Policy Issue Briefing
Federal Surface Transportation Reauthorization

ISSUE TYPE	Legislative (Federal)
AGENCY	Congress
STATUS	Tracking Implementation
DIVISION IMPACT	Marine, Rail, MC
INTERESTED PARTIES	All
KEY DATES	October 1, 2012 — MAP-21 Effective Date September 30, 2014 — MAP-21 Expiration Date
FINAL ACTION	October 1, 2012

Statement of the Issue
Moving Ahead for Progress in the 21st Century (MAP-21) was approved by Congress and signed into law by the President in July 2012. It authorized $105 billion in Federal investment for highways, public transportation and highway safety programs during fiscal years 2013 and 2014.

Policy Position – Adopted by the Board (2009)
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 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

Summary
While MAP-21 policy provisions recognized goods movement as a national priority, the policy was very highway-centric and leaves room for improvement in the next bill. Further, the bill's short duration is a consequence of the legislation's failure to raise additional revenue through increased fuel taxes or other measures. IANA continues to advocate for five provisions that will benefit intermodal freight transportation to be included in new long-term legislation.

While the bill did not provide dedicated funding for Intermodal Freight Connectors, improvements to Intermodal Freight Connectors are now eligible to receive increased federal share through the bill's prioritization of projects that improve freight movement. Under MAP-21, the federal share for eligible projects is increased to 95 percent for projects on the Interstate System, and 90 percent for other eligible projects.

MAP-21 did not contain a rail title, and thus, freight railroad infrastructure investment tax credits were not extended or authorized by the legislation. The bill also lacked programming related to public private partnerships that support investments in freight infrastructure. While a Multimodal Freight Office within the Department of Transportation (DOT) was not created, the DOT has subsequently initiated the formation of a National Freight Policy Council composed of DOT officials from various modal agencies and an external National Freight Advisory Committee composed of private sector stakeholders.

Potential Impact to Intermodal Freight Transportation
Following are the five key provisions that IANA continues to advocate for in a new surface transportation reauthorization bill and their potential impacts to intermodal freight transportation:

1. Dedicated Funding for Intermodal Freight Connectors: Without dedicated funding for intermodal freight connectors, freight movement will slow, goods will be likelier 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 that are subject to physical constraints and environmental considerations. The Federal Highway Administration found these connectors have significantly poorer physical and operational characteristics, and are underfunded when compared with total NHS mileage. In fact, estimates prepared ten years ago showed the cost of improving connectors to an adequate level of service over the 2002-2020 timeframe would be $3.5 to $4.0 billion. A 20-year amortization to address backlog and accruing NHS freight connector needs would require approximately $200 million/year in constant dollars.

2. 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 standard of living for our nation. With forecasted increases in freight volumes over the next 10-20 years, the U.S. must expand its limited transportation infrastructure dollars by leveraging additional sources of funding. We support the Association of American Railroads' call for the authorization of tax credits for main line railroads and the reauthorization of tax credits for short line railroads. These investment tax credits will provide America's freight railroads with an incentive to invest in infrastructure that will expand capacity without placing additional financial burdens on the general public.

3. Increase in Fuel Taxes to Support Highway Infrastructure Projects: The traditional source of revenue for the Highway Trust Fund has been the Federal fuel tax. Collections have been decreasing, however, due to the use of more fuel efficient vehicles, alternative fuels, and a reduction in miles travelled. We believe that a reasonable increase in this tax could finance significant freight-related highway projects and support the American Trucking Associations' call for an increase in diesel fuel taxes that would be used solely to support highway projects as long as railroads are not required to contribute (unless their tax proceeds are solely used to benefit freight rail infrastructure).

4. Public Private Partnerships that Improve and Expand America's Freight Infrastructure: Until recently, the term Public Private Partnerships, in the context of transportation investment, typically referred to project-based infrastructure bonds to finance income-producing infrastructure assets. Interest and principal on such bonds are repaid with revenue generated by user fees. Other examples of PPPs involve the commitment of funds from the public sector based on specified levels of private investment dollars. Successful PPPs include the Alameda Corridor project, the Heartland and Crescent Corridors, the National Gateway program and to some extent, the CREATE program.

In the last several years, toll roads have become a popular PPP investment due to the fact that they produce steady cash flows that are 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 the 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.

In today's landscape of constrained federal resources, creative financing, such as that offered through PPPs, is critical to ensuring investment in the national goods movement system continues to occur.

5. Formation of a Multimodal Freight Office that Would Report to the Secretary of Transportation: The USDOT should establish a new office dedicated to multimodal freight transportation issues, which would be responsible for coordinating across all modes and working with various offices and Administrations within the Department. This office would coordinate freight transportation projects that would increase capacity and provide additional infrastructure that would have a national impact on freight mobility.