MEETING THE TRANSPORTATION NEEDS OF RURAL AMERICA

(114–24)

HEARING

BEFORE THE

SUBCOMMITTEE ON
HIGHWAYS AND TRANSIT

OF THE

COMMITTEE ON
TRANSPORTATION AND
INFRASTRUCTURE
HOUSE OF REPRESENTATIVES

ONE HUNDRED FOURTEENTH CONGRESS

FIRST SESSION

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Washington, DC 20515

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Ranking Member

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June 19, 2015

SUMMARY OF SUBJECT MATTER

TO:	Members, Subcommittee on Highways and Transit
FROM:	Staff, Subcommittee on Highways and Transit
RE:	Subcommittee Hearing on "Meeting the Transportation Needs of Rural America"

PURPOSE

The Subcommittee on Highways and Transit will meet on Wednesday, June 24, 2015, at 2:00 p.m. in 2167 Rayburn House Office Building to receive testimony related to rural transportation needs. The Subcommittee will hear from representatives of the American Association of State Transportation Officials; the National Association of Counties; the Agricultural Retailers Association; the Soy Transportation Coalition; and the American Bus Association.

BACKGROUND

Rural roads connect rural communities to urban centers; farms to markets across the Nation and internationally; and rural communities to an interconnected highway and multimodal transportation system. While only 20 percent of the U.S. population resides in rural areas according to the most recent census[1], one-third of all vehicle-miles traveled (VMT) and over half of all truck VMT in 2012 occurred in rural areas[2]. Even more striking, 71 percent of all lane-miles of public road[3] and 74 percent of all bridges are in rural areas[4].

Rural states face unique transportation challenges because long stretches of road are lightly traveled or used predominately by cars and trucks passing through the state. Because of the extent of rural roads, including significant mileage on federal and tribal lands, rural states tend to depend more on the federal-aid program for funding to build and maintain roads and

[1] https://ask.census.gov/faq.php?id=5000&faqId=5971. Urban areas include urbanized areas of 50,000 or more people and urban clusters of at least 2,500 and less than 50,000 people.
[2] Federal Highway Administration, Highway Statistics 2012, table VM-1.
[3] Ibid, table HM-260.
[4] Bureau of Transportation Statistics, National Transportation Statistics, table 1-28.

bridges. Farming, dairy, energy, and natural resources industries in rural states rely on a strong federal-aid program to move their products to market, while families, tourists, and business travelers use rural roads across America to connect to schools, jobs, and vacation destinations.

Currently, the surface transportation program includes a number of programs and provisions that benefit rural areas and agricultural interests.

Highways

MAP-21 made changes that benefit rural areas by eliminating earmarks and set-asides and distributing over 90 percent of highway funding by formula, thereby guaranteeing each state a fair share of funding. The Act also expanded the Highway Safety Improvement Program (HSIP), a federally-funded, state-administered program that provides funding to address traffic fatalities and serious injuries on all public roads, including non-state-owned public roads and roads on tribal land. Over half of all fatalities occur on rural roads, and the fatality rate on rural roads is nearly two and half times that in urban areas[5]. MAP-21 replaced a set-aside for rural roads with a trigger under HSIP. If the fatality rate on rural roads increases over the most recent two year period, states must dedicate a specified amount of funding toward high risk rural road safety projects in the next fiscal year. In fiscal year 2015, seven states triggered the requirement for higher investment levels, with a total obligation limitation of $12.4 million through July 31, 2015.

The Federal Lands Transportation program and the Federal Lands Access Program provide funding for transportation access to and within federal lands, including national forests, national parks, national wildlife refuges, and national recreation areas, which are often, but not exclusively, located in rural areas. Economic activity from federal lands adds significantly to local economies. In 2013, visitors to National Parks spent $14.6 billion in local communities within 60 miles of a park. MAP-21 authorizes $300 million per year for the Federal Lands Transportation program[6]. The Federal Highway Administration (FHWA) provides financial resources as well as technical assistance in delivering these transportation projects with the appropriate federal agency. The Tribal Transportation program provides access to and within Indian reservations, Indian lands, and Alaska Native Village communities.

A high-performing freight transportation system is critical for rural America, given that farming, forestry, fishing, mining, and manufacturing accounted for 22 percent of earnings in rural areas in 2010, a significantly higher share than in urban areas.[7] MAP-21 recognizes the importance of efficient goods movement by requiring the U.S. Department of Transportation (DOT) to designate a national freight network and develop a national freight strategic plan. Both initiatives are ongoing. MAP-21 also established a new national freight policy with the goals of reducing congestion, increasing productivity, improving safety, and improving the condition of

[5] National Highway Traffic Safety Administration, "Traffic Safety Facts, Rural/Urban Comparison", July 2014, http://www-nrd.nhtsa.dot.gov/Pubs/812050.pdf

[6] National Park Service, "2013 National Park Visitor Spending Effects", http://www.nature.nps.gov/socialscience/docs/NPSVSE2013_final_nrss.pdf

[7] United States Department of Agriculture, Recent Industrial Trends, http://www.ers.usda.gov/topics/rural-economy-population/business-industry/recent-industrial-trends.aspx.

the national freight network. Finally, to encourage states to undertake freight projects, MAP-21 increased the federal share for freight projects from 90 percent to 95 percent on the Interstate System, and from 80 percent to 90 percent on other federal-aid highways.

MAP-21 includes a number of provisions, beneficial to rural and urban projects, aimed at streamlining and accelerating reviews under the National Environmental Policy Act (NEPA). These include establishing categorical exclusions for projects within the right of way and for projects of limited federal assistance (less than $5 million of federal aid, or a total cost of $30 million or less with federal funds comprising less than 15 percent of the total project cost). In addition, MAP-21 allowed states to assume authority for NEPA from FHWA. To date, Texas and California have assumed this responsibility, and Idaho and Utah have applied for this authority.

MAP-21 created a new performance management system aimed at making the federal highway program an outcome-based program. The objective is for states to invest resources in projects that collectively will make progress toward the achievement of national goals, including maintaining highways and bridges in a state of good repair, and reducing congestion on the National Highway System. However, in implementing the program, FHWA has proposed requiring states to collect extensive data on all public roads, including gravel and dirt roads. State and local interests in rural areas have expressed concern that such a requirement will be extremely burdensome without a commensurate benefit for safety.

MAP-21 folded the bridge program into the National Highway Performance Program (NHPP) and the Surface Transportation Program (STP), retaining a set-aside under STP for off-system bridges. Nationwide, 73 percent of all bridges are located in rural areas, and 22 percent of the bridges in rural areas are structurally deficient or functionally obsolete.

Transit

Rural transit is supported by the Federal Transit Administration's grants for rural areas, found in section 5311 of Title 49, United States Code. This program provides capital, planning and operating assistance to states to support public transportation in rural areas with populations less than 50,000. This program also supports tribal transit programs, a program to develop transit for residents within the Appalachian region, and rural transit assistance programs that fund training, research and support activities. The most recent full year authorization of these programs, for fiscal year 2014, was $607,800,000.

Many rural communities are served by bus transit systems. Additional funding for bus capital purchases is provided by the Bus and Bus Facilities Program, which is found in section 5339 of Title 49, United States Code. The most recent full year authorization for this program was $427,800,000.

Intercity bus operations provide feeder service to and from rural communities. MAP-21 continues the requirement that states spend at least 15 percent of these formula funds to develop and support intercity bus transportation, and allows for the costs of private intercity bus operations to be treated as an in-kind match for the operating costs of connecting rural intercity bus feeder service, if a written agreement with the private operator is reached.

Commercial Motor Vehicle Regulations

Truck size and weight. Section 31111 of title 49, United States Code, prohibits states from imposing limits on the lengths of buses, truck trailers, and trailer combinations operating on the national network of highways[8] below the federal minimum. Under section 127 of title 23, United States Code, FHWA may withhold up to 50 percent of a state's apportionment of federal highway funds if such state permits the use of vehicles on the interstate system that exceed certain gross weight, axle weight, and bridge formula weight maximums[9].

Many states with a large agricultural and forestry presence have truck trailer length and weight laws and regulations in place that exceed the federal standards to address the movement of agricultural commodities and forestry products. These size and weight limits were grandfathered into federal law or added through statutory exemptions.

MAP-21 requires FHWA to conduct a study on the impacts of increasing truck size and weight. On June 5, 2015, FHWA released its preliminary Comprehensive Truck Size and Weight Limits Study, concluding that due to severe data limitations, including a lack of crash data on truck configuration and weight, no changes are recommended in truck size and weight limits. FHWA is accepting public comment on the study and submitting it to the Transportation Research Board of the National Research Council for peer review. The agency expects to provide a final report to Congress by the end of 2015.

Safety Regulations. Federal motor carrier safety regulations govern the commercial activities of interstate motor carriers, the safety of commercial motor vehicles operating in interstate commerce, and the licensing and fitness of the drivers of such commercial motor vehicles. Several farm related exemptions have been put in place by Congress. Exemptions include:

- *Hours of Service:* Federal hours of service regulations generally limit the number of hours drivers operating commercial motor vehicles in interstate commerce may drive and be on duty during a work week. Section 229(a)(1) of the Motor Carrier Safety Improvement Act 1999 established an exemption from hours of service regulations for drivers hauling agricultural commodities or farm supplies within a 150 air mile radius of its source during planting and harvest periods.

- *Intrastate Farm Vehicles:* Section 32934(a) of MAP-21 exempts certain farm vehicles and their drivers operating entirely with the boundary of a state from compliance with federal motor carrier safety regulations governing commercial driver's licenses, drug-testing and medical fitness requirements for drivers, hours of service, and any requirement relating to vehicle inspection, repair, and maintenance. Section 32934(b) clarifies that states that exempt farm vehicles from "any State requirement relating to the operation of that vehicle" will not lose "federal transportation funding".

[8] The "national network of highways" includes the interstate system and other designated highway which were part of the Federal-Aid Primary System in effect on June 1, 1991.
[9] The Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA) (P.L. 102-240) generally froze the length and weights limits on trucks carrying more than one trailer to that which was in effect in each state on June 2, 1991.

WITNESS LIST

The Honorable Paul Trombino III
Director
Iowa Department of Transportation
On behalf of the American Association of State Highway and Transportation Officials

Mr. Bob Fox
Commissioner
Renville County, Minnesota
On behalf of the National Association of Counties

Mr. Michael Steenhoek
Executive Director
Soy Transportation Coalition

Mr. Steve Woelfel
President
Jefferson Lines
On behalf of the American Bus Association

Mr. Charles L. "Shorty" Whittington
President
Grammer Industries, Inc.
On behalf of The Fertilizer Institute

MEETING THE TRANSPORTATION NEEDS OF RURAL AMERICA

WEDNESDAY, JUNE 24, 2015

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON HIGHWAYS AND TRANSIT,
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,
Washington, DC.

The subcommittee met, pursuant to call, at 2:29 p.m., in room 2167, Rayburn House Office Building, Hon. Sam Graves (Chairman of the subcommittee) presiding.

Mr. GRAVES OF MISSOURI. We will call this subcommittee hearing to order. And I want to say good afternoon to everybody attending this hearing, which is going to focus on the transportation needs of rural America.

And I want to let everybody know that it is possible we may have a vote during this hearing. So I would ask unanimous consent that the subcommittee be permitted to declare a recess subject to the call of the chair during today's hearing. And, without objection, that is so ordered.

Rural roads are rarely in the spotlight, and they generally don't command the attention because they don't suffer from the severe congestion that we see in our cities and the suburbs, and they are often not in the limelight for flashy ribbon cuttings. But rural roads and bridges are what knit our highways together into an interconnected national system that make it possible for freight to move seamlessly throughout the country and for tourists to enjoy road trips at low cost and allow other motorists to travel conveniently on short trips or long distances.

Even today, 71 percent of all lane miles of public roads and 73 percent of all the Nation's bridges are located in the rural areas. In my home State of Missouri, the role of rural roads is even more pronounced. Eighty-two percent of the public roads and 81 percent of the bridges are in rural areas, and these roads carry 40 percent of the travel in our State.

Missouri farmers and ranchers depend heavily on these roads to get their products to market domestically and internationally because local and rural 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, and that is local or intercity bus service.

I think our rural roads and bridges demonstrate why we need a strong Federal highways program. A network of efficient, interconnected roads is critical to moving people and goods around this country.

Also, and importantly, rural States tend to be more dependent on Federal highway programs because many rural roads are lightly traveled or used predominantly by cars and trucks merely passing through the State. Without the Federal program, rural States would not fund highway and bridge projects that are important to the Nation, but which are not a State or local priority.

Finally, safety is a significant problem on rural roads, where over half of our fatalities occur. And I fully support MAP–21's trigger for higher investments on rural roads if the fatality rate increases 2 years in a row.

I continue to work with Chairman Shuster on achieving a long-term surface transportation reauthorization bill that will provide reliable funding to all of our States. And I know the chairman is talking to the Ways and Means Committee, Paul Ryan, about that even as we speak. And while we need to pass another short-term extension by the end of July, I am hopeful that we are going to be able to pass a long-term bill later this year.

And, in the meantime, this committee is going to continue to work on a bipartisan basis on the policy provisions for the reauthorization bill. State and local governments are very dependent on us to remain a strong partner in delivering transportation projects, providing funding certainty for the first time in a decade.

