



## **Summary: “Where’s My Stuff? Examining the Economic, Environmental, and Societal Impacts of Freight Transportation.”**

**House Committee on Transportation and Infrastructure  
Joint Hearing by the Subcommittees on Highways and Transit &  
Railroads, Pipelines, and Hazardous Materials**

*December 5, 2019*

### **Witnesses:**

- Ms. Erin Aleman, Executive Director, Chicago Metropolitan Agency for Planning, on behalf of the Coalition for America’s Gateways and Trade Corridors
- Mr. Chuck Baker, President, American Short Line and Regional Railroad Association
- Ms. Anne Goodchild, Ph.D., Founding Director, Supply Chain Transportation and Logistics Center, University of Washington
- Mr. Ian Jefferies, President & CEO, Association of American Railroads
- Mr. Jason Mathers, Director, Vehicles & Freight Strategy, Environmental Defense Fund
- Mr. Jim Tymon, Executive Director, American Association of State Highway and Transportation Officials

### **Opening Statements**

**Chair Norton (D-DC)** opened the hearing by addressing the federal responsibility in facilitating the efficient movement of goods. Freight needs are rapidly changing in response to the rise of e-commerce and increasing consumer demands. She noted a lack of appropriate planning could result in congestion and gridlock in urban areas in addition to negative environmental trends. Chair Norton emphasized the importance of a federal partnership in multimodal investment to reduce the financial burden on individual states. She called for flexible opportunities to invest in infrastructure, regardless of mode, and more efficient transfers of freight across modes.

**Ranking Member Davis (R-IL)** said the strength of freight movement relies on a dependable network of infrastructure, especially trucks. In the coming decade, the trucking industry will need to adapt to increased consumer and supply chain demands. He stated action must be taken to improve existing infrastructure and prepare for future needs.

**Chairman Lipinski (D-IL)** discussed possible areas of improvement in the upcoming surface transportation reauthorization, specifically calling for increased investment in freight rail infrastructure. To ensure our freight network remains competitive and efficient, he proposed lifting or significantly raising the cap on non-highway projects for the INFRA grant program. He also stated his support for the short line tax credit.

Congressman Lipinski also spoke at length about his support for the return of earmarks. Full Committee Chairman DeFazio echoed this.

**Ranking Member Crawford (R-AR)** emphasized the need for critical investments in railroad operations and infrastructure. Ranking Member Crawford cited the importance of short line rail in his home state of



Arkansas to argue for the BRACE Act, which would increase private investment in short line railroads by permanently extending 45G tax credit for track maintenance. He suggested this legislation would support evolving freight demands and reduce congestion.

**Chairman DeFazio (D-OR)** said freight volume is projected to grow by approximately 40 percent by 2040. To prepare for these future demands, Congress must prioritize freight transportation in the reauthorization bill. He added that increased consumer demands have placed new strains on an already overburdened network, and disproportionate funding has hindered improvements. Chairman DeFazio recommended tightening the eligibility criteria for infrastructure grant programs and increasing overall funding.

### **Witness Panel**

**Ms. Erin Aleman**, Executive Director of the Chicago Metropolitan Agency for Planning (CMAP) and representing the Coalition for America's Gateways and Trade Corridors (CAGTC), called for a robust freight program that supports interstate commerce as consumer demands continue to grow. A federal partnership is essential as states cannot meet increasing freight infrastructure needs alone. Many critical improvement projects cross state lines and occur where different modes come together, highlighting the need for federal investments. She said the upcoming surface transportation reauthorization presents an opportunity to address urgent freight needs across the country. Ms. Aleman made several recommendations to Congress, including: 1) Establish a national strategy for long-term planning; 2) Provide a minimum annual investment of \$12 billion for multimodal freight, distributed through a merit-based competitive program, and eliminate caps on non-highway INFRA and freight formula funding; 3) Improve oversight and transparency during project selection; 4) Encourage private sector partnerships.

**Mr. Chuck Baker**, President of the American Short Line and Regional Railroad Association, explained the role of short line railroads in the national goods movement system, providing first and last mile service and connecting shippers to Class I systems across the nation. Mr. Baker emphasized the importance of extending the Short Line Rehabilitation Tax Credit known as 45G. While expressing support for the CRISI and INFRA grant program, he recommended ensuring the Highway Trust Fund be a predominately user-funded system. Mr. Baker also stated his support for eliminating the non-highway cap on the INFRA program and the freight formula program.

**Dr. Anne Goodchild**, Ph.D., Founding Director of Supply Chain Transportation and Logistics Center, University of Washington, noted the significant return on investment available through first-and-last mile improvements. Her research shows that investment and innovation in last mile service improves the quality of life and economic stability of communities. Dr. Goodchild said the federal government and state departments of transportation should collaborate with private companies utilizing innovative technologies, such as robotics, artificial intelligence, and electronic curbs. She also stated that organized freight delivery systems reduce emissions and congestion by decreasing the number of trips necessary.

**Mr. Ian Jefferies**, President & CEO of the Association of American Railroads, discussed the role of sustained private investment in bolstering freight rail performance. Regarding FAST Act reauthorization, Mr. Jefferies suggested Congress prioritize highway-rail grade crossing safety and restore the Highway Trust Fund to user-based funding. He recommended the Railway-Highway Crossings Program (Section 130) should continue to receive formula funding from the Highway Safety Improvement Program. He



explained that the rail industry views Highway Trust Fund bailouts as a subsidy to the competitive of railroads (trucks) and encouraged Congress to return to a user fee system. To stabilize the Highway Trust Fund imbalance, he recommended implementing a gas tax increase, a vehicle miles traveled fee or a weight-distance tax. Additionally, he stated that the Surface Transportation Board should foster progress made in the rail industry by adhering to sound economic principles and rejecting re-regulatory efforts.

