Freight Rail Infrastructure Priorities

**Freight Rail Policy Stance:** Congress should enact policies that ensure a healthy, multimodal infrastructure network, maintained through sustained investments by those who use the infrastructure. Without the ability to make massive private investments, the freight railroad network would suffer along with all the companies and industries that rely on it.

The U.S. freight rail network moves the raw goods and finished products that fuel the American economy. This critical, efficient and cost-effective transportation system is among the best in the world because of the billions of dollars — averaging $25 billion annually — railroads privately pour back into their infrastructure and equipment.

How is the money used? For better tracks and locomotives to make other industries more globally competitive; for investments in innovative technology and operations that ensure the industry is among the safest; for improved freight car designs and more efficient locomotives to reduce energy consumption, pollution and greenhouse gas emissions; for the best freight rail infrastructure in the world, which stands in stark contrast to the nation’s highway infrastructure.

Because of these critical investments, the freight railroad industry’s priority in a federal infrastructure initiative is to preserve its ability to compete successfully in a safe, efficient and cost-effective manner. In addition to maintaining the current economic regulatory framework, which is fundamental to the railroads’ ability to earn returns on their investments sufficient to maintain a 140,000-mile railroad network, Congress should consider the following policies:

- **The Highway Trust Fund (HTF):** The HTF needs to be restored to a true user-based fund. The current underpayment by road users to the HTF, especially by commercial trucking, has required a transfer of some $143 billion in General Funds to the HTF over the past ten years. Consequently, the rail sector is perennially placed at a competitive disadvantage. Looking forward, the Congressional Budget Office estimates that between 2020 and 2029, the HTF will run a $191 billion deficit. Federal infrastructure policy should remedy this fundamental imbalance by ensuring that all users of infrastructure cover the costs of their use. Through application of current technology, this could be done utilizing a host of mechanisms including a vehicle miles traveled fee or weight-distance fee.
• **Truck Size & Weight:** Congress must reject overtures to allow for longer and heavier trucks on roads, bridges and highways until, at a minimum, the current HTF imbalance is fairly and sustainably addressed and a mechanism is in place to ensure that, in the future, trucks of all legal dimensions pay their full cost for publicly provided infrastructure. Fees and taxes on 80,000 pound trucks — the current federal limit — only cover 80% of the damage trucks cause to America’s roads and bridges, according to the U.S. Department of Transportation.

• **Taxes & Fees:** Retaining a competitive tax environment for the private sector has benefits for the entire economy, including for the freight rail industry, which utilizes its resources for infrastructure spending on the nation’s freight rail network to support the economic vitality of ports, farmers, manufactures, distributors and other businesses. Much of the nation’s cargo moving over 250 miles is transported on the privately funded freight rail network. As Congress considers the means to fund highways and other infrastructure, it would be counterproductive to increase taxes or fees on freight railroads, which must invest their revenues to support the nation’s freight rail infrastructure and operations. Further, the bipartisan short line infrastructure tax credit, known as 45G, was enacted in 2005 and should continue to be available to accelerate infrastructure spending by these short haul railroads.

• **Section 130 Grade Crossing Funding:** The freight rail industry supports dedicated funding for the Section 130 program, a federal safety effort to protect the motoring public from grade crossing accidents.

• **Environmental Permitting:** Delays in permitting slow down the modernization of rail infrastructure and cost the rail industry billions of dollars each year, which could otherwise be invested back into the network.

• **Passenger Rail:** Expanding passenger rail operations over the nation’s freight rail network involves significant opportunities and challenges.