

Moving a Mountain? No, It's Just a Transportation Bill!

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SESSION OBJECTIVES

- To report and show lessons learned from Recovery Act implementation
- To discuss the state of current and future surface transportation funding as it relates to freight
- To provide AASHTO's policy and funding framework for freight in the future
- To give the latest update on surface transportation reauthorization

American Recovery and Reinvestment Act (ARRA) of 2009

Overall Features

- \$48.12 billion to USDOT
 - 100 percent Federal share
 - Maintenance of effort required
 - Periodic reporting of economic impact of stimulus spending
 - \$1.5 billion in TIGER discretionary grants (Up to \$200 million for TIFIA credit assistance)
 - \$8 billion in High Speed and Intercity Passenger Rail grants
- \$4.6 billion to USACE
 - \$2 billion to Construction
 - \$2.075 billion to Operations & Maintenance
 - \$375 million to Mississippi River & Tributaries

Recovery Act Provisions

Highways

- \$27.5 billion total
- Met statutory 100% obligation goal
- Legislative language provided intermodal flexibility utilized by some States

Passenger Rail

- \$8 billion for intercity passenger and high-speed rail
 - Grants awarded 28 January 2010
 - Most projects in the MVC are shared use corridors
 - \$1.13 billion for KC/St. Louis/Chicago
 - \$823 million for Chicago/Madison
 - \$400 million for Ohio 3C
 - \$244 million for Chicago/Detroit
 - \$17 million for Iowa

Recovery Act Provisions

Intermodal

- \$1.5 billion TIGER discretionary grants
 - Over \$57 billion in applications
 - \$789 million awarded to rail-related projects

Recovery Act Progress Report

- Federal Highway Administration reports as of 29 January:
 - 11,100 highway projects have won federal approval to proceed
 - 7,050 highway projects are under contract or ready to proceed
 - 2,140 projects are already completed
- Federal Transit Administration reported as of 4 February:
 - It had obligated \$7.2 billion of its recovery funding to over 700 projects, nearly 87 percent of available funding
 - Another 220 project applications, valued at \$1.1 billion were under review
- Bids have come in across the country at 10% to 30% under estimates, leading to more work being accomplished

Recovery Act Jobs Impact

- 280,000 direct, on-project jobs have been created or sustained across the country
- Total employment from these projects, which includes direct, indirect, and induced jobs, reaches almost 890,000 jobs

Surface Transportation Authorization



Surface Transportation Authorization Act of 2009 House version

Funding

- Total funding \$450 billion; \$500 billion with High Speed Rail
- \$337.4 billion in Highway investment
 - \$100 billion for Capital Asset Improvement (NHS, IM, Bridge)
 - \$50 billion for Metropolitan Mobility and Access (MMA)
 - \$25 billion for Projects of National Significance
 - \$162.4 billion for other FHWA-administered programs (e.g. Highway Safety Improvement, Surface Transportation, CMAQ, Freight, etc)
- \$99.8 billion transit
 - \$87.6 billion from HTF
 - HTF share was 15.2% in SAFETEA-LU; it is increased to 19.5% in STAA
 - \$12.2 billion from GF
- \$50 billion high speed rail corridors
- \$12.6 billion Motor Carrier Safety

Surface Transportation Authorization Act of 2009

- Specific authorizations are not included in the bill nor are the apportionment formulas
- While the top line numbers are in the bill there is no specific breakdown by category and no formulas or runs that would show state shares or return on contributions
- There is no revenue title to the bill yet

AASHTO Authorization Recommendations

- **Between 2010 and 2015, in order to invest in a robust surface transportation program to meet significant national needs, Congress should fund a \$565 billion multimodal program comprised of:**
 - **Highway program funded at \$375 billion**
 - Transit program funded at \$100 billion
 - **Freight program funded at \$60 billion**
 - Intercity passenger rail program funded at \$50 billion

AASHTO Authorization Recommendations

- **Freight program funded at \$60 billion**
 - Definition and creation of multi-modal National Freight Transportation Network
 - Authorization of Regional Freight Coalitions (I-95 Corridor; I-70 Corridor of the Future; Ohio River Marine Highway)
 - \$18 billion derived from traditional revenue sources (Highway Trust Fund) for highway-only freight projects
 - \$42 billion derived from non-traditional revenue sources (user fees, bonds, etc. – VAT?!)
 - 50% formulaic apportionment to States
 - 50% USDOT discretionary for projects demonstrating national freight significance

Surface Transportation Funding Options Matrix (all revenue estimates in \$millions)