**Mr. Jason Mathers**, Director of Vehicles & Freight Strategy, Environmental Defense Fund, called for Congress to reduce air pollution and net carbon emissions by investing in zero emission heavy-duty vehicles. He recommends creating a commission to oversee electrification of drayage trucks and establishing a federal revolving loan fund for electric vehicle (EV) charging infrastructure.

**Mr. Jim Tymon**, Executive Director of the American Association of State Highway and Transportation Officials, spoke about ensuring a reliable flow of funding for state departments of transportation as freight movement continues to face new challenges. Mr. Tymon said timely reauthorization of a long-term federal surface transportation bill is essential. He also supported efforts to establish a long-term revenue source for the Highway Trust Fund. Additionally, he advocated for increased formula-based federal funding to allow states with the flexibility to execute projects based on their specific needs. Mr. Tymon emphasized the importance of harnessing innovative technology, citing his concern at the potential repurposing of portions of the 5.9 GHz spectrum currently dedicated to transportation technology systems.

### **Question & Answer**

**Chairman Lipinski** asked the witnesses to raise their hand if they were in favor of raising or removing the funding cap on multimodal projects under the INFRA program. **All witnesses** except **Ms. Goodchild**, who abstained, raised their hand in favor.

**Ranking Member Davis** asked whether there have been any recent trends regarding shared priorities among the state freight plans. **Mr. Tymon** said most states collaborate with neighboring states when identifying their most critical projects to ensure freight movement is efficient across state lines. States value this ability to work together and many freight plans called for continued collaboration.

**Chair Norton** said accommodating funding levels to match the needs of freight movement is a major challenge. She asked how increased flexibility to pursue multimodal investments would be beneficial.

**Ms. Aleman** said because freight travels on a variety of transportation modes, sufficient funding should be provided to support the most critical improvement projects, regardless of mode.

**Chair Norton** also asked her to elaborate on CAGTC's recommendation to develop a national strategy to guide long term planning. **Ms. Aleman** stated available data can identify bottlenecks, which states can utilize to plan future projects and measure progress over time. Ms. Aleman stressed the importance of evaluating investments with an eye to performance to ensure the most critical projects, with the highest return, receive funding.

**Chairman DeFazio** cited **Mr. Mathers'** testimony that freight only operates at 43 percent capacity and asked for policy recommendations to increase utilization. Mr. Mathers said information and data sharing between shippers can improve this but did not have specific policy recommendations.

**Congresswoman Napolitano (D-CA)** said that transportation grant programs have become increasingly politicized and unpredictable, asserting that it might be more beneficial to distribute federal funding to states entirely through formula funding. **Ms. Aleman** said both funding mechanisms are essential to continue invests in local as well as interstate infrastructure projects. She explained that while formula dollars are important for *intrastate* investment needs, a program administered at the federal level is necessary in order to meet *interstate* commerce needs. **Mr. Tyman** agreed with the Congresswoman that formula funding is more predictable and therefore very valuable to states.

**Congressman Stanton (D-AZ)** asked what type of investment is needed to improve freight hubs, and why Congress should remove the caps on funding available to multimodal projects under the formula program and INFRA. **Ms. Aleman** reiterated CAGTC's call for a \$12 billion annual investment in dedicated freight funding provided through a discretionary grant program. Regarding the caps on multimodal-eligible funds, she emphasized that freight is moved by multiple transportation modes. States should have the flexibility to allocate their funding based on their individual needs by investing in their most freight infrastructure projects, regardless of mode.

**Congressman Johnson (D-GA)** asked what impacts legislation to lower taxes or prevent tax increases has on freight costs, emphasizing that the gas tax has not been increased since 1993. **Ms. Aleman** stated that freight congestion costs have increased and are passed on to consumers – she noted that an upfront fee, invested to improve infrastructure, makes more sense than the tax of dysfunction we are currently paying. Additional investments to address bottlenecks and other projects to relieve congestion would reduce freight costs, benefitting both carriers of freight and the general public.

**Congressman Lowenthal (D-CA)** highlighted his proposed legislation, the National Multimodal and Sustainable Freight Infrastructure Act. The bill (introduced in May 2019) would establish the Freight Transportation Infrastructure Trust Fund dedicated to freight project investments. He also noted CAGTC's recommendation to build on the draft National Freight Strategic Plan by including a comprehensive freight needs analysis. He asked why such an analysis would be beneficial. **Ms. Aleman** said it could serve as a reference for Members of Congress to determine future freight program priorities. It would also provide additional data to enhance congressional oversight by ensuring the policies are transparent and performance-based.

**Congressman Lowenthal** stated his concerns regarding the current selection process for grant programs such as BUILD and INFRA and asked for recommendations to increase transparency. **Ms. Aleman** referenced a recent report by the Government Accountability Office which called for a more transparent, merit-based evaluation procedure. She believed there is room for improvement, for example by requiring USDOT to make grant application scores publicly available. Ms. Aleman also referenced the work she performed at Illinois DOT, which awarded freight formula funds through a state-level discretionary program. Illinois DOT made the process transparent by providing the criteria and scoring information, and confining awards to those projects the scored the highest. She noted that while some applicants were disappointed that they did not receive funding, there was never any



question or confusion as to why. **Mr. Baker** agreed that increased transparency is needed to make these discretionary programs more effective.

**Congressman Pence (R-IN)** asked the panel for suggestions on reducing restrictions on freight funding to state departments of transportation. **Mr. Tymon** advocated for continued funding through formula programs, emphasizing that the predictable nature of these funds assists states in their project planning efforts. He also called for Congress to provide states with increased flexibility in utilizing their federal funds, which would allow states to pursue more innovative and creative approaches to infrastructure projects.