

Governor's Transportation Conference

The Economic Benefits of Investing in Transportation

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- ❑ The System's Importance to our Economy
- ❑ The State of our System
- ❑ Industry Impact on Virginia's Economy
- ❑ The State of the Industry
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The System's Importance to our Economy

- More than eighty percent of the \$444 billion in goods shipped to and from Virginia annually is moved by trucks.
- 2 million workers in Virginia industries fully dependent on transportation infrastructure network
 - \$34.2 billion in wages
 - \$5.2 billion in state and federal payroll tax revenue
- New businesses locating to Virginia will tell you that the transportation infrastructure network is one of the most important factors affecting their decision.

The State of the System

- ❑ \$3-5 Billion for PPTAs
- ❑ No Secondary Road Construction Program
- ❑ No Significant Sustainable Investment in 25 Years
- ❑ \$4.7 Billion for Deficient Bridges
- ❑ \$1 billion in Unmet Maintenance Needs
- ❑ Debt Service >\$220 M/Year
- ❑ Congestion Choking Economic Development
- ❑ \$450 million a year from construction to support basic maintenance
- ❑ Construction Program is gone in five years.

Industry Impact on Virginia's Economy

- Annual capital outlays on highways and bridges for 2012 is approximately \$4 billion
- Larger than the annual output of Virginia's:
 - air transportation industry (\$1.48 billion)
 - farm production (\$1.48 billion)
 - paper manufacturing (\$1.2 billion)
 - warehousing and storage (\$1 billion)
- Economic activity for the state approximately 1 percent of the Virginia's Gross Domestic Product (GDP)

Industry Impact on Virginia's Economy (Con't):

- Supports 94,901 full time jobs
 - 42,277 direct & indirect jobs
 - 47,625 induced jobs
- \$4 billion in direct & induced wages
- \$312.2 million in state & federal payroll taxes

The State of the Industry 2010

- ❑ In the past two years laid off 19% of their employees.
- ❑ In the past two years a 22% decline in payroll.
- ❑ 25% anticipate laying off more employees in the next 12 months.
- ❑ 57% anticipate making less capital investments in Virginia in the next year. Only 6% anticipate making more capital investments in the Commonwealth.
- ❑ 76% are pursuing business opportunities in other states. 73% anticipate their company will invest more resources pursuing business opportunities in other states in the next two years.
- ❑ 28% of companies have permanently or temporarily closed facilities or operating locations in Virginia in the past two years.

The Economics of Investing in Transportation Infrastructure

- ❑ 12/2/10 VTCA released ARTBA study of sustainable \$1 billion investment
- ❑ 18,695 new jobs (8,349 construction/10,346 other)
- ❑ Boost Virginia's economic output by \$2.45 billion
- ❑ Increase output for manufacturing (\$265 M); retail (\$135.6 M); professional/technical services (\$123.10 M); real estate and rental/leasing (\$148.3 M)
- ❑ Generate and sustain \$162 M in new tax revenues

The Economics of Investing in Transportation Infrastructure

- Unique and synergistic nature of transportation capital investments:
 - Triggers immediate economic activity that creates and sustains jobs and tax revenues
 - Produce long-lived capital assets that promote further economic activity
 - Transportation capital investments improve mobility, help reduce congestion and increase safety — all factors that will help improve the quality of life in Virginia for today and years to come.

Impact on Industry of 2011 Transportation Funding Package

- ❑ VDOT success in delivering work
- ❑ Partnering with VDOT to deliver the work
- ❑ Businesses developing “backlog”
- ❑ New equipment purchases
- ❑ Employment levels increasing for some businesses
- ❑ Businesses diversifying
- ❑ Out-of-state businesses looking at opportunities in VA
- ❑ Businesses seeing longer range opportunities
- ❑ 2012 survey
- ❑ Sustainable Funding will be key