

TESTIMONY

**Before the United States House Committee on
Transportation and Infrastructure**

**Subcommittee on Railroads, Pipelines and
Hazardous Materials**

**On HR-6003, the
Passenger Rail Investment and
Improvement Act of 2008**

**and HR-6004, the
Rail Infrastructure Development and
Expansion Act for the 21st Century**

**by
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Chairwoman Brown, Ranking Member Schuster and Members of the Committee, my name is Frank Busalacchi. I am Secretary of the Wisconsin Department of Transportation and Chair of the States for Passenger Rail Coalition. I am also a member of the National Surface Transportation Policy and Revenue Study Commission.

I am pleased to testify today on the need to reauthorize Amtrak and to provide funding for new passenger rail initiatives that will help address the current and long-term mobility needs of our growing and aging population.

HR-6003, the Passenger Rail Investment and Improvement Act of 2008, and HR-6004, the Rail Infrastructure Development and Expansion Act for the 21st Century (RIDE-21), are both critically important. The enactment of these bills will allow Members of Congress to begin the process of investing in passenger rail, a mobility option that our citizens are choosing in record numbers. The recent growth in Amtrak ridership should be a clear message to Congress: we need more passenger rail service and we need to start building it now to keep up with the demand for services.

In the 2008 Presidential Campaign, passenger rail is an emerging issue. As Senator Barack Obama remarked at an informal luncheon in Indiana this month, "The irony is with the gas prices what they are, we should be expanding rail service... We are going to be having a lot of conversations this summer about gas prices. And it is a perfect time to start talking about why we don't have better rail service. We are the only advanced country in the world that doesn't have high speed rail..." The Senator's recognition of the need for expanded passenger rail service to address national goals related to energy and mobility offers a glimmer of hope for the future of intercity passenger rail in our country. Congress must act on this legislation now to build the foundation needed for the expansion of passenger rail.

Since 2002 when the Amtrak Reform and Accountability Act expired, Amtrak has been subsisting on annual federal appropriations subject to congressional and federal agency oversight, with no stability in funding. The Administration has shown no leadership on rail finance, starving Amtrak each year in its budget bill. Congress has had to come together on this issue every year to provide adequate funding to keep Amtrak moving.

The Amtrak reauthorization bill will end the year-to-year cobbling together of the finances of a major corporation. The legislation encourages and funds state investments in passenger rail. It provides stable funding for Amtrak and policy provisions to assure Amtrak service will expand

and Amtrak's financial accountability will improve. The bill aligns federal policy with the demand from our citizens for improved and expanded intercity passenger rail service.

Several factors support increased investment in this mobility option. Perhaps the most obvious is the fact that gasoline prices are quickly approaching \$4.00 per gallon, and oil prices have more than doubled in 18 months. These bills have been in process for some time, yet their introduction now is timely. It will take time as well as funds to get more rail service on the ground. While we wait for the funds, other forces are pushing us to create federal policies to increase investment in passenger rail service:

- Despite the federal government's focus on targeted congestion relief, bottlenecks are still occurring, congestion is growing, and we are faced with the challenge of global warming. In urban areas, building more highway capacity is often extremely expensive and difficult to accomplish. The availability of passenger rail funding will give decision-makers another option for solving their transportation problems. With passenger rail on an equal footing with the other modes in which the federal government invests heavily, decision-makers can select the transportation option best suited for a given situation rather than the only option that offers federal funding assistance.
- The expansion of intercity passenger rail could have a positive impact on global warming since the average intercity passenger train generates 60 percent fewer CO₂ emissions per passenger-mile than the average auto and half the Greenhouse Gas (GHG) emissions of an airplane. Since 1990, U.S. carbon dioxide (CO₂) emissions have grown an average of 1.2 percent annually; and the transportation sector contributes about one-third of those emissions.
- The United Nations' Intergovernmental Panel on Climate Change has released the fourth and final draft report in its "Climate Change 2007" series. The report¹ recommends that governments adopt policies to mitigate or reverse the impact of GHG emissions on our climate and that these policies align land-use and infrastructure planning to reduce transport emissions. The report encourages a modal shift from road transportation to rail and public transportation systems to offset the projected growth of global emissions or to reduce emissions below current levels.

¹ Intergovernmental Panel on Climate Change, "Summary for Policymakers of the Synthesis Report of the IPCC Fourth Assessment Report," Draft Copy, November 16, 2007.

- The projected growth in the U.S. population will only exacerbate the impacts of congestion and air and water pollution that comes from increased motor vehicle emissions. Our population is expected to reach 450 million by 2050, up 150 million people from 2007. Among age groups, growth will be highest in the over 55 population segments, and these segments will be most in need of mobility alternatives to the automobile.
- The nation's federal policy and funding approaches have led to a disinvestment in passenger rail over the past 50 years. At one time, rail routes comprised the backbone of our transportation network. The freight railroads are investing in their infrastructure, but according to a recent freight rail analysis,² the return on investment to the railroads would not justify the level of investment needed to serve shippers and passenger rail. We must create a healthy, vibrant passenger and freight rail system that provides a key mobility option for people and freight.
- Only a limited number of states will be able to increase passenger rail service on their own without a federal funding partner. When the Amtrak reauthorization legislation is enacted, with its 80/20 grant program to the states for capital investment, the states can begin to implement their passenger rail service plans, providing a long awaited modal choice for their citizens.
- It is time to create a truly multi-modal transportation system that addresses the national priorities of energy conservation and global warming and provides funding for passenger rail that is predictable, stable and environmentally responsible.