I want to welcome all of our witnesses here today. I know some of you have traveled a long way, and I look forward to your testimony.

And I now turn to Ranking Member Norton for her opening statement.

Ms. NORTON. Thank you, Chairman Graves, for holding this hearing on the transportation needs of rural America.

I believe there is an important shared community of interest between rural and urban America that I think many Members are unaware of and I want to address in at least part of my opening remarks.

Nearly three-quarters of all bridges and lane miles of public road are located in rural areas. One-third of all vehicle miles traveled in this country occur in rural areas. Freight traverses these roads and bridges every day as goods move from our Nation's ports, manufacturing centers, and distribution hubs, eventually to reach consumers.

Our national parks, national forests, wildlife refuge and recreation areas are largely located in rural areas. These roads and bridges must be 100 percent funded by the Federal Government.

Economic activity from these Federal lands of which I speak, most of them in rural areas that hold these resources, add significantly to local economies. In 2013, visitors to our national parks spent $14.6 billion in communities within 60 miles of a park.

One of my top priorities in this reauthorization bill is boosting funding for the Federal Lands Transportation Program, which I believe will have a disproportionately positive effect on rural areas, which are disproportionately dependent on these 100 percent federally financed roads and bridges.

MAP–21 made some significant policy changes that affect infrastructure in rural areas. As we will hear in testimony today, MAP–21 shifted funding from locally owned infrastructure eligible for Federal aid. Commissioner Fox's testimony cites that MAP–21 actually reduced funding available to locally owned highways and bridges by an astounding 30 percent.

So, while I appreciate the need to focus on meeting the transportation needs of rural America, this Congress must move beyond simply talking about needs and start coming up with solutions. And time is running out on us. The July 31 deadline looms before us when highway and transit program authorizations expire and the Highway Trust Fund is set to fall to dangerously low levels. We now have just 18 days left before the deadline to pass an extension and find new revenues to shore up the trust fund.

There is no excuse for why, yet again, we have come down to the wire on this. In May, Congress wasted the opportunity to act. Now we are running through another construction season on fumes. Without certainty over the future of highway transportation funding, States and local governments have slowed and delayed projects, delayed signing contracts, and delayed hiring workers.

We have known for years that we need a sustainable solution to shore up the Highway Trust Fund. The shortfall is $92 billion over the next 6 years just to maintain current funding levels. The longer we wait to fix this problem, the more expensive it will become to preserve our infrastructure.

In May, when the House was asked to vote on the last extension, I noted that the real test will be how quickly Congress moves after we pass an extension to develop a funding plan for a long-term bill.

The Senate has now given us a start we cannot afford to miss. This morning, the Senate Environment and Public Works Committee agreed to the highway title of a bipartisan 6-year surface transportation bill. The bill provides $278 billion for highway programs through 2021, which includes modest increases for core programs as well as funding for a new freight program and new assistance for major projects.

We are now just 18 days away from the deadline to reauthorize and fund our Nation's roads, bridges, and transit systems. If Congress does not identify additional revenues for the Highway Trust Fund by July 31, the Department of Transportation will have to delay or deny reimbursements to States at the height of the construction season.

I know that our subcommittee chairman and Chairman Shuster stand firm in wanting our committee to move a robust long-term bill. Leadership and the tax-writing committees must now reveal their plan to resolve this crisis so that Members on both sides of the aisle can consider it in the light of day before they are asked to pass yet another patch.

I thank you very much, Mr. Chairman.

Mr. GRAVES OF MISSOURI. Thank you very much.

Now I would like to welcome our panelists; we have five today: the Honorable Paul Trombino III, who is the director of the Iowa Department of Transportation. He is testifying on behalf of the American Association of State Highway and Transportation Officials. We have the Honorable Bob Fox, who is commissioner of

Renville County, Minnesota, who is testifying on behalf of the National Association of Counties; Mr. Michael Steenhoek, who is the executive director of the Soy Transportation Coalition; Mr. Steven Woelfel, who is president of Jefferson Lines, which provides service in my district and in areas like Bethany, Maryville, and St. Joseph. Mr. Woelfel will be testifying on behalf of the American Bus Association. And we also have Mr. Charles "Shorty" Whittington, who is the president of Grammer Industries, Incorporated, and he is testifying on behalf of The Fertilizer Institute.

I would ask unanimous consent that our witnesses' full statements be included in the record. And, without objection, that is so ordered.

And since your entire written testimony is going to be included in the record, we would request that you limit testimony to 5 minutes.

And, with that, we will start with Director Trombino. Thank you for being here.

TESTIMONY OF HON. PAUL TROMBINO III, P.E., DIRECTOR, IOWA DEPARTMENT OF TRANSPORTATION, ON BEHALF OF THE AMERICAN ASSOCIATION OF STATE HIGHWAY AND TRANSPORTATION OFFICIALS; HON. BOB FOX, COMMISSIONER, RENVILLE COUNTY, MINNESOTA, ON BEHALF OF THE NATIONAL ASSOCIATION OF COUNTIES; MIKE STEENHOEK, EXECUTIVE DIRECTOR, SOY TRANSPORTATION COALITION; STEVE WOELFEL, PRESIDENT, JEFFERSON LINES, ON BEHALF OF THE AMERICAN BUS ASSOCIATION; AND CHARLES L. "SHORTY" WHITTINGTON, PRESIDENT, GRAMMER INDUSTRIES, INC., ON BEHALF OF THE FERTILIZER INSTITUTE

Mr. TROMBINO. Thank you. Thank you, Chairman Graves, Ranking Member Norton, and members of the subcommittee. Thank you for the opportunity to provide input on the transportation needs facing rural communities throughout the country.

Again, my name is Paul Trombino. I serve as the director of the Iowa Department of Transportation, and I am currently the vice president of the American Association of State Highway and Transportation Officials.

Iowa's location near the center of the country affords both opportunities and challenges. The State features a diverse range of surface transportation options, including highways, freight rail lines, waterways, public transit, all of which contribute to its economy and provide essential services to its citizens.

This infrastructure is also the focus of heavy demand from both domestic and international traffic, creating repair and capacity needs throughout the system. To meet this challenge, we are continually making improvements while prioritizing safety and mobility.

My main message this morning is to share with you the experience of State DOTs, including my State of Iowa. As traditional sponsors of transportation projects, State DOTs possess the unique expertise and familiarity with Federal statutory and regulatory requirements associated with project design, procurement, and construction in rural communities.

I urge prompt action on a well-funded, long-term surface transportation bill that clearly reflects and serves the national interests in rural parts of the country as well as in our urban centers.

No matter the geographic region, the simple unifying fact is that America needs a Federal transportation program that provides robust investment levels coupled with long-term funding stability that serves our national priorities. Furthermore, the Federal program should continue to provide States with flexibility by streamlining regulations and program requirements while not diminishing the percentage of funds distributed by formula.

Transportation powers the creation of wealth in our Nation and all States, unleashing the opportunity for economic activity. Iowa's economy is dependent on a robust and diverse transportation system that moves products to the global marketplace. Iowa's transportation system has long provided our State's businesses a competitive advantage, and that remains true today in a global economy.

State DOTs play a critical role in ensuring that we have a safe, reliable, efficient transportation network. In fact, this past February, my Governor, Governor Terry Branstad, signed into law a 10-cent increase in the State fuel tax, passed by Iowa's House and Senate with bipartisan support. Supported by the counties, business associations and organizations, groups like the Iowa Farm Bureau and Association of Business and Industry, this action will raise an estimated $215 million in additional resources per year to invest in our State roads and bridges.

States are also actively involved in assisting transit service, particularly in rural areas and for seniors and special-needs individuals. Of the 35 public transit systems in Iowa, 16 serve the rural region areas of our State, making Iowa one of only a few States offering public transit service in every county.

By its very nature, there are many challenges to providing adequate rural transit services that meet the growing demands for access to medical care, employment, education, shopping, and recreation. Rural regions and communities across the United States have urgent infrastructure needs, as economic and recreational demands increase.

Given this reality, we cannot address our Nation's 21st-century surface transportation investment needs without reaffirming the strong partnerships that form the bedrock of the national transportation program. State DOTs are using their inherent position between the Federal Government and local entities to effectively coordinate funds while working to meet national goals and performance standards required by MAP–21.

My State of Iowa continues to ascertain what amongst our current transportation system is most affordable and how our agency can improve these elements to optimize our value and efficiency for customers and residents. Keeping Federal program prescription to a minimum amount will allow State DOTs to continue pursuing innovative approaches to meet system-specific challenges. Committing to these principles will continue to provide much-needed benefits to those in Iowa and elsewhere throughout the country.

I want to thank you again for the opportunity to testify today, and I am happy to respond to any questions that you may have.

Mr. GRAVES OF MISSOURI. Thank you very much.

Commissioner Fox.

Mr. FOX. Thank you.

Chairman Graves, Ranking Member Norton, and distinguished members of the subcommittee, thank you for holding today's hearing on the transportation needs of rural America and also for inviting me to testify on behalf of the National Association of Counties.

NACo is the only association representing the Nation's 3,069 counties, which own 39 percent of the national bridge inventory and 45 percent of the Nation's roads, including 28 percent of the Federal-aid highway system. Most of these roads and bridges can be found in rural America, where transportation infrastructure serves as a lifeline for our citizens and plays a critical role in the movement of goods to market.

My name is Bob Fox. I am a county commissioner in Renville County, Minnesota. Renville County is a rural county with a population of 15,000 located approximately 100 miles west of the Minneapolis-Saint Paul metropolitan area.

Roughly two-thirds of the Nation's counties are considered rural, with a combined population of 60 million. Unfortunately, rural counties face a number of challenges in providing adequate transportation infrastructure to meet the needs of our communities, region, and national economy.

Today I would like to highlight some of these challenges and provide recommendations for ways Congress can support rural America in the reauthorization of MAP–21.

First, America's rural counties are experiencing declining populations, which reduce our tax base and, in turn, affect our ability to fund transportation projects. Counties rely on local revenue sources, such as property taxes and local option sales taxes, to make infrastructure investments. In the case of Renville County, most of our local funding for highways is derived through a local tax levy. However, most States limit counties' ability to raise revenue for capital projects, with 43 States having some type of limitation on property taxes collected by counties.

Second, rural counties are experiencing increasing and shifting demands on their transportation infrastructure. Rural counties' economies are often built on a foundation of agriculture and natural resources, industries that rely heavily on truck transport. In the 50 to 60 years since my county's infrastructure was built, there have been substantial changes in the agriculture sector that have resulted in high productivity and the use of larger and heavier machinery.

Third, rural counties are facing rising costs for transportation projects. My county has seen a dramatic increase in the cost of projects. Just a few years ago, we would budget for road construction projects at less than $300,000 per mile. Today, the same project will cost nearly $1 million per mile.

These problems are only compounded by the state of the Highway Trust Fund and short-term funding extensions. The longer we wait, the more damage our infrastructure sustains and the more expensive projects become, which rural counties simply cannot afford.

As a result of the challenges I have mentioned, rural counties need a strong Federal partner and a surface transportation program that supports the needs of rural America. There are several ways that Congress can better support rural transportation.

First, Congress should make more Federal highway dollars available for locally owned infrastructure. While MAP–21 made meaningful reforms in many areas, it unfortunately shifted funding away from the types of locally owned infrastructure that are eligible for Federal aid by an estimated 30 percent.

Second, Congress should restore funding to bridges off the National Highway System. While we are grateful that Congress continued the set-aside for off-system bridges and urge you to maintain this set-aside, we are concerned over a major funding gap that was created for highway bridges, or on-system bridges, that are not on the designated National Highway System.

And, third, Congress should better address the safety on high-risk rural roads in the reauthorization of MAP–21. Road safety is one of the greatest concerns for rural counties, with a fatality rate on rural roads about 2½ times higher than urban roads.

And, finally, we urge Congress to increase the role of counties in statewide planning processes. We are keenly aware of the investments needed and would like to be a partner in addressing the mobility, safety, and economic needs of our communities and the infrastructure we own.

Ultimately, the quality of rural transportation is critical to the vitality of our national economy. Therefore, we urge you to consider the unique challenges facing rural counties and the recommendations we have made for you today.

Thank you again for this opportunity to testify, and I would be pleased to answer any questions.

Mr. GRAVES OF MISSOURI. Thank you, Commissioner Fox.

Mr. Steenhoek.

Mr. STEENHOEK. Thank you, Mr. Chairman, Ranking Member Norton, and members of the subcommittee.

I think agriculture can accurately be described as trying to attach a garden hose to a fire hydrant. The good news is that U.S. farmers are producing more and they are more efficient at doing so.

And the good news is also that we have more and more people from more and more countries demanding what U.S. farmers are producing. To use the example of the soybean industry, when you look at a field of soybeans in the United States, you can assume that half of what you are looking at will be consumed outside this country. One-quarter alone will be consumed in China.

So, while we have increased supply trying to satisfy increased demand, the concern is that we do not have increased connectivity between supply and demand, and transportation is that connectivity. For agriculture, it is that system of roads and bridges, highways and interstates, our rail infrastructure, our inland waterway system, and our ports. You could argue that agriculture has the most diverse and elongated supply chain of any industry in existence.

So, since our transportation system is not keeping pace with increased supply and demand, you can accurately say that we are trying to attach a garden hose to a fire hydrant.

