Soy Transportation Coalition Washington Report

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Legislation

Kyl, Webb not seeking reelection. Senators Jon Kyl (R-AZ) and Jim Webb (D-VA) announced last week their plans to not seek reelection in 2012. Kyl and Webb join Senators Kent Conrad (D-ND), Kay Bailey Hutchison (R-TX), and Joe Lieberman (I-CT) who will not be seeking reelection. Democrats will be defending 23 senate seats in 2012 compared to 10 for the Republicans.

House Appropriations Committee's proposed cuts include passenger rail. House Appropriations Chairman Hal Rogers (R-KY) announced on February 10th a partial list of 70 spending cuts that will be included in an upcoming Continuing Resolution (CR) bill. The CR legislation will fund the federal government for the seven months remaining in the 2011 fiscal year – concluding on September 30. A full list of program cuts will be released when the bill is formally introduced. The projected cuts are from President Obama's fiscal year 2011 budget request.

House Republicans plan to cut $74 billion from all departments, including $58 billion in non-security discretionary spending reductions. The cuts include a $224 million reduction in Amtrak and a $1 billion cut to President Obama's high speed rail program. The cuts do not apply to spending from the highway or aviation trust funds.

"Never before has Congress undertaken a task of this magnitude," explains Chairman Rogers. "The cuts in this CR will represent the largest reduction in discretionary spending in the history of our nation.

While making these cuts is hard, we have a unique opportunity to right our fiscal ship and begin to reduce our massive deficits and debt. We have taken a wire brush to the discretionary budget and scoured every program to find real savings that are responsible and justifiable to the American people."

"Make no mistake; these cuts are not low-hanging fruit. These cuts are real and will impact every District across the country - including my own. As I have often said, every dollar we cut has a constituency, an industry, an association, and individual citizens who will disagree with us. But with this CR, we will respond to the millions of Americans who have called on this Congress to rein in spending to help our economy grow and our businesses create jobs."

Hutchison Introduces Bill Allowing States to Opt Out of Federal Highway Program. U.S. Senator Kay Bailey Hutchison (R-TX) recently introduced the Highway

Fairness and Reform Act of 2011, S. 252, that will allow states to opt out of the federal program. Rather than receiving funding for highway maintenance and construction via the federal formula, opt-out states would instead be rebated gas tax dollars generated within their borders to use on surface transportation projects. Hutchison is the ranking Republican on the Senate Commerce, Science, and Transportation Committee.

"The existing funding formula is no longer serving the best interests of each state or American motorists. With the Interstate Highway System long complete, our transportation mission should evolve to maintaining and improving this valuable infrastructure," said Senator Hutchison. "We must add highway capacity in areas where population and commercial growth is exceeding what our infrastructure can withstand. Likewise, our funding structure must change to meet these shifting priorities."

The Highway Fairness and Reform Act of 2011, S. 252, would give states the option to opt out of the federal highway program, which doles out funding on a revenue-sharing basis. Instead, opt-out states would receive a rebate on federal fuel taxes collected in their states. The bill is designed to ensure a dollar for dollar return on gas tax revenue generated by a state. Many states have been classified "donor states" because the current funding program sends a portion of their gas tax dollars to "donee" states.

Opt-out states would be required to maintain their Interstate Highway System, but could determine which federal programmatic requirements, such as highway enhancements and design standards, would be continued. To ensure that our nation's roads are safe for all American motorists, safety provisions under the Federal Highway Program, like the minimum drinking age, would continue to fall under the jurisdiction of the U.S. Transportation Secretary.

In order to opt out, a state's governor must certify to the U.S. Secretary of Transportation:

- The state will maintain its portion of the Interstate Highway System
- The state has developed a plan to spend the funds
- The state will spend the funds only on surface transportation projects
- The state must inform the U.S. Transportation Secretary of which federal programmatic requirements it will continue
- The state must ensure that funds are distributed fairly between urban and rural areas.