The National Commission's Multi-modal Vision

As a member of the National Surface Transportation Policy and Revenue Study Commission, I had the opportunity to share my perspective and goal for a new direction in national transportation policy – one that includes a federal/state funding partnership for intercity passenger rail similar to the partnerships that exist for highways, transit and aviation.

The Commission was charged with analyzing information to project the nation's transportation needs over the next 50 years. For highways and transit systems, this exercise was easier than

² National Rail Freight Infrastructure Capacity and Investment Study, September 2007.

for rail. We had the benefit of highway and transit data collected by US DOT over many years. For freight and passenger rail, the Commission relied on Commissioner Matt Rose and me to compile needs information.

I engaged a working group to provide an intercity passenger rail analysis. The group mapped a vision of the national rail system in 2050 and determined cost estimates to achieve that vision. It focused on city-to-city connections in corridors of 500 miles or less. It should be noted that the 2050 map is illustrative only as individual states will be responsible for their own rail plans. Many states are already working on estimates and plans for new passenger rail service. With federal support and the enactment of the Amtrak reauthorization legislation, these states will be empowered to implement their rail plans.

It was in response to testimony from state and local officials asking for additional public investment in rail that the Commission adopted intercity passenger rail as part of its multi-modal vision for the future. We submitted our report, "Transportation for Tomorrow," in December 2007.³ The report provides a new, multi-modal 50-year vision for the nation's transportation system, including recommendations for passenger rail expansion.

Wisconsin's Intercity Passenger Rail Experience

As Secretary of Wisconsin DOT, I know firsthand that the American public is clamoring for the expansion of passenger rail services. Our state provides financial support to Amtrak's *Hiawatha Service*, which operates on the Milwaukee to Chicago corridor. Since 1989, we have committed over \$100 million in capital and operating support for existing and future Amtrak service. This includes annual operating support, new or renovated stations, rail corridor acquisition, crossing improvements, and planning studies.

- Wisconsin works in partnership with the state of Illinois to provide annual operating support for Amtrak's *Hiawatha Service*. We contributed approximately \$6.4 million last year. Governor Jim Doyle and the Wisconsin State Legislature included an additional \$500,000 annually (\$1 million total) in Wisconsin's 2007-09 biennial budget to add an additional rail car to address capacity issues, including standing room only on many peak period trips. With the continuing increases in ridership, despite the extra car just added, capacity is again

³ http://www.transportationfortomorrow.org/final_report/

an issue. The state of Wisconsin is exploring adding another car, but equipment may not be available.

- Wisconsin has undertaken three major station development projects for *Hiawatha Service* customers. In 2005, we opened a new passenger rail station at Milwaukee's General Mitchell International Airport. In 2006, the Village of Sturtevant replaced a 100-year-old station with a brand new facility. In 2007, we completed a \$17 million renovation of the downtown Milwaukee station. This award-winning project provides a new multimodal facility for Amtrak trains and Greyhound buses, along with commercial development opportunities.
- Wisconsin has also invested funds to look to the future. Our state has conducted an environmental assessment of a project to expand service from Milwaukee to Madison. We have invested \$7 million in state funds to purchase and preserve 32 miles of this 85-mile rail corridor for future passenger rail service.

The public has responded positively to the state's investments. Last year, Amtrak's *Hiawatha Service* carried 618,000 passengers – an all time record and a 55 percent increase in just six years. With Amtrak providing excellent service from Chicago to Milwaukee and with engineering plans on the shelf and ready to go, the demand is strong to expand service another 90 miles to Madison, Wisconsin's state capital.

National View

The 31 states in the States for Passenger Rail Coalition appreciate the priority the House is giving to passenger rail legislation this year. Current *Hiawatha* operations and future service expansions in Wisconsin and other states will depend upon Amtrak's continued financial stability. We cannot afford to allow Amtrak to languish each year in an ad hoc appropriations process without the multi-year funding framework and vision that this reauthorization bill provides.

States cannot be expected to partner with the federal government and Amtrak to support and expand passenger rail service in the United States when the long-term viability of its partner is uncertain. These bills provide the funding and policy framework needed to allow states to invest in expanded passenger rail service.

Key Provisions of the Passenger Rail Investment and Improvement Act of 2008 (HR-6003)

The federal funding authorized by the *Passenger Rail Investment and Improvement Act of 2008* over the next five years will insure a sound financial foundation for Amtrak operations in the Northeast Corridor, for Amtrak's long-distance trains, and for Amtrak partnerships with states in regional corridors.

