

**Testimony of the Alliance for American Manufacturing to
the Joint Legislative Public Hearings on
the 2015-2016 Executive Budget Proposal: Transportation
Thursday January 29, 2015
Hearing Room B
Legislative Office Building
Albany, NY**

Assembly Chairman Farrell, Senate Chairman DeFrancisco, and members of the committee, thank you for the opportunity to testify on 2015-2016 Executive Budget Proposal for Transportation and encourage the state of New York to Buy American when spending its tax and toll revenues. The Alliance for American Manufacturing (AAM) is a labor-management partnership between the United Steelworkers and some of Americas leading manufacturing companies. Together, we support policies that benefit both American workers and companies doing business here in the United States.

The tax, toll, and user fee financed investments in infrastructure proposed in New York budget should include a commonsense Buy America preference for companies and workers who continue to manufacture in the United States under U.S. and New York laws and regulations. As companies continue to invest in their U.S. operations, they modernize plants to make them safe and efficient, and create jobs in the process. New York must ensure that as we regulate the manner in which U.S. manufacturers do business, we do our best to encourage U.S. production and investment. New York's public policies must not remain divorced from procurement policies; otherwise we risk further impairing the competitiveness of New York and U.S. manufacturers on the global market.

Manufacturing employment is important to New York's economy. While New York currently has 448,900 manufacturing jobs, between 1998 and 2013 the state lost 342,000 manufacturing jobs. Currently manufacturing jobs make up 5% of New York's total employment and manufacturing makes up over 5.1% of Gross State Product. In order to make a full recovery from the recent recession, New York needs to create 98,300 manufacturing jobs. Assuring budget investments are invested in domestic manufacturing will support firms in the state, across the United States, and encourage manufacturers to consider New York as a site of a future facility.

New York state agencies are already accustomed to applying Buy America preferences when executing programs funded by federal grants. This longstanding practice by the federal government, and many state governments, is well-understood by contracting officers and bidders on public projects. Dozens of states have similar laws that create a procurement preference for American-made goods when they are available in a sufficient quality and quantity and are competitively priced in the global marketplace. Without such a preference New York budget investments could easily be spent on goods produced abroad, encourage outsourcing, and sacrifice American jobs. New Yorkers, like all Americans, expect that their tax and toll dollars will be reinvested with the taxpaying businesses and workers that produce goods in New York and the U.S., and including a Buy America preference will do just that.

Maximizing domestic content in our infrastructure investments creates more American manufacturing jobs – 33 percent more, according to research conducted at University of Massachusetts – Amherst. Buy American preferences stimulate emerging industries and develop robust component supply chains, giving vital opportunities to U.S. firms. By implementing a domestic content preference like Buy America, New York State not only ensures that U.S. materials get a preference in taxpayer-financed public works procurements, the state also ensures that U.S. environmental and labor standards are not just a burden to U.S. business looking to compete in a global economy, but rather a standard for doing business with the globe's biggest customer.

It was thanks only to a Congressional "Buy America" requirement that foreign companies such as Canada's Bombardier, Germany's Siemens, Japan's Kawasaki, France's Alstom, and Spain's CAF subsequently set up assembly plants in the United States, to serve the large U.S. rail and transit market. New York benefited from many of those investments with Bombardier locating in Plattsburg, Kawasaki opening a facility in Yonkers, Alstom operating facilities in Hornell and West Henrietta, and CAF locating a manufacturing facility in Elmira. The Recovery Act attached a Buy America Preference to the \$8.4 billion dollars it authorized to develop U.S. High Speed Rail and as of December 2009 more than 30 rail manufacturers, domestic- and foreign-owned, had committed to establish or expand their U.S. operations if they were chosen by states receiving the new high-speed rail grants.

New York's Tappan Zee Bridge is a project that will be 100% American-made, including all of the steel used in its construction. Through the bidding process, officials found it cost effective to fabricate all of their required steel inside the United States, bucking the assumption by some policymakers that U.S. steel production is less competitive in cost and capacity than foreign production. Following the Buy America preferences attached to the federal funding of the project allowed Tappan Zee Constructors LLC (TZC) to save more than \$1.5 billion and more than two years in construction time from the original NY DOT official estimates for expected costs and time. While the construction is still ongoing the Tappan Zee Bridge is expected to generate 7,728 American jobs, \$3.2 billion in economic activity, and \$3.7 billion in income.

Put simply, it makes absolutely no sense for governments to send hard-earned tax and toll dollars overseas when companies and workers here at home are ready to do the work at a comparable price. Reinvesting tax and toll dollars into the local and national economy promotes growth, expands the tax base, and, by hiring workers, reduces the burden on social safety net programs.

Sincerely,



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