One of the key areas of focus for this subcommittee is our Nation's system of roads, bridges, highways, and interstates. Much attention, and rightly so, has been devoted to exploring approaches to providing sufficient revenue for our surface transportation system.

In my opinion, the fundamental flaw of how we try to finance our surface transportation system is that we have a fixed source of revenue trying to meet the needs of an escalating cost. Everyone can concede, regardless of your political persuasion, that the cost of building and maintaining roads and bridges goes up over time. Yet we have an 18.4-cent tax per gallon of gasoline, 24.4 cents per gallon of diesel fuel.

So it may be unintentional, but it is inevitable that when you have such a fixed source of revenue trying to meet the needs of an escalating cost, funding gaps will materialize with time. The current estimate is that we have a $15 billion annual shortfall each year.

According to research funded by the Soy Transportation Coalition and conducted by Indiana University, if we would have indexed the fuel tax in 1993, the last time the fuel tax was adjusted, we would have an additional $133 billion at our disposal to improve our transportation system.

When it comes to transportation, predictability of funding is almost as important as volume of funding. The current approach unfortunately employed by Congress of addressing this long-term need via unpredictable short-term legislative actions is having a punitive effect on our transportation system.

It is the hope of many that Congress will not only provide increased funding but also provide that funding in a multiyear format. To be honest, when it comes to transportation, I would rather have the Federal Government be predictably good than sporadically great.

While more funding and more predictable funding are important, we need to embrace opportunities to get more out of the transportation system we have while also practicing better stewardship of the taxpayer dollars that are currently being deployed.

A couple examples: We think expanding semi weight limits on the Federal interstate and highway system from a 5-axle, 80,000-pound configuration to a 6-axle, 97,000-pound configuration would not only enhance freight movement, it would also have a beneficial impact on motor safety and infrastructure wear and tear.

Another example: We think more widespread use of technology for evaluating rural bridges would allow us to better diagnosis the problem, reducing unnecessary closures and restrictions while also making taxpayer dollars stretch further.

A final thought. I think it is healthy for policymakers and the broader public to ask the question, do we want our Nation to consume from the rest of the world, or do we want to be a Nation that produces for the rest of the world? And I would think most Americans, whether you have ever met a farmer, whether you have any touchpoint with agriculture, whether you have any knowledge of agriculture, still aspires for the United States to be a country that still produces and makes things.

And I would argue that agriculture is one of those industries, perhaps the best example of an industry that can provide sustained competitive advantage not only for rural America but for the broader economy. But it will never become realized if we don't have a transportation system equal to that task.

Thank you, and I look forward to questions.

Mr. GRAVES OF MISSOURI. Thank you, Mr. Steenhoek.

Mr. Woelfel.

Mr. WOELFEL. Good afternoon, Chairman Graves, Ranking Member Norton, and members of the subcommittee.

I am here today from Jefferson Lines in Minneapolis, Minnesota, representing the members of the American Bus Association. I am truly appreciative of the opportunity to testify on the transportation and connectivity needs of rural America.

The ABA represents some 3,500 member organizations, encompassing the entire motorcoach group travel industry, including bus operators like Jefferson Lines, tour companies, hotels, restaurants, and destinations. In total, the motorcoach travel and tourism industry provided over 600 million passenger trips in 2013, it supported 1.4 million American jobs, and it produced over $175 billion in economic impact. Simply put, motorcoach transportation serves more communities in America than any other mode of transportation.

The company that I work for, Jefferson Lines, is a 96-year-old, third-generation company that employees over 225 people, and annually we serve over 600,000 passengers in 13 States throughout America's heartland.

Jefferson Lines has always been a pioneer in partnering with States, communities, and public transit to provide rural connectivity. We led the way in 1980 when we developed probably one of the Nation's first interline transit feeder programs in central Iowa. And we continue to build on that success by expanding service through cooperative agreements, such as reestablishing intercity bus service from Kansas City to Branson, Missouri, so that today we provide service to 18 different communities across the State of Missouri, including Cameron, Bethany, Maryville, and St. Joseph in northern Missouri. In Minnesota, we serve more than 65 rural communities, with approximately 90 percent of the population of that State being within a 25-mile radius of a Jefferson Lines location.

The challenge within our industry is that these examples are unique rather than the norm, and if our national goals are to ensure intermodal connectivity, reduce taxpayer burden, and improve efficiency, then we need to expand the public-private partnership initiatives beyond mere transportation finance concepts and better work together to connect rather than to compete.

Today, the request is that you consider the following three initiatives to maximize the use of tax dollars through better integration of public and private systems.

First, with surface reauthorization, we ask that you integrate private intercity bus networks in the transportation planning and facility development process. Include us upfront in the development of transportation improvement planning. And if Federal dollars are applied to multimodal transportation facilities, those facilities should be designed and operated in consultation with local private bus operators in order to expand access and improve connectivity.

Secondly, we would ask that you improve the access of intercity bus networks to airport facilities and introduce a new pilot program to the Essential Air Service program. Unfortunately, there are still too many cases where private carriers are prevented from connecting passengers to airports. In some cases, there is an outright ban on operations. On others, it is accomplished through the application of excessive fees.

We feel a multimode approach can transform how rural communities access both large- and medium-hub airports since motorcoach transportation is generally less expensive, more environmentally efficient, and, in many instances, time-competitive to Essential Air Service. So we would like the Essential Air Service reform to include a new pilot program which transforms a segment of today's EAS program into an Essential Transportation Program, providing motorcoach service connections to large- and medium-hub airports.

Finally, the ABA requests the committee's reauthorization bill contain language explicitly stating that all costs of connecting unsubsidized intercity bus service can be used by States as in-kind match for section 5311(f)-supported bus service.

The in-kind match program started in 2007 as a pilot program, and today there are 22 States that use this program to connect more than 400 communities. Because of its success, Congress permanently authorized the program in MAP–21 and expanded the eligible in-kind match to include all costs of the unsubsidized connecting intercity bus service.

Despite this authorization by Congress and a letter from this committee's bipartisan leadership making clear that Congress intended that all costs of a connecting service be available as an in-kind match, unfortunately the FTA chooses to continue to limit the in-kind match to only capital costs. Therefore, further congressional action is necessary on this point.

As we look towards the next surface transportation reauthorization, we have an opportunity to expand the transportation network in a very cost-effective way by incorporating private motorcoach operators from the very beginning of the planning process rather than in ad hoc and one-off projects and by joining the public and private networks together, including air service, as a way to add connectivity, expand service, and maximize public investment in passenger transportation.

I thank you very much for the opportunity to testify before the committee today.

Mr. GRAVES OF MISSOURI. Thank you.

Mr. Whittington.

Mr. WHITTINGTON. Good afternoon, Chairman Graves, Ranking Member Norton, and members of the subcommittee. My name is Charles "Shorty" Whittington. I am the president of Grammer Industries, Incorporated. We are a leading trucking firm in the Midwest and the Southeast. We are headquartered in Grammer, Indiana.

When I founded the company in 1968, we had a staff of 4 people, and we have grown to over 150 employees today. We are among the leading trucking firms for the fertilizer industry specifically transporting anhydrous ammonia fertilizer. Anhydrous ammonia is the leading nitrogen fertilizer.

I am proud of the employees at Grammer Industries and proud to serve rural America to do our part and to help feed the world.

I am here today on behalf of The Fertilizer Industry, which is a national trade association representing the fertilizer industry. TFI represents companies that are engaged in all aspects of the fertilizer supply chain. This includes fertilizer manufacturers, wholesalers, distributors, brokers, and retailers.

TFI's members play a key role in producing and distributing vital crop nutrients, such as nitrogen, phosphorous, and potassium. These products are used to replenish soils throughout the United States and elsewhere to facilitate the production of healthy and adequate supplies of food, fiber, and fuel.

Fertilizers make it possible for farmers to grow enough food to feed the world's more than 7 billion people. Research has confirmed that 40 to 60 percent of the crop yields are attributed to the use of commercial fertilizers.

The fertilizer industry depends on a safe and efficient transportation network to deliver its products. While fertilizer shippers utilize waterways and rail to move their products, all fertilizer shipped in the United States travels on the roadways at some point between the production and the ultimate application by the farmer.

In 2011 and 2012, 61 million tons of fertilizer products were sold in the United States. The delivery of fertilizer products in a timely manner is critical to farmers. There is only a narrow window of opportunity to apply the right fertilizer source at the right rate at the right time and the right place. Limited nutrient access during key utilization periods reduces crop yields, which means lower production and potentially higher food prices for consumers.

Grammer Industries works closely with the fertilizer industry, often as one of the last legs of the distribution network.

In recent years, rail marketplace congestion, rising rail and shipping rates, and service issues have made roadways more important than ever. For many rural areas, the Federal highway system provides essential connections to terminals, warehouses, and intermodal hubs. This is vital to farmers and for those who serve them and, ultimately, the consumers who rely upon a stable supply of affordable food.

The Federal highway system is one of the reasons American farmers are so successful in feeding the Nation and the world. In 2014, U.S. agricultural production accounted for $43.3 billion of trade surplus. This doesn't happen without an efficient, balanced transportation network.

Specific to roadways, efficient interstate connections are essential. For example, the Brent Spence Bridge crosses the Ohio River between Cincinnati, Ohio, and northern Kentucky, carrying both Interstates 75 and 71. The value of the freight crossing the bridge is estimated to be 3 percent of the Nation's gross domestic product. Maintaining the integrity of these types of interstate connections should be a priority.

One issue of concern for me and many in the trucking industry is that, over the years, it has become increasingly difficult to recruit and retain commercial vehicle drivers. The American Trucking Associations estimates the driver shortage between 35,000 and 40,000 drivers annually.

Roadway congestion is another issue. The American Transportation Research Institute estimates that congestion costs in the trucking industry were more than $9 billion in 2013. I would encourage members of the subcommittee to focus on congestion, bottlenecks, pavement methodologies, all of which can maximize limited resources for long-term investment and network efficiency.

Lastly, I would be remiss if I did not thank you, Chairman Graves, for all your help in clarifying the hours-of-service requirements for farmers and their suppliers in MAP–21. Your efforts on this and everything else to help the transportation of agricultural commodities and the agricultural exemption are greatly appreciated and have made a very positive difference.

Thank you, Chairman Graves and Ranking Member Norton, for this subcommittee and this opportunity to testify on behalf of TFI.

Mr. GRAVES OF MISSOURI. Thank you, Mr. Whittington.

And now we will move to Member questions, and we will start with Mr. Crawford.

Mr. CRAWFORD. Thank you, Mr. Chairman.

I have a question I want to direct to two of the panelists, Mr. Steenhoek and Mr. Whittington.

And I will start with you, Mr. Steenhoek.

As you know, there is a driver shortage in rural America, and it has had a big impact on many companies that ship goods in many regions of the country. The FMCSA [Federal Motor Carrier Safety Administration] requires a short-haul truck driver that crosses State lines to be at least 21 years of age, even if the CDL [Commercial Driver's License] minimum age in two adjoining States is 18 years of age.

For example, a 20-year-old trucker for an implement dealer in Missouri would not be able to deliver a tractor to an Arkansas farm because of those Federal rules. I live in Arkansas; Chairman Graves lives in Missouri. So, you know, we have that obstacle to overcome.

Do you believe that a reciprocity rule between States would be a better policy and perhaps alleviate some of the problems related to those driver shortages?

Mr. STEENHOEK. Well, thank you for the question, Congressman. I think that that does make a lot of sense.

And I think you identified one of the real dilemmas facing our surface transportation system. It would be convenient if the choices before us were more trucks or fewer trucks. Really, the question before us is, what degree of density or congestion of trucks are we going to be realizing in the future?

And the unfortunate fact is that, whether you are bullish or bearish on the U.S. economy, the projected demand for trucking is going up over time. Our estimations show a 50-percent increase in demand for trucking between now and the year 2040. So the question is, how are we going to respond to that?

If you respond with the status quo, that certainly is available to us, but that will result in a greater density, which we believe will result in a higher probability of accidents and casualties. Or you can do things like, you know, some of these reciprocal arrangements that you just cited. We talked about expanding semi weight limits.

The fact is supply of trucking services is not keeping pace with demand for trucking services, and what is going to yield? And what are the commonsense approaches to address it? And I think you just cited one of them.

Mr. CRAWFORD. Thank you.

Mr. Whittington, your comments?

Mr. WHITTINGTON. Yes. I certainly appreciate the question. This is a really big deal in the trucking industry today. I stated we are probably 40,000 drivers short today. We need somewhere in the neighborhood of 10,000 new drivers every day.

The 18-year-old in the State of Indiana can drive within the State of Indiana, but he cannot cross the line, like in your situation in Arkansas or Missouri. I think that there is a movement afoot possibly to help develop a pilot program and a reciprocity with the different States. That may be a 150-, 200-mile radius, would be a program that would be very helpful.

The industry really has a problem in the fact that, if you have an 18-year-old and we got to wait until he is 21 to cross a State line, his opportunity for other employment is coming at him. And I don't know of any young man that is going to wait 3 years to wait to drive a truck across a State line.

So we certainly need Congress' help to do that. I think the insurance industry had a problem with it for a while, but I think with the new technology that is out there, the cameras, the training techniques, and just the technology that is in these trucks today makes it an opportunity that we can monitor that driver in a proper manner. But we will need help to cross a State line. Very good idea to do.

Mr. CRAWFORD. Thank you.