A new emphasis on partnerships among Amtrak, the states, and the federal government is reflected throughout the bill. The states can only step up and work with Amtrak to build a world-class passenger rail system for this country when an adequate federal-state funding and policy partnership is provided.

Amtrak's financial stability is of paramount concern to states that support Amtrak operations financially. This bill authorizes adequate operating funds for all of Amtrak's activities. The \$3 billion authorized over five years for operating grants provides the proper framework for appropriators to eliminate the annual uncertainty of whether Amtrak services will be cut.

A total of \$6.7 billion is authorized over five years for Amtrak and the states to address their sorely needed capital equipment and infrastructure needs. The bill provides capital funds to bring the Northeast Corridor to a state of good repair and to address equipment shortages on other Amtrak routes, including state-supported corridors. The existing equipment on state corridors dates from the mid-1980's and is ready for replacement. In some cases, state initiatives to add service have been thwarted for lack of equipment.

The states are ready to begin working with Amtrak immediately to develop specifications and procure equipment for use in state-supported corridors, where Amtrak's ridership growth has been high. The \$5 million in grants authorized under *The Next Generation Corridor Train Equipment Pool* recognizes this need and the role of the states in determining, along with Amtrak, the types of equipment that will be needed.

The Amtrak reauthorization bill recognizes the need for state representation on the Amtrak Board. It recognizes the need to develop an equitable and uniform methodology for allocating capital and operating costs among the states and Amtrak. In establishing planning requirements for states, it recognizes the importance of "grandfathering" existing state plans so that states ready to proceed with projects will not be delayed. The Act also recognizes the importance of

on-time performance, which is influenced by Amtrak (the operator) and the freight railroads (the principal dispatcher of Amtrak trains). Most importantly, the bill provides capital resources for passenger and freight infrastructure improvements to address capacity problems and to maintain and improve on-time performance.

Another issue facing Amtrak, states, and localities is the need to modernize stations to the standards of the *Americans with Disabilities Act* (ADA). The bill provides funding to address these needs.

Finally – and most importantly from a state perspective – the bill recognizes the need for a federal/state capital program to expand and improve the current Amtrak system. HR-6003 recognizes this need by authorizing a total of \$4.2 billion in 80/20 federal/state grants for needed infrastructure and equipment. Of these funds, \$2.5 billion is provided in 80/20 grants to states for a variety of intercity passenger rail improvement projects; and \$1.7 billion is provided for state high-speed rail projects where speeds are expected to reach 110 mph. Many states such as North Carolina, Washington State, Illinois, Michigan, Ohio and Wisconsin already have well developed plans for 110 mph service in regional corridors. The bill recognizes that, from a policy perspective, we must put federal funding for intercity passenger rail development on a level playing field with the highly successful federal funding partnerships that exist for highways, aviation and transit.

Key Provisions of the Rail Infrastructure Development and Expansion Act for the 21st Century (HR-6004)

In addition to the Amtrak reauthorization bill, the House has introduced the Rail Infrastructure Development and Expansion Act for the 21st Century, which provides additional capital resources for states. In particular, it provides \$12 billion in tax credit bonding authority to states over 10 years for passenger rail infrastructure and equipment. These bonds are unique in that they can be structured to provide up to the equivalent of 60/40 federal/state grants at current interest rates.

This legislation also authorizes \$560 million over eight years for 50/50 grants to states for planning and development and \$240 million for passenger rail technology development. The United States is far behind other countries in developing advanced technologies for signals, communications, and energy-efficient propulsion systems needed for the development the next generation of passenger rail transportation systems.

Looking to the near future, the National Surface Transportation Policy and Revenue Study Commission on which I serve recommends that a comprehensive 80/20 grant program for intercity passenger rail development be included in the next surface transportation reauthorization bill. The Commission recommends that the federal fuel tax be expanded to provide a dedicated multi-year funding source for intercity passenger rail development as well as for the other surface transportation modes. Its recently released report recommends the inclusion of \$5 billion annually for these state grants in the next surface transportation reauthorization bill.

As the House moves ahead on HR-6003 and HR-6004, I respectfully ask this committee to continue its efforts to provide a dedicated, multi-year passenger rail capital program to fund the nation's intercity passenger rail needs.

Everyone should understand, however, that enacting these bills will not result in more or improved passenger rail service overnight. These bills will jump start the process. It will be several years before we see more equipment running on current and new routes, carrying more passengers to and from their destinations in an energy-efficient, environmentally friendly way. For this reason, it is especially important that these bills be enacted this year.

I wish to express my sincere thanks to Chairwoman Brown, Ranking Member Schuster, and the co-sponsors of HR-6003 and HR-6004 for recognizing what we in the states have seen first-hand – the demand for fast, efficient train service by our citizens. Working together, the states and the federal government can address the mobility needs of our growing and aging population and, at the same time, address the national priorities of energy conservation and global warming. It is time to provide funding for intercity passenger rail that is predictable, dependable and environmentally responsible.