Building Bridges To Our Future

Ward Nye
Chairman of the Board, NSSGA
President and CEO, Martin Marietta Materials
Bridging Challenging Times

Economists Warn U.S. May Face Financial Catastrophe Unless It Controls Gov't Spending

Obama Calls for More Infrastructure Spending in State of the Union Address – Again

Gauge of Planned US Construction Activity Hits Five-Year High

Fed Reports Modest Growth

Vital Signs Chart: Government Cuts Slow Economy

Job gains cut unemployment to 7.7 pct., 4-year low

The Sequester: Bring on the Pain
 NSSSGA Mission

Advancing the interests of the aggregates industry before the federal government, to achieve ever-safer and more healthful workplaces for those in the industry, to support sustainable communities through economic productivity, environmental stewardship and the social contract of tending to the welfare of aggregates workers, their families and their communities.
Highway Bill Is Core

- Current bill expires in less than a year and a half
- Clock is ticking – time will pass quickly
- Absent congressional action, the Highway Trust Fund will be depleted in 2015
- Goal this year is to help promote action to fill the current funding gap
- Must ensure sustainable funding for the nation’s surface transportation system
Legislative Update: MAP-21

Moving Ahead for Progress in the 21st Century

- Expires September 30, 2014
- Contains historic program and policy reforms
- Implementation – rulemaking underway
MAP-21 Highway Investment

Annual Federal Highway Investment

Billions of dollars

<table>
<thead>
<tr>
<th>FY 06</th>
<th>FY 07</th>
<th>FY 08</th>
<th>FY 09</th>
<th>FY 10</th>
<th>FY 11</th>
<th>FY 12</th>
<th>FY 13</th>
<th>FY 14</th>
</tr>
</thead>
<tbody>
<tr>
<td>$36.0</td>
<td>$39.1</td>
<td>$40.2</td>
<td>$40.7</td>
<td>$41.1</td>
<td>$41.1</td>
<td>$39.1</td>
<td>$39.7</td>
<td>$40.3</td>
</tr>
</tbody>
</table>

SAFETEA-LU, Extensions, MAP-21
Legislative Update

- Looming Highway Trust Fund insolvency
- Options:
  - Drastic investment cuts
  - More General Fund infusions
  - New revenues
# Highway Trust Fund Projections

Based on CBO Score of MAP-21 (June 2012)

## Highway Account

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue and interest</td>
<td>$33</td>
<td>$33</td>
<td>$33</td>
<td>$34</td>
<td>$35</td>
<td>$36</td>
<td>$36</td>
<td>$36</td>
<td>$37</td>
<td>$37</td>
<td>$37</td>
</tr>
<tr>
<td>Intra-governmental transfers</td>
<td>$2</td>
<td>$6</td>
<td>$10</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Outlays</td>
<td>$42</td>
<td>$43</td>
<td>$44</td>
<td>$44</td>
<td>$45</td>
<td>$45</td>
<td>$46</td>
<td>$46</td>
<td>$47</td>
<td>$47</td>
<td>$47</td>
</tr>
<tr>
<td>End-of-year balance</td>
<td>$8</td>
<td>$4</td>
<td>$4</td>
<td>$(6)</td>
<td>$(15)</td>
<td>$(24)</td>
<td>$(33)</td>
<td>$(42)</td>
<td>$(52)</td>
<td>$(62)</td>
<td>$(72)</td>
</tr>
</tbody>
</table>

## Mass Transit Account

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning-of-year balance</td>
<td>$7</td>
<td>$5</td>
<td>$5</td>
<td>$1</td>
<td>$(3)</td>
<td>$(7)</td>
<td>$(12)</td>
<td>$(16)</td>
<td>$(20)</td>
<td>$(24)</td>
<td>$(29)</td>
</tr>
<tr>
<td>Revenue and interest</td>
<td>$5</td>
<td>$5</td>
<td>$5</td>
<td>$5</td>
<td>$5</td>
<td>$5</td>
<td>$5</td>
<td>$5</td>
<td>$5</td>
<td>$5</td>
<td>$5</td>
</tr>
<tr>
<td>Intra-governmental transfers</td>
<td>$0</td>
<td>$0</td>
<td>$2</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Outlays</td>
<td>$7</td>
<td>$8</td>
<td>$8</td>
<td>$9</td>
<td>$10</td>
<td>$10</td>
<td>$10</td>
<td>$9</td>
<td>$9</td>
<td>$10</td>
<td>$10</td>
</tr>
<tr>
<td>End-of-year balance</td>
<td>$5</td>
<td>$5</td>
<td>$1</td>
<td>$(3)</td>
<td>$(7)</td>
<td>$(12)</td>
<td>$(16)</td>
<td>$(20)</td>
<td>$(24)</td>
<td>$(29)</td>
<td>$(33)</td>
</tr>
</tbody>
</table>

## Total HTF Balance

| Total HTF Balance | $13 | $9 | $15 | $(9) | $(22) | $(36) | $(49) | $(62) | $(76) | $(91) | $(105) |