Funding Mechanisms	Mechanism Yield (2010)	Illustrative Rate	Annual Revenues 2010	Average Annual Revenues 2010-2015	Total Revenues 2010-2015
Annual Highway Miles Traveled Fee (Cars Only)	1¢/VMT = \$ 17,298	1.0¢	\$ 17,298	\$ 17,616	\$ 105,696
Annual Highway Miles Traveled Fee (All light duty vehicles)	1¢/VMT = \$ 27,610	1.0¢	\$ 27,610	\$ 28,682	\$ 172,094
Annual Highway User Vehicle Fee	\$1.00 Fee = \$ 263	\$1.00	\$ 263	\$ 275	\$ 1,652
Carbon Tax or Cap And Trade Auction Proceeds	1¢/gal or equiv = \$ 553	30.0¢	\$ 16,594	\$ 17,250	\$ 103,501
Container Tax	\$1 per TEU = \$ 57	\$20.00	\$ 1,137	\$ 1,336	\$ 8,013
Diesel Tax Increase Plus Indexing	1¢/gal = \$ 411	13.0¢	\$ 5,337	\$ 5,976	\$ 35,856
Existing Highway Trust Fund Sources			\$ 40,566	\$ 42,569	\$ 255,413
Gas Tax Increase Plus Indexing	1¢/gal = \$ 1,380	10.0¢	\$ 13,796	\$ 15,082	\$ 90,489
General Fund Support for Intercity Passenger Rail			\$ 3,000	\$ 3,000	\$ 18,000
General Fund Transfers for Transit			\$ 3,167	\$ 3,167	\$ 19,000
Index Existing Highway Trust Fund Sources Beginning in 2010			\$ 791	\$ 3,032	\$ 18,192
Index Heavy Vehicle Use Tax Retroactively to 1997			\$ 411	\$ 536	\$ 3,217
Interest on Highway Trust Fund Balances			\$ 200	\$ 200	\$ 1,200
Motor Fuel Tax Exemption Reimbursement (Retroactive and Future)			\$ 1,057	\$ 1,099	\$ 6,593
Sales Tax on Motor Fuels	1.0% of Sales = \$ 6,136	2.5%	\$ 15,340	\$ 15,658	\$ 93,949
Share of US Customs Revenues	1% of Receipts = \$ 314	5.0%	\$ 1,570	\$ 1,817	\$ 10,904
Tax Credit Bonds for Highways and Transit			\$ 8,333	\$ 8,333	\$ 50,000
Tax Credit Bonds for Intercity Passenger Rail			\$ 4,167	\$ 4,167	\$ 25,000
Ton Freight Charge -- All Modes	1¢/ton = \$ 162	10.0¢	\$ 1,617	\$ 1,801	\$ 10,804
Ton Freight Charge -- Truck Only	1¢/ton = \$ 111	10.0¢	\$ 1,115	\$ 1,242	\$ 7,452
Ton-Mile Freight Charge -- All Modes	1¢/ton-mile = \$ 42,763	0.1¢	\$ 4,276	\$ 4,763	\$ 28,579
Ton-Mile Freight Charge -- Truck Only	1¢/ton-mile = \$ 12,516	0.1¢	\$ 1,252	\$ 1,394	\$ 8,365
US Freight Bill -- All Modes	1% of Sales = \$ 7,708	1.0%	\$ 7,708	\$ 8,585	\$ 51,513
US Freight Bill -- Truck Only	1% of Sales = \$ 6,497	1.0%	\$ 6,497	\$ 7,237	\$ 43,420
Vehicle Sales Tax on New Passenger Cars/Light-duty Trucks	1% of Sales = \$ 4,853	2.0%	\$ 9,707	\$ 10,812	\$ 64,870
Vehicle Sales Tax on New/Used Passenger Cars/Light-duty Trucks	1% of Sales = \$ 9,012	2.0%	\$ 18,024	\$ 20,077	\$ 120,461
Total Revenues			\$ 210,831	\$ 225,705	\$ 1,354,232