Mica announces transportation field hearings. Congressman John Mica (R-FL), Chairman of the House Transportation and Infrastructure Committee announced on February 2nd the locations for a series of national field hearings and public forums on pending major surface transportation legislation.

The nationwide meetings with state and local officials and transportation stakeholders will help inform the Committee's drafting of a long-term reauthorization of the nation's highway, transit, and highway safety programs.

The Committee will seek input on how to consolidate and improve the performance of programs, cut government red tape and streamline the project delivery process, increase private sector investment in our infrastructure, identify creative financing alternatives, and other ideas for writing the legislation. The previous multi-year law (SAFETEA- LU) expired in September 2009.

"The best ideas to improve and streamline government programs often come from outside of Washington, and before we draft any legislation these meetings will provide the Committee with valuable insight and information," Mica said.

Chairman Mica, Members of the Committee and other lawmakers will participate in the hearings and meetings, which will begin on February 14, 2011 in West Virginia, home state of the Committee's Ranking Democrat Member Nick J. Rahall. At least a dozen other sessions across numerous states are currently planned for February 17-25, including a joint House-Senate hearing in Los Angeles in cooperation with Senator Barbara Boxer, Chairman of the Senate Environment and Public Works Committee. (Further details regarding meetings will be announced at a later date.)

The Committee will travel to the following communities to gather information for the transportation reauthorization bill:

- Beckley, West Virginia
- Charleston, West Virginia
- the Philadelphia Metropolitan area
- Scranton, Pennsylvania
- Rochester, New York
- Columbus, Ohio
- Indianapolis, Indiana
- the Chicago Metropolitan area
- Vancouver, Washington
- Fresno, California
- Los Angeles
- Oklahoma City, Oklahoma
- Jonesboro, Arkansas
- the Memphis Metropolitan area.

Senate bill would amend PTC mandate. Senator Kay Bailey Hutchison (R-TX) recently introduced a bill (S. 301) that proposes to reduce the number of route miles on which railroads must install positive train control (PTC) by the mandated completion date of December 31, 2015.

The Rail Safety Improvement Act of 2008 mandated that PTC be installed on about 73,000 miles of track used to transport passengers and certain hazardous materials by the end of 2015. The legislation wouldn't negate the law, but would rather reduce the number of track miles on which PTC must be installed.

PTC is a system of monitoring and controlling train movements to provide enhanced safety. PTC is designed to utilize GPS technology to track the movement of a train and slow or stop it remotely if it poses a danger to another train or the surrounding area.

"Traffic patterns for shipping toxic chemicals are changing," Hutchison explained. "This means that at least 10,000 route miles used to move chemicals in 2008 are no longer expected to (be used to) transport these products in 2015."

The bill is co-sponsored by Senators John Thune (R-S.D.), Roger Wicker (R-MS) and Tom Coburn (R-OK), and was referred to the Senate Committee on Commerce, Science and Transportation.

Administration

Vice President Biden Announces Six Year Plan to Build National High-Speed Rail Network. Vice President Joe Biden announced on February 8^{th} the administration's plan that will help the nation reach President Obama's goal of giving 80 percent of Americans access to high-speed rail within 25 years, as outlined in his State of the Union address. The proposal will dedicate $53 billion over six years to continue construction of a national high-speed and intercity passenger rail network.

The Vice President made the announcement with Transportation Secretary Ray LaHood during a visit to Philadelphia's historic 30th Street Station, where passengers traveling from Pittsburgh and Harrisburg on Amtrak's Keystone Corridor connect to high-speed Acela service to Boston, New York City, and Washington, D.C. No specifics were provided as to where the money would come from.

"As President Obama said in his State of the Union, there are key places where we cannot afford to sacrifice as a nation – one of which is infrastructure," said Vice President Biden. "As a long time Amtrak rider and advocate, I understand the need to invest in a modern rail system that will help connect communities, reduce congestion and create quality, skilled manufacturing jobs that cannot be outsourced. This plan will help us to do that, while also increasing access to convenient high speed rail for more Americans."