($billions)
Estimation of Federal Highway and Transit Obligations Through 2022

Based on MAP-21
Assuming “minimum prudent balance” of $4 billion in Highway Account and $1 billion in Mass Transit Account
Assumes historical General Fund appropriations for transit
### Surface Transportation Funding Options Matrix

*(all revenue estimates in $ millions)*

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Diesel Tax Increase</td>
<td>1¢/gal</td>
<td>$1.327</td>
<td>$13,727</td>
<td>18.4¢/gal</td>
<td>$13,303</td>
<td>$79,818</td>
<td>$79,818</td>
</tr>
<tr>
<td>Diesel Tax Indexing</td>
<td>N/A</td>
<td>$0.00</td>
<td>$1.359</td>
<td>5.0%</td>
<td>$1.359</td>
<td>$8,152</td>
<td>$8,152</td>
</tr>
<tr>
<td>Gas Tax Increase</td>
<td>1¢/gal</td>
<td>$1.322</td>
<td>$13,727</td>
<td>10.0¢/gal</td>
<td>$13,303</td>
<td>$79,818</td>
<td>$79,818</td>
</tr>
<tr>
<td>Gas Tax Indexing</td>
<td>N/A</td>
<td>$0.00</td>
<td>$1.359</td>
<td>5.0%</td>
<td>$1.359</td>
<td>$8,152</td>
<td>$8,152</td>
</tr>
<tr>
<td>Truck/Trailer Sales Tax Increase</td>
<td>1% of Sales</td>
<td>$162</td>
<td>$1.359</td>
<td>5.0%</td>
<td>$1.359</td>
<td>$8,152</td>
<td>$8,152</td>
</tr>
<tr>
<td>Truck Tire Tax</td>
<td>N/A</td>
<td>$0.00</td>
<td>$1.359</td>
<td>5.0%</td>
<td>$1.359</td>
<td>$8,152</td>
<td>$8,152</td>
</tr>
<tr>
<td>HVF on Tires</td>
<td>N/A</td>
<td>$0.00</td>
<td>$1.359</td>
<td>5.0%</td>
<td>$1.359</td>
<td>$8,152</td>
<td>$8,152</td>
</tr>
<tr>
<td>Annual Drivers License Surcharge</td>
<td>$1.00 Fee</td>
<td>$248</td>
<td>$2.482</td>
<td>$10.00</td>
<td>$2.614</td>
<td>$15,682</td>
<td>$15,682</td>
</tr>
<tr>
<td>Annual Registration Fee (Light Duty Vehicles)*</td>
<td>$1.00 Fee</td>
<td>$9</td>
<td>$0.9</td>
<td>$15.00</td>
<td>$0.9</td>
<td>$787</td>
<td>$787</td>
</tr>
<tr>
<td>Container Tax</td>
<td>$1 per TCU</td>
<td>$391</td>
<td>$3.9</td>
<td>$15.00</td>
<td>$3.9</td>
<td>$38,408</td>
<td>$38,408</td>
</tr>
<tr>
<td>Dedicated Income Tax - Business</td>
<td>0.1% of Current Taxes</td>
<td>$277</td>
<td>$2.77</td>
<td>$8.4%</td>
<td>$28,112</td>
<td>$204,647</td>
<td>$204,647</td>
</tr>
<tr>
<td>Dedicated Income Tax - Personal</td>
<td>0.1% of Current Taxes</td>
<td>$277</td>
<td>$2.77</td>
<td>$8.4%</td>
<td>$28,112</td>
<td>$204,647</td>
<td>$204,647</td>
</tr>
<tr>
<td>Harbor Maintenance Tax</td>
<td>0.1% of Sales</td>
<td>$1.625</td>
<td>$1.625</td>
<td>1.0%</td>
<td>$1.625</td>
<td>$9,752</td>
<td>$9,752</td>
</tr>
<tr>
<td>Impoted Oil Tax</td>
<td>$1.00/Blbls</td>
<td>$3.528</td>
<td>$3.528</td>
<td>$1.00</td>
<td>$3.528</td>
<td>$21,171</td>
<td>$21,171</td>
</tr>
<tr>
<td>Sales Tax on Auto-related Parts &amp; Services</td>
<td>1% of Sales</td>
<td>$1.625</td>
<td>$1.625</td>
<td>1.0%</td>
<td>$1.625</td>
<td>$9,752</td>
<td>$9,752</td>
</tr>
<tr>
<td>Sales Tax on Heavy Duty Vehicles</td>
<td>N/A</td>
<td>$0.00</td>
<td>$1.359</td>
<td>5.0%</td>
<td>$1.359</td>
<td>$8,152</td>
<td>$8,152</td>
</tr>
<tr>
<td>Sales Tax on New Light Duty Vehicles</td>
<td>1% of Sales</td>
<td>$1.625</td>
<td>$1.625</td>
<td>1.0%</td>
<td>$1.625</td>
<td>$9,752</td>
<td>$9,752</td>
</tr>
<tr>
<td>US Freight Bill -- All Modes</td>
<td>1% of Sales</td>
<td>$7.612</td>
<td>$7.840</td>
<td>1.0%</td>
<td>$7.612</td>
<td>$50,713</td>
<td>$50,713</td>
</tr>
<tr>
<td>US Freight Bill -- Truck Only</td>
<td>1% of Sales</td>
<td>$6.608</td>
<td>$6.807</td>
<td>1.0%</td>
<td>$6.608</td>
<td>$44,028</td>
<td>$44,028</td>
</tr>
</tbody>
</table>