And you mentioned, the technology that we have in the cabs of these trucks and the safety measures that have been taken, I think, certainly bears reconsidering this approach.

Mr. Trombino, you are from Iowa. Maybe you would like to weigh in on that issue.

Mr. TROMBINO. Thank you very much for the opportunity. I was going to mention two things.

As I have had the opportunity to talk to the public and especially commercial freight movement, I always ask the question, what is the biggest impediment to commercial freight movement in the United States, much less in our State? Is it regulatory, or is it infrastructure? And I am not trying to say there are not infrastructure issues. Typically, the answer is it is regulatory issues. Those are a lot of challenges, the differences between States. And those challenges create that challenge for truck drivers and other things.

One of the areas that we have been focused on in our State is driver training. As it stands right now, if a person is a resident of another State, they can't take CDL driver training a lot of times through a company and get their CDL license either in our State or the other State. They actually have to change their residency to do that. And that has created a huge challenge for us in our State because we have a lot of large trucking firms that are doing their own education, and then we are helping them do the actual testing at the end.

And so that is one area that we would like to see improvement on that I think also then—the more reciprocity, the more movement, that you can see that we are all working together to get people into the system to be drivers is a key ingredient for us in the future.

Mr. CRAWFORD. Thank you.

And, gentlemen, I appreciate all of you being here today.

I yield back.

Mr. GRAVES OF MISSOURI. Thank you.

Ranking Member Norton?

Ms. NORTON. Thank you, Mr. Chairman.

And, by the way, Mr. Trombino, I have been working with the trucking industry on the notion of training, as well. I would like to see a minimum standard that all States could observe that would really treat this like an interstate system.

But I notice that you, Mr. Trombino, and you, Mr. Fox, may have somewhat different views, because one of you, Mr. Trombino, represents State DOTs and Mr. Fox, counties. And there is an old dialogue that goes on between local—I mean, for that matter, cities as well, but certainly counties and States.

And, Mr. Trombino, your testimony says that State DOTs have a strong partnership with local governments in their respective States. Mr. Fox, however, in his testimony, says local elected officials should have an elevated degree of involvement in decisionmaking processes.

So I wonder, since you are both at the same table, you might want to comment on what improvements Congress could make to whatever is the planning and project selection process, understanding there are State priorities of course, to ensure that local transportation priorities have at least a fair shot of being funded, for example, at the county level while maintaining the integrity of the State decisionmaking authority.

Perhaps we could get some agreement right here.

Mr. TROMBINO. Thank you, Ranking Member Norton.

The first thing I would say is, I can only speak from my experience, obviously, in our State, for number one. And the States that I work with also and the people I communicate with, we want to have a good working relationship. It is required for us to have a very good working partnership to deliver transportation improvement projects across our State. That means having a good working relationship with MPOs [metropolitan planning organizations], in our case a lot of RPAs, regional planning affiliations, and counties and local cities and communities.

It is one of the things that we strive for all the time, because understanding their needs is a critical piece for us, ultimately, as stewards of the system—as I like to say, we are all stewards of the transportation system—and delivering the system that meets all of those needs.

And one of my biggest things that I think is very important at the Federal level is to provide the least amount of prescription that is possible. In other words——

Ms. NORTON. Well, let me ask Mr. Fox, then, because I want to see what kind of understanding we can get.

You know, States get the money. This is the way our country is structured. We are not trying to do anything different. And there is the allegation that the States, therefore, favor State roads and bridges.

You heard Mr. Trombino. I am sure you would agree, in large part, with almost everything he said. Is there anything we should be doing here to facilitate better understanding between the counties and the States? Could we be helpful? Or are we going to leave you all to fight it out in the next bill, as well?

Mr. FOX. Congresswoman, thank you for the question and your comments.

We do have a good working relationship, but I think, as county officials, we think we can have a better working relationship. And that is why we asked to be at the table as we proceed forward.

My discussion—and from a rural county, where I come from, is that I don't have the same problem as some regional center has, maybe, with a rush hour. I have a rural rush hour in October that is the biggest headache I have because I have semi trailers of corn, soybeans, and sugar beets. And I think, sometimes, at a local rural level, there are different ways to look at things. You know, we can put a traffic counter out, but that doesn't tell the whole story.

So I think we have to have an open dialogue, open discussion, and we have to be at the table working together to spend the Federal dollars so we get the most bang for our dollar. And we can see, where we have spent dollars, there is good economic development. So we want to spend our dollars wisely.

Ms. NORTON. It looks like what we should do is to perhaps have some language that says there should be better communication between counties and States. Because I can see you have different interests but yet there is a desire on the part of each of you to see the problem. And I have my own version of the problem, or, at least, not the District, which is a city and a State, but most cities would say the very same thing.

We don't want to instruct you. We simply want to take note of it and not wait until the next hearing to resolve views that may not be on the same page as we find them today.

I see my time is up, Mr. Chairman, so I yield back.

Mr. GRAVES OF MISSOURI. Mr. Barletta?

Mr. BARLETTA. Thank you, Mr. Chairman.

Mr. Steenhoek, with respect to your testimony regarding the soybean industry's self-funded study about the benefits of 97,000-pound single-axle trucks, I don't doubt that these heavier trucks would benefit your members, but at what cost to the public is my question.

The U.S. Department of Transportation studied this issue over the past 3 years and just issued a report where the Department could not justify the very trucks you are asking us to approve. While there wasn't enough data to come up with national crash rates, they found shockingly higher crash rates as well as more brake problems in the two States that they studied that have these trucks today. In Idaho, for example, the crash rates were 99 percent higher for these trucks, and in Michigan the crash rates for these trucks were 400 percent higher.

They also found over $2 billion in additional bridge costs, and that cost doesn't even include the vast network of local roads across the country.

Now, in light of this evidence, would you really suggest that we bypass safety and bridge infrastructure to encourage the spread of these heavier trucks?

Mr. STEENHOEK. Congressman, thank you for the question.

And I think it is important to underscore that, when I had a discussion with my board of directors—and these are soybean farmers from throughout the United States—and we were discussing whether or not to even visit this issue, one of the common comments from my farmer directors was: The last thing we want to promote is something that is going to endanger ourselves, our kids, and our grandkids.

The reality is, when you live in a rural State, your probability of encountering a semi traveling at a high rate of speed is exponentially greater than those who live in urban America. So that is the last thing that we would want to do.

So we took an approach of, let's not come to this with a conclusion in search of evidence. Let's let the data speak to us.

And you cited the DOT comprehensive size in truck study that was just recently—some of the data that was just released. Yes, the Department of Transportation did not—they said, we need more information, we need more data in order to make a prescriptive statement. But when you actually look through the statistics, I found that to be quite compelling in favor of expanding semi weight limits to a 6-axle, 97,000-pound configuration.

One of things from a——

Mr. BARLETTA. Excuse me. You did, but the United States Department of Transportation didn't.

Mr. STEENHOEK. I am sorry?

Mr. BARLETTA. The U.S. DOT didn't find enough evidence to say that they could recommend that.

Mr. STEENHOEK. Right. They stated they needed more data in order to make a prescriptive statement, in order to make some kind of recommendation. Yes.

But what meant more to me was actually saying, well, what does the data in the report say on these key performance indicators, these things that matter most to us, motor safety being number one. Number two is infrastructure wear and tear; and, number three, what kind of cost savings——

Mr. BARLETTA. How about the crash test results in Idaho and Michigan that were 99 percent—the two States they did study that were 99 percent higher, and in Michigan, over 400 percent higher? How would you relate to those?

Mr. STEENHOEK. Well, I mean, I guess we can start arguing over which data you are using, which data I am using. The data that I have repeatedly seen over years is that motor safety is more a function of the number of semis, less a function of the weight of individual semis. And when you have that additional axle, you provide additional braking friction so that stopping distances are comparable to an 80,000-pound, 5-axle configuration.

But I think this whole issue of——

Mr. BARLETTA. However, the extra axle wouldn't matter on a structurally deficient bridge, though.

Mr. STEENHOEK. Right. And——

Mr. BARLETTA. You could have 10 axles and——

Mr. STEENHOEK. And I appreciate you making that comment, because I think to have an intellectually honest discussion about this—and we highlight this in our report and in our marketing materials, is that the issue of bridges, that is the most important.

I mean, there is widespread acknowledgment that with that additional axle you are reducing the imprint on the road. If you are comparing the 6-axle 97 to a 5-axle 80, it is about 35 pounds less on a road. Bridges, they don't really care about the number of axles; they just care about the aggregate weight that they are compelled to support.

And so we think that, if we were to proceed with this proposal, if it were ever to be instituted, a component of that should be, for those who are electing to load heavier, there should be a fee associated with that, and the money of which would be used for our bridges.

One, I think, of the benefits is that—you know, this is not a hypothetical. You are citing examples; I can cite examples, as well. This is not a hypothetical exercise. This is something that we see, a lot of States, they have higher weight limits, and they are individual States. Some States they have grandfathered in prior to weight limits being frozen at that 80,000 pounds. And we can look at other countries, and we can point to see is it actually working or not. We think the evidence is compelling in support of it.

Mr. BARLETTA. Mr. Fox, would you be concerned about possible increases of the truck size and weight, knowing that they have never studied the impact on our local roads and bridges?

Mr. FOX. Congressman, thank you for the question.

Yes, we are concerned, and our biggest concern is the point you made about the bridges. That is the very biggest point. As a county, in Renville County, we do have about 10 miles of roads that we do allow in the wintertime 97,000 pounds, but on those 10 miles of roads there are no bridges. And that is for the sugar beet industry to move product.

But it is a concern, especially on the bridges and especially as you get further out from the main roads. That is really where the problem comes, because a farmer wants to fill his truck when he leaves the field, and he might have to drive on a township road which is gravel before he even gets to a main artery. So it is a concern.

Mr. BARLETTA. Thank you.

Thank you, Mr. Chairman.

Mr. GRAVES OF MISSOURI. Ms. Johnson?

Ms. JOHNSON. Thank you very much, Mr. Chairman and Ranking Member, for having this hearing.

And thanks to all of the witnesses that are here.

I am from the State of Texas and the city of Dallas. And we are rural, and we are urban. One depends on the other. I have all urban in my district, but I do have six interstates that come through my district, and I think that we probably experience every possible transportation issue there could be.

But I want to know from you, what is more important than reauthorizing a highway bill?

Mr. FOX. Congresswoman, thank you for the question.

The most important thing I see with the authorization is that we have certainty and we can start planning for the next 3 to 5 years.

And on top of that is economic development. If we have good roads and good infrastructure, businesses will come and businesses will build or a business that is there will expand. And that is where it is for counties.

Ms. JOHNSON. Thank you.

I noticed that there were comments in some of the testimony about having local input from cities or entities closer to the issue. I am from a very large State, and we believe that, as well.

I am trying to remember whose testimony it was that mentioned that. Can somebody speak up?

You did?

Mr. WOELFEL. Yes, Congresswoman Johnson, I think that that was my testimony.

You know, one of the things that we were asking for was to allow better collaboration between public and private entities when it comes to transportation needs. We firmly believe that, to expand opportunities for transportation, intermodal facilities are required.

And we are not looking to compete with public entities. We want to expand and cooperate with public entities. And all we are really asking for is, perhaps, when you are doing the planning either for a facility or doing the planning for a transportation project, to include the private motorcoach operator upfront in the planning. And perhaps we have a private way to solve that issue as opposed to a public.

Ms. JOHNSON. Thank you very much.

Now, there was a mention of to expand the necessary flexibility that has been mentioned.

I think, Mr. Trombino, you mentioned that in your testimony. Could you elaborate on that a bit?

Mr. TROMBINO. Thank you. Thank you, Congresswoman.

On flexibility, I can't say enough. For us, as we work with local cities, our regional areas, we want to allow—as we push those dollars down to the local level, the more flexibility that they have from an investment perspective, the key ingredient is the less prescription there is in the program.

And so a lot of the good things that happened under MAP–21, programs were consolidated. Eligibility still remained, which, in our State, one of the things we did was we pushed a lot of those dollars to the local level to allow them to really make those decisions. Because, ultimately, they know what to do on the local system. And the more that we have flexibility to do that, I think, between the State and the local regional level, even at the local city or county level, the more that opportunity, where the dollars are coming, so that they have flexibility to meet their needs—because the needs, as I say, in the northwest part of the State versus the southeast part of the State, they have different transportation needs. But if those dollars come in and allow flexibility, they can meet whether it is a bridge issue on one side or maybe it is an enhancement type of transportation alternative project that they would like to do, rather, for their communities.

So those types of things I think are the most important. And at the State level what we want to do is get those dollars to them and let them make that investment and get that turned around as quickly as possible.

Ms. JOHNSON. Thank you very much, Mr. Chairman. Thank you. My time is up.

Mr. GRAVES OF MISSOURI. Mr. Gibbs.

Mr. GIBBS. Thank you, Chairman.

Thanks for being here today, panelists.

And I appreciate the comments from the soybean industry and the trucking industry, Mr. Whittington.

One point I want to make—I think you all agree with me—why it is so important for agriculture, you know, in our global marketplace. And if the transportation costs are higher because our infrastructure can't get there, delays and times, that adds to the bases and lower prices for farmers. They will end up paying that price, the cost, and that—it really affects our competitiveness in the global marketplace.

But, Mr. Trombino, I am just curious. You said that Iowa just raised their gas user fee by 10 cents. What does that make their State tax now, State user fee?

