



SOY TRANSPORTATION COALITION WASHINGTON REPORT



June 29, 2015

Legislation

STC testifies at House subcommittee hearing on rural transportation challenges. On June 24, the House Transportation and Infrastructure Subcommittee on Highways and Transit held a hearing titled, “Meeting the Transportation Needs of Rural America.”

In his opening statement, Congressman Sam Graves (R-MO), Chairman of the Subcommittee, stated, “Rural roads are rarely in the spotlight. They generally don’t command our attention because they don’t suffer from the severe congestion we see in our cities and suburbs, and they are not often in the limelight for flashy ribbon-cuttings. Missouri farmers and ranchers depend on these roads to get their products to market domestically and internationally. Rural or local roads often provide the critical ‘last mile’ connection to rail facilities, our inland waterways, and our ports. And they provide the infrastructure for the only form of public transportation most rural communities have – local or intercity bus service.”

Mike Steenhoek, executive director of the Soy Transportation Coalition, served as one of five witnesses during the hearing. In addition to urging subcommittee members to provide additional resources for the nation’s system of roads and bridges, Steenhoek emphasized the need for the federal government to be a reliable partner in addressing our transportation challenges.

“When it comes to transportation, predictability of funding is almost as important as volume of funding,” explained Steenhoek. “It is the hope of many that Congress will not only provide increased funding, but also provide that funding in a multiyear format. I would rather the federal government be predictably good than sporadically great.”

Steenhoek’s written testimony, along with video of the entire hearing can be accessed at:

<http://transportation.house.gov/calendar/eventsingle.aspx?EventID=399165>

The other hearing panelists included:

- Paul Trombino III, Director, Iowa Department of Transportation; on behalf of the American Association of State Highway and Transportation Officials
- Bob Fox, Commissioner, Renville County, Minnesota; on behalf of the National Association of Counties
- Steve Woelfel, President, Jefferson Lines; on behalf of the American Bus Association
- Charles L. "Shorty" Whittington, President, Grammer Industries, Inc.; on behalf of The Fertilizer Institute

Senate committee passes six year transportation bill. On June 24th the Senate Environment and Public Works Committee passed a six year surface transportation bill that calls for providing \$278 billion for the nation’s roads, bridges, and transit systems.

The bill, "Developing a Reliable and Innovative Vision for the Economy Act (DRIVE)", would replace the previous surface transportation bill, "Moving Ahead for Progress in the 21st Century (MAP-21)" that expired in September of 2014 and has since been temporarily extended. The current short term extension expires on July 31, 2015.

"Our nation's roads and highways have suffered under too many short-term extensions, which have led to higher costs, more waste, and less capability to prioritize major modernization projects to address growing demands on our interstates," said Senator James Inhofe (R-OK), chairman of the committee. "The DRIVE Act will provide states and local communities with the certainty they deserve to plan and construct infrastructure projects efficiently."

The funding suggested by the bill depends upon Congress finding an additional source of revenue since the Highway Trust Fund is increasingly incapable for providing adequate resources for the nation's transportation needs.

The United States Highway Trust fund is a transportation fund comprised of three accounts: the Highway Fund, the Mass Transit Account, and the Leaking Underground Storage Tank Trust Fund. The Highway Trust Fund is financed via a federal fuel tax of 18.4 cents per gallon of gasoline and 24.4 cents per gallon of diesel fuel. The taxes are distributed as follows:

Gasoline:

- 15.44 cents – Highway Fund
- 2.86 cents – Mass Transit Account
- 0.1 cents – Leaking Underground Storage Tank Trust Fund

Diesel:

- 21.44 cents – Highway Fund
- 2.86 cents – Mass Transit Account
- 0.1 cents – Leaking Underground Storage Tank Trust Fund

The Highway Trust Fund annually generates approximately \$35 billion. It is estimated the nation needs approximately \$50 billion to keep the system in a state of good repair.

The federal tax on gasoline and diesel fuel has not been adjusted since 1993. According to research funded by the Soy Transportation Coalition, if Congress had indexed the fuel tax to inflation in 1993 – the last time it was adjusted – an additional \$133 billion would have been available for improving our nation's roads and bridges.

Bill to enhance freight movement introduced. On June 25th, U.S. Senators Maria Cantwell (D-WA), Cory Booker (D-NJ), Patty Murray (D-WA) and Edward Markey (D-MA) introduced legislation to establish a multimodal freight investment strategy. The National Multimodal Freight Policy and Investment Act (S.1680) establishes a plan for multimodal freight investment in order to reduce freight bottlenecks and congestion. In the effort to reduce the impact of freight movement on communities, the bill would emphasize "last-mile" freight connections.

The bill would establish a competitive grant program that would distribute a total of \$12 billion over a six year period. A new office for multimodal freight would be created within the U.S. Department of Transportation in order to manage the freight program.

"In Washington, port jobs are at risk unless we improve our freight infrastructure and reduce bottlenecks. International trade opportunities are growing and our competitors are investing – the Panama Canal is expanding and ports like Prince Rupert in Canada are presenting new challenges. We need a national focus on freight mobility to offer our goods and services more competitively to customers around the world. This legislation will help. Freight bottlenecks and other forms of congestion cost us about \$200 billion per year – and that is a cost we cannot afford," said Senator Cantwell.

Commerce Committee approves rail safety measures, Amtrak funding. On June 25th, the Senate Committee on Commerce, Science and Transportation approved the "Railroad Reform, Enhancement and Efficiency Act" to improve freight and passenger rail safety and provides \$6.6 billion in funding for Amtrak over the next four years.

