

Federal Surface Transportation Reauthorization

ISSUE TYPE	Legislative (Federal)	KEY DATES	Dec. 4, 2015 – FAST Act effective date
AGENCY	Congress		Feb. 12, 2018 – White House Infrastructure Plan Released
STATUS	Tracking Implementation	MOST RECENT ACTION	March 12, 2019 – President's FY20 Budget request published
DIVISION IMPACT	Marine, Rail, MC		
INTERESTED PARTIES	All		

Statement of the Issue

The *Fixing America's Surface Transportation* (FAST) Act was signed into law in December 2015, authorizing \$281 billion in Highway Trust Fund (HTF) Contract Authority over a five-year period. It expires Sept. 30, 2020.

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 FAST Act created the first national multimodal freight policy and called for federal tools to identify movement trends, including the Primary Highway Freight System (PHFS) and National Multimodal Freight Network (NMFN). While the PHFS has a highway-only map of 41,000 miles, the NMFN includes all freight modes, intermodal connectors and has no mileage limit or facilities cap. An interim NMFN was published but USDOT missed the Dec. 2016 deadline to designate a final NMFN.

The FAST Act provided \$4.5 billion over five years for the Nationally Significant Freight and Highway Projects Program (INFRA). Up to \$500 million is available for non-highway projects over five years. The FAST Act provided \$6.2 billion over five years for a freight formula

program that delivers funding to states; 10 percent of funds are available for non-highway needs. It created the National Surface Transportation and Innovative Finance Bureau to house innovative funding and financing programs, like INFRA and TIFIA. The FAST Act also established a Port Performance Freight Statistics Program to produce an annual report of nationally consistent measures of port performance. The bill included multiple reforms to the permitting process.

The Trump Administration has proposed an infrastructure initiative, which would invest in various types of infrastructure, including: water and wastewater, broadband, electric grid, and transportation. Although the Administration has not suggested a funding source, it proposed a Federal contribution of \$200 billion above current levels to leverage at least \$1 trillion when combined with incentivized investment from non-Federal entities. The President's FY20 Budget Request featured an additional \$1 billion for the INFRA program to supplement the \$1 billion provided in the FAST Act; this supplemental funding would provide more flexibility and be available to non-highway projects. The Administration has also emphasized the need for additional permit reform improvements.

Neither the FAST Act nor the White House proposal addressed 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. Most recently, the FAST Act called for a \$70 billion transfer. ATA has proposed a 20 cent per gallon gas and diesel tax increase, imposed at the rack.

Potential Impact to Intermodal Freight Transportation

Following are six 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 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 subject to physical constraints and environmental considerations. FHWA found these connectors have significantly poorer physical and operational characteristics, and are underfunded. A 2017 FHWA report found it would cost \$2.2 billion to improve connectors to good quality condition.

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. We support AAR's call for the authorization of tax credits for main line railroads and the reauthorization of tax credits for short line railroads, which expired in Dec. 2017. These will 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. We support ATA's call for an increase in diesel fuel taxes. However, IANA feels the HTF should also be available for use in non-highway freight projects such as intermodal facilities. ATA's proposal details can be found here.

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.

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, which would be responsible for coordinating across modes and working with various offices and Administrations within the Department. This coordinating office could guide multimodal and intermodal projects that stand to impact freight mobility.

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. The delays can prevent completion of projects with benefits far outweighing their costs and hindering system improvements. Congress and the Administration should streamline the permitting process and reduce project approval timelines.

116th Congress – Surface Transportation Reauthorization-Related Legislation

The following is a listing of bills that could be incorporated into a surface transportation reauthorization bill. For additional information, please visit <http://www.gpo.gov/fdsys/>

U.S. Senate

Name	Sponsor	Date Intro	Description (As introduced by Sponsor)
<u>S. 1587</u> Inclusive Prosperity Act	Sanders, B.	05/22/19	A bill to impose a tax on certain trading transactions to invest in our families and communities, improve our infrastructure and our environment, strengthen our financial security, expand opportunity and reduce market volatility.
<u>S. 1054</u> A bill to amend title 54, United States Code, to establish a program to allow States to assume certain Federal responsibilities under that title with respect to agency actions applicable to highway projects within the States, and for other purposes.	Cornyn, J.	04/04/19	A bill to amend title 54, United States Code, to establish a program to allow States to assume certain Federal responsibilities under that title with respect to agency actions applicable to highway projects within the States, and for other purposes.
<u>S. 1038</u> Build USA Infrastructure Act	Fischer, D.	04/04/19	A bill to strengthen highway funding in the near term, to offer States additional financing tools, and for other purposes.
<u>S. 615</u> State Transportation Flexibility Act	Portman, R.	02/28/19	A bill to free States to spend gas taxes on their transportation priorities, and for other purposes.

U.S. House of Representatives

Name	Sponsor	Date Intro	Description (As introduced by Sponsor)
<u>H.R. 2923</u> Inclusive Prosperity Act	Lee, B.	05/22/19	To impose a tax on certain trading transactions to invest in our families and communities, improve our infrastructure and our environment, strengthen our financial security, expand opportunity and reduce market volatility.
<u>H.R. 2864</u> Rebuild America Act of 2019	Blumenauer, E.	05/21/19	To amend the Internal Revenue Code of 1986 to increase the excise tax on gasoline, diesel, and kerosene fuels.
<u>H.R. 2804</u> Fair Allocation of Highway Funds Act	Foster, B.	05/16/19	To amend title 23, United States Code, with respect to apportionments to States for certain highway programs, and for other purposes.
<u>H.R. 2723</u> National Multimodal and Sustainable Freight Infrastructure Act	Lowenthal, A.	05/14/19	To amend title 49, United States Code, to establish a Multimodal Freight Funding Formula Program and a National Freight Infrastructure Competitive Grant Program to improve the efficiency and reliability of freight movement in the United States, and for other purposes.
<u>H.R. 839</u> National Multimodal Freight Network Improvement Act	Brownley, J.	01/29/19	To amend title 49, United States Code, to include a revenue metric in the port network components to better achieve the policy goals of the National Multimodal Freight Network.
<u>H.R. 658</u> National Infrastructure Development Bank Act	DeLauro, R.	01/17/19	To facilitate efficient investments and financing of infrastructure projects and new job creation through the establishment of a National Infrastructure Development Bank, and for other purposes.
<u>H.R. 180</u> Build America Act of 2019	Hastings, A.	01/03/19	To provide dedicated funding for the national infrastructure investment program and the capital investment grant program, and for other purposes.