As the first step in this comprehensive, six-year plan, the President's Budget for the coming fiscal year would invest $8 billion in expanding Americans' access to high-speed passenger rail service with a focus on developing or improving three types of interconnected corridors:

- Core Express: These corridors will form the backbone of the national high-speed rail system, with electrified trains traveling on dedicated tracks at speeds of 125-250 mph or higher.
- Regional: Crucial regional corridors with train speeds of 90-125 mph will see increases in trips and reductions in travel times, laying the foundation for future high-speed service.
- Emerging: Trains traveling at up to 90 mph will provide travelers in emerging rail corridors with access to the larger national high-speed and intercity passenger rail network.

House Transportation and Infrastructure Committee Chairman John Mica (R-FL) and Railroads Subcommittee Chairman Bill Shuster (R-PA) expressed severe concerns of the administration's proposal.

"This is like giving Bernie Madoff another chance at handling your investment portfolio," Mica said. "With the first $10.5 billion in Administration rail grants, we found that 1.) The Federal Railroad Administration is neither a capable grant agency, nor should it be involved in the selection of projects, 2.) What the Administration touted as high-speed rail ended up as embarrassing snail-speed trains to nowhere, and 3.) Amtrak hijacked 76 of the 78 projects, most of them costly and some already rejected by state agencies," Mica added. "Amtrak's Soviet-style train system is not the way to provide modern and efficient passenger rail service.

"Rather than focusing on the Northeast Corridor, the most congested corridor in the nation and the only corridor owned by the federal government, the Administration continues to squander limited taxpayer dollars on marginal projects," Mica concluded.

Shuster said, "The Administration continues to fail in attracting private investment, capital and the experience to properly develop and cost-effectively operate true high-speed rail. They have also ignored my provision in law that calls for competition on money-losing Amtrak routes."

Surface Transportation Board

STB reschedules rail competition hearing. The Surface Transportation Board (STB) announced on February 4 that it has rescheduled to June 22, 2011 the public hearing on the current state of competition in the railroad industry. The hearing earlier was announced to take place on May 3.

The hearing will begin at 9:30 a.m., in the Surface Transportation Board Hearing Room in Washington, D.C. Written comments will now be due by April 12, 2011, and replies will be due on May 27, 2011. Notices of intent to participate in the hearing will be due by June 10, 2011.

The Association of American Railroads and the American Short Line and Regional Railroads Association both submitted requests for an extension due to the complexity of the issue and the time required to assemble the views and perspectives of their memberships.

A number of shipper organizations requested that the STB either reject the extension request altogether or limit it to avoid unnecessary delays to the process.

STB Summary of the hearing (www.stb.dot.gov):

Because of the high fixed cost associated with building a rail network, sometimes there is only one railroad serving a particular destination and origin. Some companies that either ship by rail, or would like to do so, have complained about being physically limited to a single rail carrier and would like to have greater access to competition from other railroads. Some shippers have suggested that mandated access by a second carrier to singly served businesses would be in the public interest. Railroads have responded that such an action would undermine their ability to price their services differentially based on demand and that, as a result, they would be unable to earn enough revenue to invest sufficiently in their networks. Over the years, various possible measures that would change the way rail shippers currently obtain access to rail service have been debated, including: (1) requiring railroads to quote a rate between any two points they serve to allow another railroad to serve the shipper from an intermediate point to the final destination; and (2) imposing new rules for competitive access, such as mandated reciprocal switching or mandated terminal use arrangements, including trackage rights.

It has been some time since the STB has conducted a thorough analysis of these issues. More than a decade ago, the STB conducted a comprehensive analysis of "captive shippers" and their available remedies for rate relief, as well as the incumbent railroad's rights and obligations.