

Federal Reauthorization Policy Paper: DRAFT

Title **Freight Transportation:
A Program to Enhance U.S. Global Competitiveness**

Prepared by Barbara Ivanov, WSDOT Freight Systems Division Director

Date September 12, 2008

Executive Summary

In 2007, the state's freight systems supported 1.026 million jobs in freight-dependent industry sectors that produced \$433.9 billion in Gross Business Income. International trade and interstate commerce sustains the national economy, yet state and local governments shoulder much of the burden of funding the nation's freight infrastructure and communities experience localized congestion and environmental impacts.

The federal government is responsible for providing national freight systems to support interstate commerce, international trade and the national defense. The lack of a national strategic plan for these freight systems and dedicated funding to maintain and improve freight corridors and connectors of national significance is harming the country's economy and global competitiveness.

Options: Pros and Cons

I.

I. Should the new national freight corridor investment program be performance-based?
Pros – Washington State could successfully compete on federal criteria for new freight funds. Defensible, objective criteria would help restore public trust in the federal highway funding program and focus federal investments on nationally-significant freight systems.

Cons – The state would need to provide strong input throughout development of national freight system criteria, and would need a systematic freight data program.

II. When considering new freight funding sources, should Congress prioritize those that are more likely to achieve the following goals?

- Match national policy objectives, and connect funding source and use.
- Provide adequate and stable revenue, and carry low administrative overhead.
- Take into consideration the impact on freight-dependent industries.
- Allow freight system stakeholders to pay an equitable share of improvements.
- Apply any import/export fees to all U.S. ports of entry.

Pros – State freight shippers and carriers want new freight funds to be dedicated to measurably improve the national freight system.

Cons – It will be difficult for stakeholders to agree on funding sources and criteria.

III. Should Congress fund all federal security mandates?

Pros – The federal government hasn't provided funding for several federal security mandates. Unfunded security mandates burden the state and local jurisdictions.

Cons – Funding sources are unknown.

IV. Should the federal government increase funding to preserve the capacity and functionality of the nation's inland waterways?

Pros – The lack of a fully-funded federal plan to maintain the lower Snake-Columbia River system presents a risk to the state's agribusiness and fuel distribution sectors.

Cons – Funding sources are unknown.

V. Should federal participation in national freight projects be 80 percent?

Pros – The higher federal level is justified by substantial national benefits, especially when the benefits go mostly to people outside of the state containing the project.

Cons – If implemented, this federal ratio could focus funds on a limited number of projects.

VI. Should Congress authorize an investment tax credit or other freight rail incentive program to create new capacity on the national rail system and generate significant public benefits?

Pros – In addition to adding strategic rail capacity, the rail tax credit program could be amended to provide incentives for additional public benefits such as mitigation.

Cons – Changes to the tax credit may produce less total new capacity.

VII. Should Congress authorize the states to set truck size and weight limits to improve supply chain efficiencies?

Pros – The regulatory change could reduce the number of total truck trips on the system, and therefore increase efficiencies and reduce truck-related emissions.

Cons – Any efficiency gain must be offset with additional funding for local and state bridge and pavement maintenance requirements; additional monitoring, inspections, signage, safety and enforcement issues would also have to be resolved.

Freight Subcommittee Recommendations

Although none of the Freight Subcommittee participants' organizations were asked to formally adopt recommendations, the Subcommittee representatives generally support options 1 – 4. Subcommittee representatives offer these comments on options 5-7:

- BNSF Railway Co & Union Pacific Railroad do not support the division of the tax credit under option VI and believe it diverts resources from badly needed rail capacity expansion and other concerns.
- FMSIB:
 - believes II should “require” vs. “allow” partnership paying an equitable share
 - supports III but shouldn't be paid out of scarce transportation infrastructure funds
 - has concerns about IV- cons should oppose Harbor Maintenance tax increases.

- opposes V because it doesn't reflect the federal benefit/share of individual projects, discourages partnership cost allocation, and lacks strong firewall language.
- is neutral on VI & VII - FMSIB doesn't take positions on modal priorities
- WSDOT supports higher freight system efficiencies. The Department needs more information regarding costs of option VII, and surety of offsetting funding, and would work with Washington State Patrol to maintain safety.