors worldwide. The industry supports 2.3 million jobs across all 50 states, representing 11 percent of all manufacturing jobs in America, and contributes \$316 billion a year to the U.S. economy. AEM members and the economic sectors they support depend on a reliable surface transportation network to move their goods to local and global markets while also playing an integral role in constructing and maintaining our nation's infrastructure assets.

We applaud the practical, bipartisan, and commonsense approach that your committees have historically taken in crafting infrastructure policy—such as the recently passed *Water Resources Development Act (WRDA)* and *Federal Aviation Administration (FAA) Reauthorization Act*. Equipment manufacturers are committed to supporting you in this collaborative effort in the 119<sup>th</sup> Congress as you begin work on drafting the next surface transportation bill. This important work will set the tone for our nation's appetite for continued investment in transportation infrastructure.

The 2021 *Infrastructure Investment and Jobs Act (IIJA)*, along with its predecessors—the *Fixing America's Surface Transportation Act (FAST)*, the *Moving Ahead for Progress in the 21<sup>st</sup> Century Act (MAP-21)*, and the *Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU)* — have been critical in driving economic growth for the equipment manufacturing industry. The *IIJA* alone is projected to support the creation of more than 100,000 family-sustaining equipment manufacturing jobs by the end of 2026 and generate over \$2 billion in new federal, state, and local tax revenue from the industry. This next reauthorization is essential for the men and women of the equipment manufacturing industry, as well as for their families and communities.

AEM and its member companies urge members of the congressional authorizing committees to consider and include the following recommendations in the next surface transportation reauthorization.

## **Ensure Robust and Reliable Infrastructure Funding**

American infrastructure must meet the challenges of a 21<sup>st</sup> century economy. Modernizing our roads, bridges, waterways, and other critical assets spurs investment in local communities, creates more jobs, and propels economic growth. Federal taxes on motor fuels have not been changed since 1993, allowing inflation to erode the value of the tax rate by over 50 percent and pushing the Highway Trust Fund (HTF) toward financial insolvency. As a result, the HTF has relied heavily on general fund transfers by Congress to remain solvent and will require additional transfers to fund highway and transit programs once the *IIJA* expires at the end of Fiscal Year 2026.

### **The long-term solvency of the HTF is critical to the U.S. equipment manufacturing industry.**

States and localities depend heavily on funding certainty to plan short- and long-term projects. Equipment manufacturers, in turn, depend on that certainty to **anticipate product demand, expand their facilities, invest in research and development, and create more local jobs.** Large infrastructure projects require significant planning periods and are often a multi-year process. To make contractual commitments for such projects, states and other stakeholders need certainty that adequate financial resources will be available over the course of the project.

Insolvency of the HTF is not an option. Careful exploration of various modern funding mechanisms, such as vehicle miles traveled (VMT), registration fees, or other user fees, will help reinforce the long-term stability of the HTF and the economic growth and productivity associated with a modern and efficient transportation system. Our nation's infrastructure requires strong federal investment to maintain an innovative system for communities, businesses, and individuals to compete in the global marketplace.

***Equipment manufacturers encourage you to collaborate with the U.S. House Committee on Ways and Means and the U.S. Senate Committee on Finance to ensure that the next surface transportation reauthorization bill is paid for with a dedicated, sustainable user fee-focused funding source.***

## **Accelerate the Adoption of Digital Construction Technology**

Technological advancements create new opportunities and benefits across our transportation infrastructure system. The *IIJA* established the Accelerated Implementation and Deployment of Advanced Digital Construction Management Systems (ADCMS) program, a powerful mechanism to promote the adoption of digital construction technology with project sponsors. This innovative effort currently provides \$20 million each year to accelerate the deployment and implementation of ADCMS technologies to improve design, engineering, construction, and operations of transportation infrastructure.