Mr. TROMBINO. On the gasoline?

Mr. GIBBS. Yeah.

Mr. TROMBINO. So the gasoline goes to about 30 cents a gallon.

Mr. GIBBS. OK.

Mr. TROMBINO. Diesel, a couple of cents more than that, about 32.

Mr. GIBBS. OK. Also, I hear from my State, Department of Transportation and stuff, that trying to get permits for construction and working through the permit process takes so long, you know, Fish and Wildlife and other agencies.

You know, what are some of the obstacles you are facing getting new construction permits filed and approved? And how long is it taking?

Mr. TROMBINO. From our perspective, especially as we have now ramped up our program, that was one of our biggest concerns, is the permitting process itself does take time, especially water quality issues. Those are usually the typical things that we run into.

As you think of our State, we have a lot of tributaries, a lot of riverways. So it is very rare that our projects wouldn't touch at some point, water quality, wetland mitigation, all those types of issues.

So that is one of the overriding challenges, is that now, with the amount of work that we are going to expand—we have added a little over $500 million to our 5-year program. That is one of our overriding issues that we are trying to sit down with, you know, those partner organization agencies——

Mr. GIBBS. You are talking about water quality. You know, the EPA is just in the process of implementing a new expansion of their jurisdiction of waters to the United States. Is that a concern to you?

Mr. TROMBINO. Yes. It is a very large concern because of the impact it could mean cost-wise, schedule-wise on our projects.

Mr. GIBBS. And it——

Mr. TROMBINO. Plus on the agricultural——

Mr. GIBBS [continuing]. Would be a need for additional permits from the Army Corps?

Mr. TROMBINO. Yes. So, again, all of that rolls together because all those permits—I sort of view them as one. Depending on the navigable water, Army Corps then falls into that, which we have a lot of major projects in that.

Mr. GIBBS. Currently, even without that new rule in place, when you start a construction project and you have got to get through the permits and stuff, what would be the kind of timeframe—you know, get the permits to actually turn the first shovel of dirt and—you know, is it one-third of the total process getting the permits or is it 20 percent? What kind of timeframe were you looking at getting through all the——

Mr. TROMBINO. You know, again, if you—a lot of those start early in the design process. But, overall, as you get towards the end, it probably takes at least 3 to 6 months for sure just at the end point for a construction perspective because there is additional planning that we have to show that we are actually needing the original permit that we have received.

Mr. GIBBS. I guess I have another question for you, too, or maybe anybody might want to answer this question.

When we talk about the intermodal transportation system, extremely important for agriculture and other industries, how do you envision making that intermodal system work, you know, between the water, rail, roads, without increasing the cost dramatically of new construction? Go ahead.

Mr. TROMBINO. If I may, Congressman, one of the things that we have done and I think is very unique is supply chain design on our entire State. It gets to the global competitiveness that you raised before.

As I like to say on the agricultural side, a 21st-century farm-to-market system is a road, rail, and water system because that is where our products are moving, much less our people, also.

And we have taken a supply chain design that really exists in the private practice and applied that across the State so we can see and model and we actually know every commodity movement in our State from one county to another and from one county to another county in the United States and to 40 different countries.

And what that does is it really allows us to look at the movement of product and commodity flow, which I believe—and we already have some analysis that shows—we can reduce costs in not only the transportation investment, but actually the cost to businesses and the agriculture industry in moving those products.

And a lot of those investments aren't the true typical investments that we think of in the transportation system. There are connectivity issues. There are freight consolidation issues. And those are the areas where we think we can lower the overall transportation cost and lower business cost overall.

Mr. GIBBS. So I was actually tracking what, say, agricultural commodities are leaving the State and how to get to the best place with intermodal connections.

Mr. TROMBINO. Absolutely. And that is exactly what we have done and what we are—we are actually working with eight companies right now where we are doing supply chain design for them because we think, in the end, we can lower their transportation costs and make the right improvements in the system that shows a real rate of return. We can calculate the math, as I like to say, and show the rate of return.

Mr. GIBBS. That is great. Thank you.

And I am out of time. I yield back. Thank you, Chairman.

Mr. GRAVES OF MISSOURI. Mrs. Kirkpatrick.

Mrs. KIRKPATRICK. Thank you, Mr. Chairman and Ranking Member Norton.

You will notice that I have some pictures of my district up on the screen. We should not forget that, along with States and counties, Native American tribes represent another governmental entity that is a part of a rural transportation system.

The Navaho Nation spans three States: Arizona, New Mexico, and Utah. My district includes the Arizona portion of the Navaho Nation. Because of its size, the Navaho's transportation network provides a primary conduit for both Native Americans and non-Natives traveling between these three States.

This winter Navaho children in just one school district alone missed 10 days of school because the dirt road that is their only route to school became impassable due to mud. The photos provided on the screen here tell the story of this problem far better than my words can.

What you see here is the reality for too many schoolchildren on the Navaho Nation. School districts on the Navaho Nation often wake up to these mud emergencies and, when they do, they call their counties for help.

County public works are the boots on the ground, helping repair and maintain tribal roads that are regional connector roads for both tribal members and other county residents. I would like to thank the counties in my district for stepping up and doing, quite frankly, what the Federal Government is not doing, even though it has primary responsibility for these roads.

I am calling on this committee to join me in seeking a Government accountability study to help us see how the condition of tribal roads, especially the dirt roads, is hurting the ability of students in our tribal communities to get an education.

Thank you, staff, for working with me on getting these pictures before the committee.

My question is for you, Mr. Fox. Does NACo work with the tribal governments? And, if so, in what capacity?

Mr. FOX. Yes. We work with them more at home than run through our association. But I believe there is a Commissioner White from Arizona that I know is in that area that sits on our rural action group, and we have discussed roads and transportation.

I know back home we do not have a reservation in our county, but we have reservations on two corners of our counties. And I know that, in Minnesota, the county governments work with those reservations on road projects and trying to do projects maybe simultaneously or together.

Mrs. KIRKPATRICK. As you can see from the photos, it really is a dire need in these communities and puts our children's safety at risk.

Again, Mr. Fox, in your testimony, you raise the important issue of safety of rural roads. Your testimony correctly notes that MAP–21 reduced requirements that encouraged States to invest in improving safety.

The $90 million that was previously set aside each year for improvements on high-risk rural roads was eliminated and replaced with a new rule that only has provided about $12 million in fiscal year 2015.

Is this reduced level of required funding adequate, in your estimation?

Mr. FOX. Can you explain further? Is the number reduced?

Mrs. KIRKPATRICK. The $90 million that was previously set aside for improvements was eliminated and then it was replaced with a new rule that provides only $12 million in 2015.

Mr. FOX. I guess I am really not in a place to answer the exact number——

Mrs. KIRKPATRICK. OK. Well, let me ask another question. My time is running out.

But could you elaborate on NACo's proposal to help us reduce deaths on rural roads?

Mr. FOX. Well, I guess it is a partnership. Again, we go back to partnerships. Is it putting the rougher edges on roads as we place them for safety? We have put up solar LED lights, stop signs in certain places in our county for safety.

There are multiple things. I think it is kind of cafeteria style. There are things we can do out there. We have to maybe learn from other States, from other pieces of the puzzle here, and put them together and make those rural roads safe.

I mean, there is so many times that rural roads—people get on them and put the pedal down and let's go. They are not used to a slow-moving vehicle, you know, a tractor pulling a large implement that is only going 25 miles an hour and you are going 55 or 60 miles an hour. So——

Mrs. KIRKPATRICK. My time is expired. But I appreciate the attention to the rural safety issues. It think it is really important.

I yield back.

Mr. MICA. Mr. Fox, you represent the counties. We worked on the MAP–21 legislation and tried—you try to be fair in the distribution between urban and rural areas. It is very difficult.

Unfortunately, the divisions sometimes reflect the representation in Congress that is very hard to change. You have got urban members. They compose the bulk of the membership, and they run away with the bulk of the money. It is hard to overcome.

I have been screwed by the Democrats, and I have been screwed by the Republicans in redistricting. And the last time they gave me a rural district of 10 previous years—which is kind of a good education because I had an urban corridor around Orlando—I was stunned that the small counties I represented at—getting this new perspective, when they didn't have the capacity to participate, not even the people to even write the damn grants, let alone administer the grants or compete in the grants—so the people who need it the most are the least likely to participate.

And most of this largesse from Washington is given out on a political basis. It is administrative earmarks. We had a bill—some of these guys won't remember. We had 1,199 earmarks, and we had an impasse.

So it gave the Bush administration almost $1 billion in those earmarks, and they went behind closed doors. They took that in their discretionary money, and they divided it between five urban areas. One happened to be Mr. Oberstar's area. Another one, Ms. Pelosi.

I bitched about it. So I got $62 million of the $1 billion, which we put on—they were into this market and tolls, and all of those fell through. So the urban people rule even with my party when we had control.

Devolution. OK. Iowa, you like devolution? We gave you a lot of devolution. A lot of the States—California, Texas, Florida—are starting to take up their own permitting and some of those things that have delayed it.

What are you doing?

Mr. TROMBINO. Again, I would strongly encourage——

Mr. MICA. Are you doing it?

Mr. TROMBINO. Am I doing what?

Mr. MICA. Devolving. We gave authority in MAP–21 for you to have more authority. Some States have taken it. Have you?

Mr. TROMBINO. We have taken—I would say we have taken a little bit, not like California——

Mr. MICA. A little bit.

But, see, the intent was to give you the authority. You come here complaining about from above, and I gave you the authority and very few have used it. We also tried to limit—we tried to—well, OK. I have a good one for you.

The guy sitting behind you worked with me on this. We eliminated or consolidated 50 programs. I have had the dingdong from DOT in here and said, "Well, how many positions have been eliminated?" Because we eliminated or consolidated 50 out of 100-and-some.

We started with about four—was it, Jim?—or six basic ones. And the dingdongs are all still there. They did not eliminate one position.

I spoke about this this morning. The TIFIA program, which we dramatically increased, ought to be a good one to take on because it is a good program, not enough capacity.

I was on a plane the other day and I said, "What are you doing?"

He says, "I am going back to Washington."

"Why?"

He says, "We have got a TIFIA project that I have to finance in the private sector in 30 to 60 days." He says, "I have been a year coming to Washington to get the dummies to approve the simplest thing."

You guys don't complain about that?

Mr. TROMBINO. I——

Mr. MICA. Is it any better? Come on. Come on.

Mr. TROMBINO. Is it better? I would actually say yes.

Mr. MICA. OK.

Mr. TROMBINO. Under MAP–21, the programs are definitely better.

Mr. MICA. A lot better.

Mr. TROMBINO. Yeah.

Mr. MICA. The bus guy, you were good. They should not spend a damn penny of Federal money that doesn't welcome intermodal bus service. Right?

This guy was very modest. They transport more people than any other means of transportation with no subsidy programs. Right? Speak the whole truth and nothing but the truth. Just say yes or——

Mr. WOELFEL. Well, there are some subsidy programs. But yes.

Mr. MICA. Yeah. But they are—yeah.

Mr. WOELFEL. But for the most part——

Mr. MICA. And for the most part, you are private sector.

Mr. WOELFEL. Private sector.

Mr. MICA. You move people. You provide public transportation. You make a profit. Many of you are listed——

Mr. WOELFEL. Correct.

Mr. MICA [continuing]. Or privately owned. Most of you. Right?

Mr. WOELFEL. Yes.

Mr. MICA. OK. And you need to talk to some of the people on the other side. They don't get it. And they are supposed to be the champions of the poor, and those poor they leave at the end of the town, not in a federally subsidized intermodal center where somebody can connect to transportation.

In my own city of Orlando, they moved a Megabus out to the end of town to an intermodal center. I got $28 million. It is a great earmark, but they screwed over the poor people on it, and Greyhound at the other end of town, people who would most likely use the connection to public transportation. You guys need to get on it and puff it up a little bit.

Have I got any more time, Mr. Chairman?

Mr. GRAVES OF MISSOURI. No.

Mr. MICA. Thank you. Just getting started.

Mr. GRAVES OF MISSOURI. Mr. Maloney.

Mr. MALONEY. I thank the gentlemen for your testimony.

Thank you, Mr. Chairman.

And thank you, Ranking Member.

You know, I want to refocus your attention on bridges, if I could.

Commissioner Fox, I was interested in your testimony in this regard.

And, Director Trombino, maybe these are questions best directed to you.

As I think you know, MAP–21 made significant changes to the way we fund bridges. Prior to MAP–21, all bridges were eligible for the Highway Bridge Program. That program was eliminated, consolidated with four other programs into two new programs, the National Highway Performance Program and the Surface Transportation Program.

And here is where it gets a little confusing. But under the new rules, two-thirds of the money goes to the program that supports

23 percent of the bridges and one-third of the money goes to the Surface Transportation Program that supports 77 percent of the bridges.

So the question is: How is that working for the counties? And how is it working in States like Iowa? And I am working right now on bipartisan legislation that would restore funding eligibility to all the Nation's bridges, regardless of how they are designated, and would also fix some of the funding levels.

But I am very interested in your thoughts on how the funding of bridge repairs is being affected by these changes in MAP–21 and what we should be doing about it.

Mr. FOX. Thank you for the question, Congressman.

On the county level, there is a problem. We have got too many bridges that need repair. So, first of all, we need reauthorization of MAP–21 and we need to find a way to fill some of the funding gaps that were created with the last program.