The bill also calls for \$570 million annually for grants to rail agencies to fund a variety of projects, including installation of positive train control (PTC) systems. PTC is a system of monitoring and controlling train movements in order to promote safety. Mandated by Congress in 2008, PTC requires a railroad to develop a system that allows remote control and automatic braking of a train in case of a major safety concern. The legislation would expand the Railroad Rehabilitation and Improvement Financing Program (RRIF) to allow funding to be utilized for PTC implementation.

Other safety provisions of the legislation include:

- Passenger railroads must install inward-facing cameras to monitor train crews
- Thermal blankets under crude-by-rail tank car jackets to reduce the risk of rupture in a collision or derailment
- Real-time monitoring on the locations and contents of trains carrying hazardous materials

HTF needs an estimated \$3 billion by September 30th. The Congressional Budget Office (CBO) released an estimate that the Highway Trust Fund (HTF) would need \$3 billion to be solvent through September 30, 2015, the federal fiscal year end. If Congress were to extend the HTF funding to December 31, 2015, the fund would need approximately \$8 billion.

The CBO makes baseline projections for the HTF on a fiscal-year basis. They take into consideration seasonality in highway spending. In a letter to ranking member on the House Ways and Means Committee U.S. Rep. Sander Levin (D-MI) the CBO projects the cumulative shortfall in the HTF would be between \$85 billion and \$90 billion by May 2021.

Transportation housing bill H.R. 2577 passes the House. During the second week of June, the House narrowly passed H.R. 2577, the transportation housing bill, in a 216-210 vote. The final bill provides \$55.3 billion funding for fiscal year 2016. The bill includes cuts to funding for Amtrak by \$242 million to \$1.13 billion but includes new funding for video cameras to be installed in Amtrak locomotives to record engineers. The bill also makes cuts to transit and the Transportation Investment Generating Economic Recover (TIGER) program.

The bill faces a veto threat from President Obama.

Bill reauthorizing U.S. Grain Standards Act for five more years passes house. Congressman Tim Walz (D-MN), Ranking Member of the Agriculture Subcommittee on General Farm Commodities and Risk Management, announced on June 9, 2015, that reauthorization of the U.S. Grain Standards Act passed the House. The bill extends the authorization as well as prevents privatization of grain inspections.

Walz co-sponsored the measure along with Chairman of the Agriculture Committee Rep. Mike Conaway (R-TX), Agriculture Committee Ranking Member, Rep. Collin Peterson (D-MN), and Chairman of Agriculture Subcommittee on General Farm Commodities and Risk Management, Rep. Rick Crawford (R-AR).

Administration

Feinberg nominated to head FRA. President Obama recently nominated Sarah Feinberg to head the Federal Railroad Administration (FRA). Feinberg has been acting administrator of the FRA since the departure of Joseph Szabo in January 2015. Prior to that she was chief of staff at the Department of Transportation. During her time as interim chief, Feinberg has been commended for the handling of two commuter railway accidents. The senate must now vote to confirm Feinberg for her new role.

National Academies releases report highlighting outdated U.S. freight rail regulations. In early June a congressionally mandated report released by National Academies calls current U.S. freight rail regulations outdated. The report, authored by the National Research Council's Transportation Research Board and sponsored by the U.S. Department of Transportation, noted that regulations have remained unchanged since the Staggers Rail Act of 1980. It found that current policies protecting rail shippers from excessive rates are not functioning properly. The report recommended the U.S. Department of Transportation develop, test and refine a more reliable tool that would allow the Surface Transportation Board (STB), which regulates railroads, to utilize more expedient methods to determine if an unusually high rate qualifies for relief.

In addition, the report recommended replacement of the current STB hearings with independent arbitration and to encourage those engaged in arbitration to utilize reciprocal switching. Reciprocal switching allows shippers to transfer freight to tracks owned by competing railroads. It was noted that the Staggers Rail Act mandated that regulators not grant rate relief that denies revenues railroads need to invest in their networks and their right to make a profit.

National Academics also recommend the STB discontinue issuing annual reports on the financial performance of individual railroads as well as transfer responsibility for reviewing railroad mergers to the U.S. Department of Justice. The committee suggested a review of the data collection and dissemination practices of STB ensure that the data was relevant and valuable.

National Academics is comprised of the National Academy of Science, National Academy of Engineer, Institute of Medicine, and National Research Council. The National Academies are private, independent nonprofit research institutions that provide science, technology and health policy advice under a congressional charter granted to NAS in 1863.

TRB study emphasizes maintaining locks and dams, user pay funding approach. On June 16, the Transportation Research Board (TRB) released its study, "Funding and Managing the U.S. Inland Waterways System: What Policy Makers Need to Know." The report suggests "more targeted operations and maintenance investments informed by an asset management approach would prioritize locks and facilities that are most in need of maintenance and for which the economic impacts of disruption would be highest."

"Debates about funding for the inland waterways system and the roles of the federal government and users in paying for the system deserve renewed attention in light of shrinking federal budgets, declining appropriations, and increasing maintenance needs for its infrastructure," said committee chair Chris Hendrickson, Hamerschlag University Professor of Civil and Environmental Engineering at Carnegie Mellon University in Pittsburgh. "Without a funding strategy that emphasizes system preservation, maintenance projects may continue to be deferred, which would result in further deterioration and in a less cost-effective and less reliable system."

The study was sponsored by the Transportation Research Board and the U.S. Army Corps of Engineers. It can be accessed at: <http://www.nap.edu/catalog/21763/trb-special-report-315-funding-and-managing-the-us-inland-waterways-system>.

Certain portions of the copy for the STC Washington Report are obtained from media reports, trade publications, government sources and industry stakeholders.

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