Proposed Program Funding Levels to Restore Purchasing Power

Potential Program Name	2010	2011	2012	2013	2014	2015	TOTAL
Preservation and Renewal	\$28.00	\$30.80	\$33.60	\$36.40	\$39.20	\$42.00	\$210.00
Highway Freight (Based on Existing Revenues)	\$2.40	\$2.64	\$2.88	\$3.12	\$3.36	\$3.60	\$18.00
Highway Safety Improvement Program	\$2.60	\$2.86	\$3.12	\$3.38	\$3.64	\$3.90	\$19.50
Operations	\$2.40	\$2.64	\$2.88	\$3.12	\$3.36	\$3.60	\$18.00
Transportation System Improvement/Congestion Reduction	\$11.10	\$12.21	\$13.32	\$14.43	\$15.54	\$16.65	\$83.25
Environment Program	\$3.50	\$3.85	\$4.20	\$4.55	\$4.90	\$5.25	\$26.25
TOTAL - Highways	\$50.00	\$55.00	\$60.00	\$65.00	\$70.00	\$75.00	\$375.00
TOTAL - Transit	\$12.5	\$14.2	\$15.8	\$17.5	\$19.2	\$20.8	\$100.00
TOTAL - Freight (Based on New Revenues Outside of Highway Trust Fund)	\$4.2	\$5.2	\$6.2	\$7.2	\$8.2	\$9.2	\$40.00
TOTAL - Intercity Passenger Rail	\$5.0	\$6.3	\$7.7	\$9.0	\$10.3	\$11.7	\$50.00
GRAND TOTAL	\$71.67	\$80.67	\$89.67	\$98.67	\$107.67	\$116.67	\$565.00

CURRENT TRENDS AND CHALLENGES



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Freight Trends

- Impact of Diesel Prices
- Panama Canal Expansion
- Environmental Sustainability
- Export Promotion

Hiring Incentives to Restore Employment (HIRE) Act – HR 2847

- \$17.6 billion package
- Signed into law on 18 March 2010
- SAFETEA-LU Extension
 - Extends SAFETEA-LU at pre-rescission FY 2009 spending level until 31 Dec 2010
 - Credits Highway Trust Fund with \$19.5 billion in foregone interest payments
 - Allows Highway Trust Fund to accrue interest
 - Fuel tax credit for exempt fleet to be covered by the General Fund
 - Restores the \$8.7 billion contract authority rescission contained in SAFETEA-LU
- Build America Bonds expansion to cover other qualified tax credit bonds

Recovery Act Implementation Issues

Federal Railroad Administration

TIGER Distribution

- National Rail Plan and State Rail Plan requirements.
- Overlapping FHWA and FRA requirements
- Cross-Jurisdictional Award Management
- Freight Innovation vs. Stop Gap Measures

FRA Bimonthly Conference Calls. Join Us!

NII Discretionary Grant Program *TIGER II*

- \$600 million package
 - Pre-applications due 16 July 2010
 - Final applications due 23 August 2010
- Appropriated for FY 2010. More to come in FY 2011 and beyond?

Current State of Play

- There is great uncertainty right now
 - Still no solution on paying for a six-year bill
 - Senator Voinovich received promise from Senator Reid to pass reauthorization by the end of the year
 - Senator Boxer promises to mark up the EPW bill by the end of the year
 - USDOT “principles” forthcoming
 - Climate Change Legislation
 - Earmarks ban in the House
 - President Obama calls for 3 year freeze on Federal discretionary spending

FY 2011 Appropriations

- Obama Administration FY 2011 Budget Request
 - \$79 billion for USDOT (2% **increase**)
 - \$4 billion for National Infrastructure Bank
 - \$353 million for MARAD (11% **decrease**)
 - \$0 for AMHP
 - \$4.81 billion for USACE (10% **decrease**)
 - Vague language on a “new” revenue source to replace the diesel-tax funded Inland Waterway Trust Fund.

Highway Freight

Evolving Economy = Unique Loads

- CSA 2010
- FHWA Maine & Vermont Pilot Program
- Truck Size and Weight Legislation

Rail Freight

- Federal Short Line Tax Credit renewal
- State Short Line Financing Programs
AASHTO & ASLRRA joint efforts
- Class I Federal tax credit proposals
- Positive Train Control (PTC) Mandates

Maritime Freight

Water Resources Development Act

- WRDA 2010
- Spend Harbor Maintenance Tax (HMT) revenues on maintaining harbors!
- Inland Waterway User Board recommending reform for Army Corps navigation projects to include increase in diesel-tax. No Lockage Fees!
- CEQ Principles for USACE Project Planning

Short Sea Shipping Alternatives

- AMHP
- HMT collections on domestic freight moves

America's Marine Highway Program

- \$15 million Authorized in 2007 for a Short Sea Shipping program
- \$7 million appropriated in FY 2010
- Guidance and applications for Marine Highway Corridor designation now online

Current State of Play

- Broader variables: unemployment situation and deficit-spending appetite
- USDOT Emphasis on Livability, Safety
- Any action should not reverse the progress made through the stimulus legislation

Thank You

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