In my own county, we probably put four or five bridges in the file waiting for a program to see if they qualify. So everything is shovel-ready and, if the money comes, we have got the project.

And so it is to come up with a system that we can get the money out and get it to the counties.

Mr. MALONEY. And is that because most of those bridges are eligible only for funding under the Surface Transportation Program, where there's fewer dollars and more competition for those dollars?

Mr. FOX. Competition is the big thing.

Mr. MALONEY. And is it therefore reasonable to think that, if we restored the eligibility of those bridges to funding under either program, you would get more bridges done?

Mr. FOX. We hope that would be the scenario. Yes.

Mr. MALONEY. And, you know, I should say, in my own part of the world in the Hudson Valley of New York, we have, I believe, 67 bridges that are structurally deficient. I have been to these bridges. I have seen firsthand the frustration of the local officials on this.

What does it mean to a State like Iowa, Director Trombino?

Mr. TROMBINO. Structurally deficient number of bridges, we have a significant amount in our State. As I like to say, we have 5,000 structurally deficient bridges out of 25,000. The vast majority are on the local system. We only have 105 on the entire State system.

So this is a predominant local issue, which is why, when we saw MAP–21 and some of the flexibility dollars like TAP, we passed all of those dollars to the locals. And that gave them the flexibility to use those—because they could use it on bridges, if they chose to—so to let them set that priority.

We thought it was very important that, in our case, the Transportation Commission not set that priority. Pass that to the locals, let them figure that out, and let them make those decisions.

And we would also support—and I think AASHTO supports that—for those bridges that aren't eligible. Again, let's let the locals make that decision. They know which are the right ones.

And, unfortunately—and this is the conversation we have had in our State—all the bridges aren't affordable. I can't fix the 25,000 bridges in our State. It is not affordable and, honestly, we are not willing to pay for that. So we have to figure out which are the right ones.

At the end of the day, we think the locals are the right ones to make that decision on the local system. We want to work with them to help them make those good decisions.

Mr. MALONEY. And just so I'm clear for the record, so, therefore, legislation like what I am proposing, again, bipartisan legislation that would restore funding eligibility to all these bridges regardless of designation and that would fix them to funding levels in the NHPP program and Surface Transportation Program, you would support that legislation?

Mr. TROMBINO. Yes.

Mr. MALONEY. And just in the closing time I have, let's say we do nothing on this and it is allowed to persist under the current formulas.

What would the effect of that be in places likes Iowa, in places like other rural counties you have been discussing, Mr. Fox? Either one.

Mr. FOX. I guess, if we do nothing, the problem will only get worse and the collapse that we witnessed in Minnesota back in 2005, which was in a metropolitan area, someday will happen in a rural area just as well.

It might not be with rush-hour traffic and busloads, but there will be a semi load of grain or a large piece of machinery. Because it is very important that we keep our bridges up and our transportation put together, and that is why we need the reauthorization of the MAP–21.

Mr. TROMBINO. What I was going to say is it is a severe economic impact. When you look at the local system with noncontiguous farming and the way the operations, especially in the rural area, function, those bridges become major impediments for them from a movement perspective, which add costs to the products which likely, at some point, will make them not competitive in a global marketplace.

So economics is the most important issue here. And I don't think, from an economic perspective, we can afford for you not to deal with the funding and move forward with the program.

Mr. MALONEY. Thank you very much.

Yield back, Mr. Chairman.

Mr. GRAVES OF MISSOURI. Mr. Webster.

Mr. WEBSTER. Thank you, Mr. Chairman.

Mr. Trombino, the committee here has done a lot of discussion and hearings on public-private partnerships and identifying the role of P3s in the development and delivery of transportation systems.

What is the Department of Transportation in Iowa—what is their experience with P3s? And, also, could you discuss the challenges or maybe even opportunities for developing and implementing P3s in connection with rural projects in rural areas?

Mr. TROMBINO. From the State of Iowa, two things. The first thing that I would point out is, one, we are a pay-as-you-go State. We don't bond at all at the State level. We have no bonding at all on the transportation system.

Mr. WEBSTER. Do you have toll roads?

Mr. TROMBINO. No. We have no toll roads.

And so where we view P3s is the opportunity. A lot of times there is a potential, I think, for us to do some things off-system that could really help freight consolidation. Could be cross-docking. Could be lots of intermodal things that really enable and improve the efficiency of the system ultimately. And those are the areas that we are specifically looking at from a P3 perspective.

And I think the overriding challenge for us in our State on the P3 side is exactly what I talked about. We don't have tolling, and I don't really see tolling as an opportunity for us in the future because of the way our system is set out, you know, on a grid side. And so I don't really view that as a long-term solution.

Where I do see that there is a public-private partnership is off what I would call a highway system and railway system is in the riverway system specifically. I really do view that there is a strong opportunity to change the operation and make significant improvement, which will enable significant freight and commodity movement up and down both the Mississippi and the Missouri.

Mr. WEBSTER. The State I am from, Florida, and I know your State are both one of the few States that have legislative-approved coordinating councils especially in the area of transportation disadvantaged.

Do you have any experience with transportation coordination and maybe some unique things that have happened when you have tried to do that in the rural areas?

Mr. TROMBINO. Thank you.

One of the, I think, unique things that we do in our State especially is we have what we call our mobility managers. We have mobility managers that cover all of the areas of the State from a regional perspective to really help connect people with transportation issues, especially what I would call transportation challenges in getting to medical appointments and other things like that.

And that is really to help not only rural transit providers, but, also, a broader understanding of opportunities to connect people even from private ventures that also provide those types of transit services.

So that is one of the things I would bring forward, is that we have a pretty broad mobility manager program that we think fits really well. It is one of the key linkages for us to have transit coverage across all of our counties.

Mr. WEBSTER. Does Medicaid drive most of that or——

Mr. TROMBINO. That has been one of the biggest challenges, is that the way the Medicaid law change is is that that availability to use dollars for transportation through Medicaid is not available, as I understand it. So we have supplemented that through our own State dollars trying to offset——

Mr. WEBSTER. Just general revenue or transportation dollars?

Mr. TROMBINO. Transportation dollars that we use for transit. So we have tried to do it in that way as best we can, but it is very limited dollars.

Mr. WEBSTER. Thank you very much.

Mr. GRAVES OF MISSOURI. Mr. Woodall.

Mr. WOODALL. Thank you, Mr. Chairman.

I am thinking about something Mr. Steenhoek said when he began. He said, "I would rather have the Federal Government be predictably good than sporadically great." I sometimes have that feeling myself around here.

Is that a universally shared view as we are talking about grappling with these issues? Can I ask each? Would you rather us be predictably good than sporadically great?

Mr. Trombino.

Mr. TROMBINO. Yes. I would actually say consistency, from a program perspective, is the key ingredient. In transportation, I have often subscribed to this at our State level when we talked about it, is we just need predictable revenue over a long period of time because the infrastructure—it is such a capital level of work. The longer it is just this nice steady flow over time—we don't need big jumps and gaps. I think that is actually a bad investment strategy for the transportation system.

Mr. WOODALL. Mr. Fox, would you——

Mr. FOX. I will have to answer this as myself. And I would say yes because I could not talk for 3,000 counties——

Mr. WOODALL. Fair enough.

Mr. FOX [continuing]. In that question. But I agree that predictability is the most important piece that we have.

Mr. WOODALL. All right.

Mr. Woelfel.

Mr. WOELFEL. I would agree. You know, we are looking from the private sector at long-term capital investments. And in order to make those investments, we would want some type of consistency and predictability in being able to justify.

Mr. WOODALL. Mr. Whittington.

Mr. WHITTINGTON. I would like to think of this as a baseball player. There's not many baseball players that hit a home run every time they bat. I would rather see a good 330 baseball hitter every day of the week.

And if I might have one comment for Ranking Member Norton back there, a lot of the things that happen here that Congress does—they do really great things, but when it gets down to the State level or the county level, the interpretation changes so much.

We had the same thing in the ag exemption. The Federal agency decided to interpret what they thought you did. And you did a great job, but interpretation is great——

Mr. WOODALL. Well, let's talk about that a little bit. Because my experience has been the opposite. I have seen a lot of things that Congress has done well that the administration has then taken and done something bad with. But, generally speaking, I see Congress do something that is kind of mediocre or pretty good, and my guys at the local level find a way to do something amazing.

And I wanted to ask about that from a county perspective. I represent one of the most conservative counties in Georgia. They rejected a Federal gas tax increase. They rejected a transportation special local option sales tax increase. But they just did a $200 million bonding initiative to widen a major State road going through their territory because it matters to them.

Six months from the day of the vote to the letting of the contract. It is going to be another 6 months until ground is broken. Twelve months from the day of the vote to widen the road to the day construction begins on that project. Find me a Federal project that is moving that quickly. They can do it and the taxpayer trusts them to do it in ways the taxpayer does not trust me to raise those same dollars.

Given that, trying to be predictably good instead of sporadically great, I wonder if we don't need to narrow the focus of what the Federal highway system needs to be. Do we need interstate highways connecting America? Of course we do. Do we need major national freight carters to bring the products to market that you all have talked about? Of course we do.

Do we need three different federally maintained highways between Baltimore and Washington, DC, that are never more than 4.5 miles apart in U.S. 95, U.S. 1, the Baltimore-Washington Parkway? I am not sure that we do. In fact, I would argue we most certainly do not.

And if we are going to be predictably good, we are going to have to find a way to take what has been an incredible erosion of the buying power of the Federal gas tax dollar and claim some success.

And if that means now you have counties doing things that counties were not burdened by doing before, but they are burdened to have to do now—when you tell me 43 States have limitations on the kind of taxes that counties can raise, I tell you that, in this new transportation funding economy, we may have to go talk to those 43 States, that you may not get a free pass to say, "I hope Washington, DC, and those Federal taxpayers will come through for me because I don't trust my counties to get it done."

I think we are in a different place today. I think we trust our counties in ways we do not trust our Federal representatives. I think we trust our States in ways that we do not trust our Federal representatives.

And my great hope is, as we are trying to solve a problem, we don't try to solve the "How do we pump more Federal dollars into a system that we know is not squeezing the maximum value out of those dollars today?"

And my hope is we find those parts of the system that we are squeezing the maximum value of the dollars out, we find ways to give States and localities the flexibility to serve the constituencies that each of you represent.

I am grateful to you all for being here, and I am grateful to the example that each of your industries set for us. Thank you.

I yield back, Mr. Chairman.

Mr. GRAVES OF MISSOURI. Mr. Massie.

Mr. MASSIE. Thank you, Mr. Chairman.

Mr. Whittington, I appreciate that you mentioned the Brent Spence Bridge and the fact it carries 3 percent of our domestic product. For folks not familiar with that, that is I–71 and I–75 come together and cross the same bridge. And that comes into my district from Ohio.

And what troubles me—and this gets to the point Mr. Woodall was making—I see projects in my State and projects at the county level—in fact, I was a county executive—I see projects there, yet I see the big projects not getting done.

And I see the small projects getting built without tolls, yet the big projects, the ones that are true interstate commerce, we are talking about, "Well, these are the ones we need to toll."

But they wait until the need gets so great and there is so much pressure that they can get that kind of a revenue-generator on a project like that, yet they are doing internal parkways. And I am not saying they are not important, but they aren't what I would say constitutes interstate commerce priorities.

Mr. Whittington, how do we get the Highway Trust Fund focused back on interstate-type priorities with a Federal nexus?

Mr. WHITTINGTON. Well, Congressman, I will try to attempt that in a couple of different ways.

I think that the communication—and you have heard it here today—between a county official and a State official and the Federal officials is what is really important out there and what are we going to get the bang for the buck from.

And I think that—and I agree, Congressman Woodall, with what you are saying in the fact that the local people can seem to get things done. But what does the big picture look like?

And if we can work some kind of a system that we have the big picture out there and it doesn't have all kinds of redtape and things to do that and we see—I am from Columbus, Indiana, a great community where a leader 40 years ago had a vision that has made that town unbelievable with all of the assets that it has and the roadways that go through there.

But I think we have got to get back and we have got to get the local people involved so that they can feel like they are doing something and they are respected for doing that.

I get really mad. I talk to my friends and I say, "You have got to go talk to your congressman and get something going that really works."

"I am not going there. He won't listen to me. He doesn't care."

So we have got to reinvent the wheel on a lot of those kinds of things. And I think—you know, you are from the Cincinnati area there and northern Ohio.

You can go all the way around the river and you can go over on the east side of town or you can go on the west side of town, but I think it is—when we talk about congestion in the world today and the number I threw out there at $9 billion, a truck today is a dollar and a half a minute.

So every time you see a truck sitting in line out here at a traffic accident or the bridge is closed and he has got to go an extra 30 miles, you figure what that cost is, and it is going to ultimately cost the consumer.

The numbers that I came to town with the other day was talking about, if we could sell that every dollar that the Government could spend on roads and bridges today will give $15 back to that community, do you think we could get the job done? And I think there's numbers out there that can support those kinds of things.

Mr. MASSIE. Well, in a lot of cases, to Mr. Woodall's point, I would argue that is a great incentive for the community to fund that project and we need to start making hard decisions about what are Federal projects and what are local projects and where that funding should come from.