- Transportation interests have provided lawmakers with myriad funding options
- Short term, two federal transportation commissions, the Deficit Commission and the U.S. Chamber of Commerce endorsed an increase in the gas user fee
- Long term, both federal transportation commissions endorsed the vehicle-miles-traveled user fee to fund the program
- Federal lawmakers need to look to the states and methods they are using to raise additional transportation funds
- No single funding option is likely to be a panacea
- It is time for Congress to do their job and make the tough decisions they were elected to make
Safety Will Continue To Be #1 Priority

- As an industry, we need to have the highest degree of commitment to employee safety and health
- It’s unquestionably the right thing to do, but it’s good business as well
MSHA Regulatory Agenda: Major Rules

- Pattern of violations
- Civil penalty reform
- Mine identification
- Crystalline silica
POV Rule:
NSSGA Litigation with NMA and PCA

● Case being heard in 6th Circuit Court of Appeals
  – Briefs will be filed in June 2013
  – Oral arguments expected in early 2014

● MSHA should follow the letter and spirit of the Mine Act

● Current rule allows agency to violate operator’s due process rights
Minerals Definition: The Facts
Minerals Definition: The Challenge
Minerals Definition: Competing Solutions

Legislation

A BILL

To amend the Toxic Substances Control Act to ensure that risks from chemicals are adequately understood and managed, and for other purposes.

1 Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

3 SECTION 1. SHORT TITLE.

4 This Act may be cited as the “Safe Chemicals Act of 2013”.

Science

- Accurate definitions
- Reliable analytical methods
- Threshold level that is based on sound science
Environmental Issues

- NSSGA members work diligently to be good stewards of the environment

- However, NSSGA will challenge:
  - Unattainable air and water standards
  - Revocation of existing permits
  - Regulations that go beyond the intent of the Clean Water Act and Clean Air Act
EPA Jurisdictional Guidance and Rule

- Regulate isolated ponds, wetlands, dry stream beds and ditches
- Complicate/slow CWA 404 permitting
- Goes far beyond court decisions
- Underestimates economic impacts
- NSSGA supports Senate and House bills/riders denying funding for this EPA action
Examples of “Waters” of the U.S.
Building Bridges to NSSGA’s Constituencies

- State associations
Building Bridges to NSSGA’s Constituencies

- State associations
- M & S
Building Bridges to NSSGA’s Constituencies

- State associations
- M & S
- Like-minded associations
Building Bridges to NSSGA’s Constituencies

- State associations
- M & S
- Like-minded associations
- Governors
Governor’s Transportation Coalition

● Mission
  – Build support for timely passage of a long-term, well-funded surface transportation program
  – Create coalition of suppliers, contractors, highway users and safety groups to engage governors
  – Unify the voices of key governors to deliver critical messages to Washington

● Purpose
  – Raise the alarm for action now
  – Use key governors to drive the debate in Washington
  – Coordinate state activities to pressure Congress
Governor’s Transportation Coalition

- **Approach**
  - Engage former Governor Ed Schafer as Chairman
  - Enlist leading Democratic and Republican governors as co-chairs
  - Recruit small Advisory Board to leverage private sector efforts
  - Develop and implement aggressive public affairs campaign to engage key governors
  - Leverage support with key members of Congress, the Administration and the media
Governor’s Transportation Coalition

- **Key activities**
  - Recruit and engage “leadership” and “key” governors
  - Launch “countdown clock” – number of days to Highway Trust Fund bankruptcy – at summer NGA meeting
  - Meet with governors in state action events across the country
  - Engage state media
  - Impact gubernatorial races
    - 2013: NJ and VA
    - 2014: 36 states
  - Promote model state solutions (MD, VA)
    - Enlist gubernatorial support for federal legislation
NSSGA’s New President and CEO

- Mike Johnson assumes position August 1
- Succeeds R.A. “Gus” Edwards, retiring after 16 years
- Currently EVP and Chief Advocacy Officer for National Beer Wholesalers Association
- Instrumental in developing and advocating their strategic, membership-focused agenda
- Achieved public policy objectives and reinvigorated membership programs
- Familiar with construction industry from five years with National Association of Home Builders
- Named “Leading Association Lobbyist” in 2012 and a “Young and Aspiring Association Executive” in 2007
- Bachelor’s degree in political science and journalism from University of Kentucky in Lexington
Building Bridges To Our Future