Federal Surface Transportation Reauthorization

ISSUE TYPE	**Legislative (Federal)**	KEY DATES	**Nov. 15, 2021 – Infrastructure Investment and Jobs Act signed into law**
AGENCY	**Congress**		
STATUS	**Active/Tracking Implementation**		
DIVISION IMPACT	**Marine, Rail, MC**		
INTERESTED PARTIES	**All**		

Statement of the Issue

The *Infrastructure Investment and Jobs Act (IIJA)* became law in November 2021, providing over $567 billion in billion in Highway Trust Fund (HTF) Contract Authority and direct appropriations from the Treasury's General Fund for U.S. Department of Transportation (USDOT) programs through September 30, 2026.

Policy Position – Adopted by the Board (2017)

IANA should support inclusion of the following provisions in a long-term surface transportation reauthorization bill and coordinate its actions with ATA and AAR whenever possible:

1. Dedicated Funding for Intermodal Freight Connectors
2. Freight Railroad Infrastructure Investment Tax Credits to Support Rail Infrastructure Projects
3. Increase in Fuel Taxes to Support Highway Infrastructure and Other Freight Projects
4. Public Private Partnerships that Improve and Expand America's Freight Infrastructure
5. Formation of a Multimodal Freight Office that Would Report to the Secretary of Transportation
6. Streamlined Permitting Processes to Reduce Approval Time for Infrastructure Projects

Summary

The IIJA provided $293 billion over five years in baseline funding for USDOT, reauthorizing programs in the previous surface transportation authorization, the Fixing America's Surface Transportation (FAST) Act. It also included $274 billion in new funding above baseline levels, incorporating $90 billion in new HTF authorizations and $184 billion in direct appropriations from the General Fund.

The IIJA provides funding for key programs with multimodal freight eligibility, allocating $7.15 billion in National Highway Freight Program (freight formula) funding, $8 billion for the Nationally Significant Freight and Highway Projects Program (INFRA) discretionary grant program, $7.5 billion for RAISE/TIGER/BUILD grants, and $5 billion for a new grant program focused on transportation megaprojects. For both the INFRA grant program and the freight formula program, the amount available to non-highway freight projects was increased from approximately 10 percent to 30 percent.

Additionally, the IIJA includes: $5 billion for the Consolidated Rail Infrastructure and Safety Improvements (CRISI) grant program; $3 billion for grade crossing safety improvements; $2.25 billion for Port Infrastructure Development Program (PIDP) grants; and $400 million for a new program to reduce truck emissions at ports.

IANA has long supported the establishment of a USDOT office dedicated to multimodal freight transportation, which would be responsible for coordinating across modes and working with various offices and Administrations within the Department. The IIJA called for the establishment of an Office of Multimodal Freight and Infrastructure Policy within the Office of the Secretary to oversee national and state freight policy and administer multimodal funding programs. As one of its first initiatives, the Freight Office has focused on the Freight Logistics Optimization Works (FLOW) program –a joint effort between the Administration and supply chain entities to establish a nationwide multimodal freight data exchange.

Additional key policy provisions pertaining to the intermodal industry include: the formation of a Truck Leasing Task Force; requirements that newly manufactured trailers and semitrailers be equipped with rear underride guards and the formation of an Advisory Committee on Underride Protection; an apprenticeship pilot program for commercial driver's license holders under 21 years old to participate in interstate commerce; and requirements that new CMVs be equipped with automatic emergency braking technology.

There has been no significant action to address federal motor fuel taxes, last increased in 1993. Increasing fuel efficiency and decreased spending power strain federal funding. To address the gap, Congress has transferred funds from the General Fund of the Treasury to the HTF.

Potential Impact to Intermodal Freight Transportation

Following are five provisions IANA advocates for in a new surface transportation reauthorization bill and their potential impacts.

Dedicated Funding for Intermodal Freight Connectors:

Without dedicated funding for intermodal freight connectors, freight movement will slow, goods are more likely to be damaged in transit, and transportation efficiency and safety will be decreased. National Highway System (NHS) connectors provide linkages to ports, rail facilities and airports, and are typically located in older, industrialized and mixed-land use areas subject to physical constraints and environmental considerations. FHWA found these connectors have significantly poorer physical and operational characteristics, and are underfunded.

Freight Railroad Infrastructure Investment Tax Credits to Support Rail Infrastructure Projects:

Federal policy should encourage private investment in America's freight rail system. New capital investment in freight transportation infrastructure leads to significant benefits including higher productivity, enhanced global competitiveness and a higher U.S. standard of living. With forecasted increases in freight volumes, the U.S. must expand its limited transportation infrastructure dollars by leveraging additional sources of funding. IANA supports AAR's call for the authorization of tax credits for main line railroads and supported the reauthorization of tax credits for short line railroads, which were permanently extended in 2021. These tax credits provide an incentive to freight railroads to invest in infrastructure without placing additional financial burdens on the general public.

Increase in Fuel Taxes to Support Highway Infrastructure Projects:

The traditional source of revenue for the HTF has been the federal fuel tax. Due to the use of more fuel-efficient vehicles, alternative fuels, and a reduction in miles travelled, collections have decreased. A reasonable increase in this tax could finance significant freight-related highway projects. However, IANA feels the HTF should also be available for use in non-highway freight projects such as intermodal facilities.

P3s that Improve and Expand America's Freight Infrastructure:

With constrained federal resources, creative financing, such as P3s, is critical for continued goods movement investment.

P3s can refer to project-based infrastructure bonds used to finance income-producing infrastructure assets. Interest and principal on such bonds are repaid with user fee revenue. Other examples of P3s involve the commitment of funds from the public sector based on specified levels of private investment dollars as well as toll roads, which produce steady cash flows relatively unaffected by economic swings. Ports and container facilities are also emerging as investment vehicles based on returns that are comparable to a fixed-income basis.

At issue with these kinds of investments is the movement to privatize roads/facilities, which effectively relinquishes any public sector oversight of assets that were once part of the public domain. The viability and success of these partnerships depends on the interest and willingness of the private sector to invest in public infrastructure assets. The proliferation of private equity funds focused on investments in infrastructure over the last several years appears to support this premise.

Streamlined Permitting Processes to Reduce Approval Time for Infrastructure Projects:

Permitting regulations can cause significant delays in the construction of transportation projects and more than double costs. These delays can prevent completion of projects with benefits far outweighing their costs and hindering system improvements. Although the IIJA included several permitting improvement provisions based on the One Federal Decision Policy, many have yet to be implemented across permitting agencies. Congress and the Administration should continue to seek solutions to streamline the permitting process and reduce project approval timelines.