I have sponsored a bill that would—instead of causing this crisis every year where we have this $10 billion to $13 billion shortfall in the Highway Trust Fund, it would take mass transit, which I would say are local projects—sidewalks and bike paths—put them in the general fund and let the Highway Trust Fund be self-sustaining for projects like interstate bridges.

That is not to say those other things aren't useful. But if there is a $15 return for every dollar invested in the community in mass transit, then let the community make the investment. But I am concerned that the commerce of this country, like you spoke about, is going to suffer if we don't get to these projects.

And when I was a local county executive, if I could get State money to build a bridge or Federal money to build a bridge, I wanted the State money because the Federal money required a hydrological study, an archeological study, a historical study, and prevailing wages, you name it, and an $80,000 project quickly became a $400,000 project. That is another thing I think we need to look at.

And I thank the chairman. My time is expired.

Mr. GRAVES OF MISSOURI. Mr. Hardy.

Mr. HARDY. Thank you.

I come from a little place called Mesquite, Nevada. It is about 80 miles northeast of Las Vegas. Eighty-six percent of my electorate is out of the urban area of Las Vegas.

There are 17 counties in Nevada, 6 of which I have are rural counties, which equates to about 290 miles north to south by about 500 miles east to west. So I have a large rural district. Eighty-six percent of that is held by the Federal Government.

So it is pretty easy to try to evaluate where the needs are in the urban areas. As a matter of fact, the State legislature, which I was part of the last time, created an indexing tax which helps fund those projects within Clark County for the next 3 years because we can't wait on the Federal Government any longer.

I would like to ask each of you kind of a little different question. Being a member of the Regional Transportation Commission for over 14 years in the Clark County area myself and being a past public works director for about 7 years, I found that it is a lot easier to maintain than to reconstruct.

Have any of you got the same beliefs in that——

Mr. FOX. Congressman——

Mr. HARDY [continuing]. As far as maintaining highways versus——

Mr. FOX. Congressman, thank you for the question.

Yes. Maintain is much simpler than starting construction over. But the problem is, in some of our agriculture as in the Midwest, we don't have wide enough shoulders on those roads for the farm equipment of the 21st century. So we have to make some decisions on which roads we are going to reconstruct and what roads that we just overlay.

Mr. HARDY. The reason I ask the question is, you know, with that 86 percent being held by the Federal Government, it is hard for us to make a decision. Do we go out in the rurals and try to upgrade our infrastructure out there that are basically held by the

Federal Government or the Interstate Highway System, NDOT, so to speak, or do we try to do things at home?

So without having a funding bill in place, it leaves us to try to determine do we fix the problems within the urban corridors immediately because we need to make sure we have that economic improvement because that is what attracts economics to your community, is a good infrastructure, or do we let things fall apart, which, you know, most of that—the interstate system we have within Nevada goes across Federal lands, which I think it is the responsibility of the Federal Government to take care of that.

But, on the other hand, it is one of those corridors with—it packs all the produce back and forth from California, clear across the Midwest, which, in turn, comes back to the Midwest, to the west coast, with grains and other.

So I guess what I am getting at is: Do you feel like we are failing our job? Because we have got to do something quick, in my opinion, because you can't plan down the road without a long-term spending bill.

Yes, sir.

Mr. STEENHOEK. Well, I think you are spot on. And for local communities, whether it is a county or a State, they are trying to determine, "What do we need to do to maintain and improve this system?"

But in order to decipher what you need to do, you need to know what they are going to do. And "they" is the Federal Government. And so, you know, it is back to at least be predictable, you know, your whole point about maintaining the system.

The nice thing about these assets is that they are not like cell phones, what you purchased 10 years ago is obsolete today. I mean, these are bridges and roads that, if you maintain them, yes, eventually, they do need to be replaced, but you can dramatically elongate the useful life of these assets if you do preventative maintenance. And in many areas of the country we have failed to do so.

Mr. HARDY. Mr. Trombino, in your testimony, I think you were spot on with the Federal and States relationship and having flexibility, and I think you said that Iowa was able to be creative with folks that have no money, I guess, and with our $18 trillion of debt, we need to be creative.

Could you kind of elaborate on some of that creativity that you had?

Mr. TROMBINO. Yeah. A couple of things I want to say.

The first thing was stability in funding, that the most important thing is for us to maintain the system. Right? Because we want to extend life overall.

And I think this gets to Mr. Steenhoek and what he was saying. From an asset perspective, managing the system, we have things that are in good condition, we have things that are in fair condition, we have things that are in poor condition.

If we chase the poor, we don't have enough money, and what will happen is the good and fair will actually turn into poor. And so that strategy is very important for us to focus on, the good and fair, extend the life of that system long term. And, ultimately, that will free up dollars.

And we have shown that by just making changes in the amount—the types of treatments that we use to maintain the system, to expand it. We were able to save $270 million over 10 years that will actually bend the life of the curve and allow us to use it towards those poor infrastructures. So those are the types of things that we are doing.

In addition, I would say our supply chain is really the key ingredient because it is going to allow us to look at bridges differently. Just as Commissioner Fox was talking about, bridges with maybe 10 cars a day, but really intensive times of the year, well, maybe we should really treat those differently, and the supply chain will allow us to look at those things differently in the future.

Mr. HARDY. Thank you.

And I yield back.

Mr. GRAVES OF MISSOURI. Mr. Meadows.

Mr. MEADOWS. Thank you, Mr. Chairman.

Mr. Woelfel, let me come to you. In your testimony, you emphasize the need to expand intermodal connectivity with rural transit services through more public-private partnerships beyond just the traditional finance concept that we think of as public-private partnerships.

In your opinion, on the Federal level, what would you think is the greatest impediment to expanding the private sector role in our transit systems?

Mr. WOELFEL. I would think the biggest challenge with that would be the third thing that I had asked this subcommittee to consider, which is looking at the MAP–21 reauthorization where you included total cost of operating and capital to be used as a local match. That is 50 percent more funds that are available from the private sector to work with intermodal and public transit operators.

And I think, by not having that extra 50 percent—you know, I think there is some private investment that is out there that is looking at it saying, "We are not going to participate in that."

[Mr. Woelfel has provided a post-hearing expansion of his remarks below:]

> Motorcoach transportation provided over 600 million passenger trips in 2013 and is consistently cited as the fastest growing mode of intercity transportation, yet our bus operators and passengers continue to be treated as second-class citizens or nonexistent in terms of Federal, State and local transportation planning. The lack of integration or consideration of intercity bus operations in the State and local planning processes, in and of itself, represents the greatest impediment to creating more public-private partnerships in passenger transportation.
>
> A good place to start addressing this impediment would be through simple policy changes to title 23. Requiring consideration and inclusion of intercity bus systems in the development of transportation plans by States and metropolitan planning organizations, would increase the opportunities for public-private collaboration.
>
> If our national goal is to ensure intermodal connectivity, reduction of taxpayer burden and improved efficiency, then we need to expand public-private partnership initiatives beyond transportation finance concepts. To be clear, we are not proposing to replace public transportation systems; rather, we are seeking to expand opportunities, through simple changes to the transportation planning structure, so we can better connect public and private systems for the benefit of all transportation users. By integrating public and private assets, transportation planners can maximize and focus the

use of tax dollars, while ensuring the transportation needs of the public are met.

Mr. MEADOWS. So what existing regulations are there that prevent private carriers from entering the marketplace and receiving Federal transit dollars or are there any?

Mr. WOELFEL. I am not aware of any. Obviously, anytime you are looking at Federal funds, there are strings attached with it. But, overall, there are no requirements that prevent that.

I think it is strictly—you should take a look at the total cost of doing that, once again, 3,500 small businesses that are predominantly working in this industry, looking at where to put their funds. Jefferson Lines and a small group of carriers choose to work in the fixed-route industry where we interline and work with public transit officials.

But as costs go up, you know, we obviously, as private entities, are looking at a long-term solution at, "How do we recover our investment?"

Mr. MEADOWS. Well, before I finish with you, you know, if you go to the FMCSA Web site, you can go and they have devoted an impressive amount of time to resources, for safety scores, and, you know, a look before you book kind of trip planner. They have got iPhone and Android safe bus apps, all of this so that you can choose based on a safety score.

Now, I don't know about you. Normally, I don't do that. But I wish we had somebody here testifying from them today. But the GAO has indicated that those scores are inaccurate.

And so, instead of really spending time and effort to improve safety, they are spending time and effort marketing the scores that are inaccurate so that another app will get put on an iPhone that perhaps doesn't get used.

So, with that being said, I mean, what would you do if we did away with the CSA [Compliance, Safety, Accountability] program? I mean, what would you replace it with?

Mr. WOELFEL. Well, I think, as private operators, you know, safety is always nonnegotiable. I think, as any private operator, you are going to operate safe. If you don't operate safe, you are not going to be in business.

I don't think we need a Federal app to put out scores that perhaps—and you are correct. The Government Accountability Office has said that there's some reliability issues with that.

You know, I think the private sector may——

Mr. MEADOWS. You are being gracious. Reliability issues. They went a lot further than that, but go ahead.

Mr. WOELFEL. You are correct. You are correct, Congressman Meadows.

But I think, as a private industry, you know, we bring a lot of good ideas. We know how to run a good business. We obviously favor—those companies that are not operating safely, we support them being put out of business.

It is those companies that operate safely continuing to get challenged. For instance, Jefferson Lines, we get an audit every year. We know that we operate safely.

Mr. MEADOWS. Right.

Mr. WOELFEL. We are probably not the company that is creating some problems. So there's other companies where you want to emphasize or perhaps you want to spend your resources to focus on safety.

There's other ones where, you know, you want that interset. I think, Congressman Woodall, you had mentioned something about, you know, perhaps instead of three roads, you only need one or two roads.

I would offer the same thing from a safety standpoint. Where are you going to allocate your resources to really focus on safety and where—you know, or don't you? If you don't have a problem, don't spend the money on the problem.

Mr. MEADOWS. I have got other questions, but I am out of time. I will yield back. I will submit those for the record.

Mr. GRAVES OF MISSOURI. Ms. Norton.

Ms. NORTON. Thank you, Mr. Chairman.

I had just one more question to ask, particularly in light of Mr. Hardy's question and Mrs. Kirkpatrick's question.

Mr. Hardy said something that is quite amazing, that 86 percent—I think that is the figure you used—of your district is essentially Federal land, and Mrs. Kirkpatrick talked about Indian Country.

Now, both of those are funded by the Federal Government. In other words, it doesn't come out of States allocation.

And I must tell you that, although I have some of these Federal roads in my district, I didn't even know—and I have been here quite a long time—I didn't even think about this Federal part of the surface transportation bill.

I indicated some of the economic activity that occurs within 60—I think within 60 miles of a park generates $15 billion in revenue.

Now, a lot of that is through rural country because it is land adjacent to parks, which tend to be out and not really, you know, in the cities or in the urban areas.

Because Congress, including me—I must tell you I paid almost no attention to this Federal portion—does not realize these agencies have separately an $11 billion backlog. And so I asked, "Well, what does that amount to a year?" Eight hundred fifty million dollars compared—we gave them $300 million in MAP–21.

I have a bridge here. I have one bridge that the park service just closed two lanes of, the Memorial Bridge, that will cost $250 million to fix. And yet there is only $300 million for the entire country.

I guess I should ask first Mr. Fox because many of these parks are adjacent to counties not near urban areas. Have you looked into and do you agree that economic activities around these Federal lands are crucial to local communities surrounding these lands in terms of the revenue that was generated?

I ask you that because I remember, when the Federal Government closed down, the State of Utah actually funded its parks because such an important portion of its funding came from people who come to these parks and come across the roads that I'm asking you about.

So have you noticed and have you had occasion to note the economic activity that comes to your State or to the States and counties from this Federal land portion funded by the Federal Government?

Mr. FOX. Thank you for your question, Congresswoman.

The Federal Lands Access Program, known as FLAP—62 percent of the colonies have Federal lands within their jurisdiction, and FLAP has benefitted many counties that struggle to fund projects within lieu of taxes.

But rural counties, in general, face a number of challenges. And I do not have the economic numbers that you are asking for. But the challenges require an adequate transportation infrastructure just to meet the needs of the community or that region.

And I think, as a county official, that is our job, to work within our local area and our region and to work with the State partners and the Federal partners to provide that transportation infrastructure need.

Ms. NORTON. Well, you do have these issues in your counties and States, but they may not have obvious impact—well, unless you get into the situation Mrs. Kirkpatrick got into where she said that the children had missed 10 schooldays because the Federal road was just closed down.

Unless we get more attention from the counties and the States that are affected, I am not sure that we are going to be able to do anything more for those Federal lands.

Thank you very much, Mr. Chairman.

Mr. GRAVES OF MISSOURI. With that, we just started a vote. And so it is kind of perfect timing. But I would like to thank each of our witnesses for being here today. Your testimony is going to be very helpful as we move through this process.

And, with that, I would ask unanimous consent that the record of today's hearing remain open until such time as our witnesses have provided answers to any questions that may be submitted to them in writing and unanimous consent that the record remain open for 15 days for additional comments and information submitted by Members or witnesses to be included in today's record.

Without objection, that is so ordered.

If no other Members have anything to add, this subcommittee stands adjourned. Thank you.

[Whereupon, at 4:20 p.m., the subcommittee was adjourned.]