ADCMS technologies on heavy off-road construction equipment drive efficiency in transportation infrastructure construction through four main technologies: machine and grade control, engines and drivetrains, digital control systems, and machine telematics. Specifically, tools like embedded sensors, digital twins, 3D modeling, Building Information Modeling (BIM), Information and Communication Technology (ICT), automation, and unmanned aerial vehicles (UAVs), have been shown to improve safety, reduce waste, prevent project errors, and mitigate cost overruns in projects. **These technologies provide tremendous taxpayer value** by shortening construction

timelines, reducing material use, lowering environmental impacts, and attracting a robust and modern workforce.

***Equipment manufacturers urge you to provide additional funding at or above current levels for ADCMS in the next surface transportation authorization bill.***

### **Streamline Environmental and Permit Approval Processes**

Every step of an infrastructure improvement project is subject to numerous assessments and requirements. These checkpoints are well-intended but can significantly delay project delivery and increase project costs. The IIJA's "One Federal Decision" was an important step toward accelerating environmental review timelines while ensuring strong project outcomes. Improving the infrastructure permitting process even further will allow equipment manufacturers and others in the transportation construction sector to do what they do best: build America. It will expedite the construction of critical infrastructure to safeguard the nation's prosperity and economic security.

***Equipment manufacturers urge Congress to further streamline federal reviews in the next surface transportation authorization bill to improve infrastructure project deliverability.***

### **Avoid Unintentional Consequences in Build America, Buy America Updates**

Equipment manufacturers support the goal of Build America, Buy America (BABA) to increase domestically produced materials and equipment. The industry drives U.S. manufacturing growth by investing locally, creating jobs, and fostering domestic innovation.

The implementation of IIJA adheres to the longstanding principle followed by the U.S. Federal Highway Administration that Buy America does not apply to equipment and furnishing used at, or within, a finished project. In 2022, Office of Management and Budget Memo M-22-11 explicitly clarified this principle, stating that a Buy America preference only applies to articles, materials, and supplies that are consumed in, incorporated into, or permanently affixed to an infrastructure project or structure. This commonsense approach minimized potential cost increases and delays.

The application of this practical approach should be used in future policy updates to the BABA program. Equipment manufacturers are committed to providing high-quality products to both owner and contractor so they have access to the equipment that best meets their needs, budgets, and project timelines. Policies that broadly restrict the use or selection of equipment used on federal-aid projects could unintentionally drive-up project costs and increase the risk of delays by reducing contractor competition and the supply of capital equipment that could be used to complete projects.

***Equipment manufacturers urge Congress to ensure any modifications to BABA in the next surface transportation authorization bill does not unintentionally capture U.S.-made construction equipment that could delay transportation infrastructure project construction and maintenance.***

## Invest in the Transportation Infrastructure Workforce of the Future

Labor shortages in the infrastructure sector are widespread and are having a significant impact on project delivery and maintenance. These shortages are a driver of inflationary prices and severely restrict economic growth and competitiveness. This extends to jobs that go beyond working directly on a job site, such as those within the equipment manufacturing industry that support infrastructure construction and maintenance.

There are currently 85,000 job openings in the U.S. equipment manufacturing sector. These are high-skilled jobs in **primarily rural areas** that pay an average annual income of \$88,000, which is 35% above the current national average. The continued inability to fill these positions is a threat to ensuring that state-of-the-art, world class equipment is available to those tasked with building and maintaining U.S. roads and highways.

***Equipment manufacturers urge Congress to holistically develop and invest in the infrastructure workforce of the next generation in the next surface transportation authorization bill and adopt the industry and sector-grant approach outlined by the bipartisan Building U.S. Infrastructure by Leveraging Demand for Skills (BUILDS) Act, introduced in the 118<sup>th</sup> Congress.***

## Conclusion

AEM appreciates the opportunity to be a resource during surface transportation reauthorization discussions. We invite each committee to utilize AEM for listening sessions, policy forums, and to host members and staff at AEM's member company facilities. For more information about these recommendations, please contact AEM Government Relations Manager Chris Hansell at [Chansell@aem.org](mailto:Chansell@aem.org).