AMERICAN ASSOCIATION
OF STATE HIGHWAY AND
TRANSPORTATION OFFICIALS

AASHTO

TESTIMONY OF

The Honorable Paul Trombino III, P.E.

Vice President, American Association of State Highway and Transportation Officials;

Director, Iowa Department of Transportation

REGARDING

Meeting the Transportation Needs of Rural America

BEFORE THE

Subcommittee on Highways and Transit of the Committee on Transportation and Infrastructure of the United States House of Representatives

ON

Wednesday, June 24, 2015

American Association of State Highway and Transportation Officials
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INTRODUCTION

Chairman Graves, Ranking Member Norton, and Members of the Subcommittee, thank you for the opportunity to provide input on the transportation needs facing rural communities throughout the country. My name is Paul Trombino, and I serve as the Director of the Iowa Department of Transportation (Iowa DOT) and the Vice President of the American Association of State Highway and Transportation Officials (AASHTO). Today it is my honor to testify on behalf of the State of Iowa and AASHTO, which represents the State departments of transportation (State DOTs) of all 50 States, Washington, D.C., and Puerto Rico.

I have been honored to serve as Director of the Iowa DOT for the past four years. I have spent over 20 years in public service, starting in 1994 at the Wisconsin Department of Transportation, and have served in a variety of leadership roles, including Operations Director of the Highway Division, Director of Statewide Structures, and Manager of Highway Bid Lettings, prior to becoming Director.

Iowa's location near the center of the country affords both opportunities and challenges. The State features a diverse range of surface transportation options, including highways, freight rail lines, waterways, and public transit—all of which contribute to its economy and provide essential service to our citizens. This infrastructure is also the focus of heavy demand from both domestic and international traffic, creating repair and capacity needs throughout the system. To meet this challenge we are continually making improvements while prioritizing safety and mobility.

My main message this morning is to share with you the experience of the State DOTs, including my State of Iowa. As traditional sponsors of transportation projects, State DOTs possess the unique expertise and familiarity with Federal statutory and regulatory requirements associated with project design, procurement, and construction in rural communities.

I also urge prompt action on a well-funded, long-term surface transportation bill that clearly reflects and serves the national interest, in rural parts of the country as well as in our urban centers. No matter the geographic region, the simple unifying fact is that America needs a Federal transportation program that provides robust investment levels coupled with long-term funding stability that serves our national priorities. Furthermore, the Federal program should continue to provide States with flexibility by streamlining regulations and program requirements, while not diminishing the percentage of funds distributed by formula. Enacting this well-funded, long-term Federal program with flexibility for States is absolutely critical if we are to address significant transportation challenges, and, thereby, strengthen every part of the United States and its economy.

Transportation powers the creation of wealth in our nation and all the States, unleashing opportunity for economic activity. Iowa's economy is dependent on a robust and diverse transportation system to move products to a global marketplace. Iowa's transportation system has long provided our State's businesses a competitive advantage and that remains true today in the global economy.

My testimony today will emphasize three main points:

1. The ability of the current system to provide for the needs of rural America;
2. The value of a strong State role in the Federal program; and
3. The benefit to the States from increased program flexibility.

THE ABILITY OF THE CURRENT SYSTEM TO PROVIDE FOR THE NEEDS OF RURAL AMERICA

State DOTs play a critical role in ensuring that we have a safe, reliable, and efficient transportation network. In fact, this past February, my governor—Governor Terry Branstad—signed into law a ten-cent increase in the State fuel tax passed by Iowa's House and Senate with bipartisan support. Supported by the counties, business organizations, and groups like the Iowa Farm Bureau and Association of Business and Industry, this action will raise an estimated $215 million in additional resources per year to invest in our State's bridges and roads.

States are also actively involved in assisting transit service, particularly in rural areas and for seniors and special needs individuals. Of the 35 public transit systems in Iowa, 16 serve our regional areas of the State, making Iowa one of only a few States offering public transit service in every county. State DOTs also work closely with local transit agencies to spend ("flex") an average of $1 billion a year in Federal highway funding on transit projects. By its very nature, there are many challenges in providing adequate rural transit services that meet the growing demands for access to medical care, employment, education, shopping, and recreation. One of the biggest challenges is maintaining the vehicle fleet necessary to provide those services. Unfortunately, the Moving Ahead for Progress in the 21st Century Act's (MAP-21) formulas for allocating funding for buses and bus facilities have significantly reduced funding to many rural States. In Iowa, Federal funding for bus replacement has been reduced by over 50 percent resulting in approximately 60 percent of the vehicle fleet exceeding Federal useful life standards. We were able to take advantage of the flexibility of Congestion Mitigation and Air Quality Improvement funding to partially offset the impact; however, that just reduces funding available for other transportation needs in Iowa. The end result is that there are fewer vehicles available to provide service at a time when the demands for rural transit service are increasing.

The current transportation planning process reflects a coordinated process involving the State DOTs, Metropolitan Planning Organizations (MPOs), cities, and counties. During the project selection process, local elected officials identify projects of significant importance to a region and its constituent localities. It also provides extensive opportunity for local officials and communities to consult and inform States of their priorities. These priorities are taken into account in statewide plans along with other considerations, including interstate mobility for people and goods. Recently, Iowa DOT created a local asset management group in conjunction with Iowa State University to help standardize performance data for decision making across all counties and cities, emphasizing consistent use of common data to prevent confusion or uncertainty among the different groups and to encourage a more holistic view of the transportation network.

In Iowa, we are additionally encouraging Statewide and local officials to think holistically about how infrastructure connections occur across multiple localities (through institutions like the Regional Planning Affiliations or RPAs), rather than only on an individualized level. The overall process serves as a reminder of the important function our rural communities provide to the State's economy and transportation network. Likewise, Iowa DOT's role is to emphasize the coordination necessary for the efficient and effective movement of people, goods, and services.

The Iowa DOT has undertaken a first-of-a-kind supply-chain design of an entire State. The focus of this service is to assist producers in designing and optimizing their supply chains and identifying strategic location of their facilities in Iowa to reduce their overall supply chain costs while improving the competiveness of their products. Strategically, we have used this process to link together the Iowa DOT and the Iowa Economic Development Authority focused jointly on transportation and economic development. We're working together to effectively identify and prioritize investment opportunities for an optimized freight transportation network in order to lower transportation costs for Iowa businesses and to promote business growth in Iowa. This strategy will help farmers determine how crops can efficiently move to areas of high market demand at a lower cost in less time, and assess connectedness of co-op storage facilities to the rest of the network. Given that 20 to 25 percent of the cost of commodities produced in rural areas is transportation related, this unique work on supply chain design underscores the ability of State DOTs to provide high-level solutions reflecting the Federal program's intent and scope while remaining closely familiar with local conditions.

EXHIBIT 1. STATE OF IOWA SUPPLY-CHAIN DESIGN AND FREIGHT OPTIMIZATION TOOL

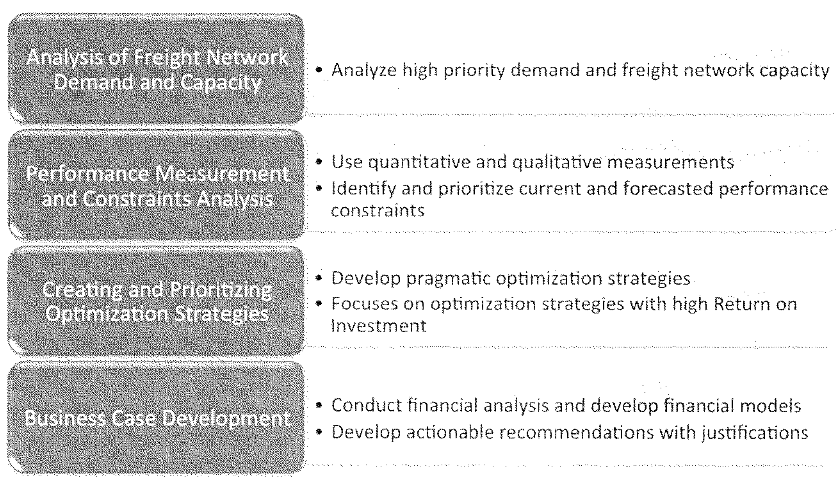


EXHIBIT 2. CURRENT STATE

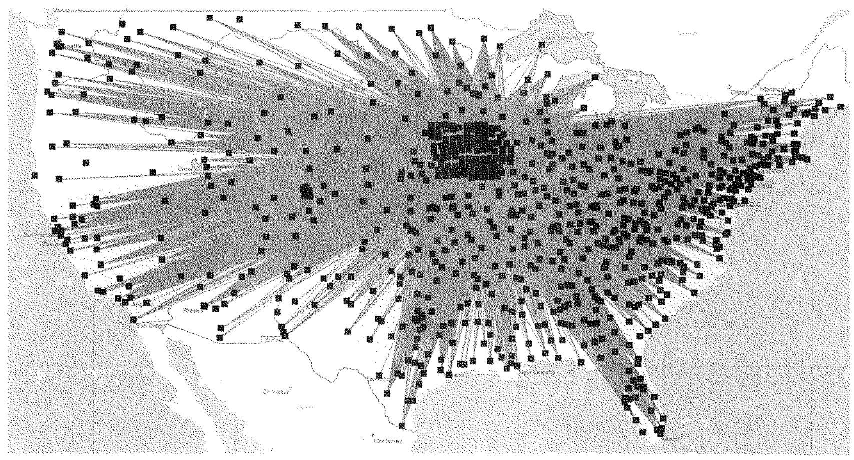
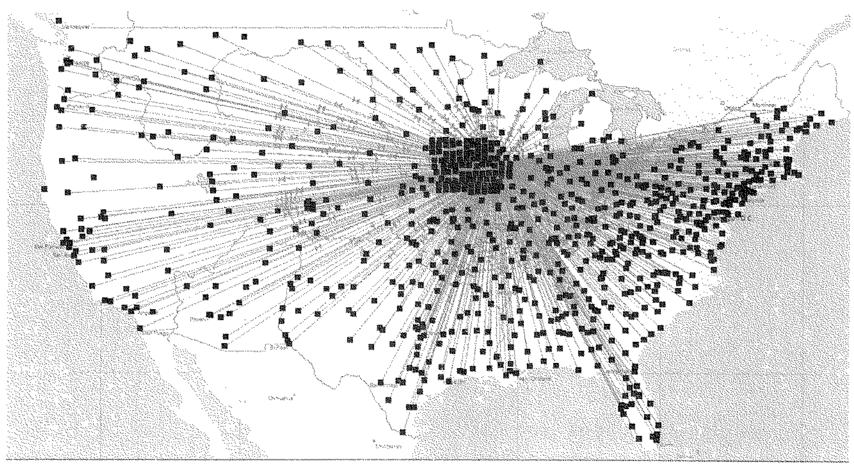


EXHIBIT 3. FUTURE STATE: FREIGHT CONSOLIDATION VIA CROSS DOCK FACILITY



THE VALUE OF A STRONG STATE ROLE IN THE FEDERAL PROGRAM

For nearly 100 years, the Federal government and State DOTs have worked together to build and maintain our Nation's highway system. The Federal-Aid Road Act of 1916 established this fundamental framework of a Federally-assisted, State-administered Federal-Aid highway program. This relationship was best suited for a growing and geographically diverse nation like ours. Today about $38 billion is distributed through this Federal program to State DOTs to fund a wide range of projects that are clearly in the interest of the nation as a whole. These projects are the backbone of our country's mobility and support interstate travel and commerce, helping people commute to and from work, and helping goods gain access to a larger market than ever before. Furthermore, States own, operate, and maintain 100 percent of the Interstate Highway System and over 95 percent of the miles on the National Highway System (NHS). Eighty (80) percent of truck traffic and a majority of all travel occur on the NHS. State DOTs are thus an integral component in providing important coordinating functions for upkeep and renovation work.

While the Federal-State partnership is the foundation of our Federal highway program, State DOTs also have strong partnerships with local governments in their respective States. The transportation planning process as strengthened under the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA) and expanded in subsequent authorizations has enabled State DOTs to work extensively with local planning agencies and the public in developing multimodal transportation plans and identifying projects that are supported by the Highway Trust Fund.

I am proud to say that following adoption of ISTEA, Iowa DOT implemented a regional planning process that mirrors the long-standing metropolitan planning process. In fact, Iowa's 18 RPAs perform most of the same functions as our nine MPOs including developing annual planning work programs, long-range transportation plans, and transportation improvement programs. From the beginning, Iowa's RPAs have been responsible for programming a portion of Federal surface transportation funding on projects of national and regional significance in a coordinated manner.

MAP-21contained several provisions that further enhanced the role of local government in the transportation planning process, including an increase in Federal funding that is suballocated for projects in different parts of the State based on population. In many cases, this suballocated funding is dedicated to local projects identified solely by local planning agencies. In FY 2014, close to $5 billion in Federal highway funding was suballocated, which represented a nearly five-percent increase in the amount of funding suballocated annually compared to prior surface transportation authorizations. These provisions actually move Federal law closer to the system we have had in place in Iowa since ISTEA. However, I cannot emphasize enough how critical it was in Iowa to have a strong State-administered Federal program in order to achieve the successful regional planning process. Absent that process, we would see a step back in the coordinated planning and programming of funds which is vital for the effective allocation and use of Federal transportation funding.

Furthermore, MAP-21 introduced the development and implementation of a performance-based transportation program where State DOTs set performance targets based on the current program structure, in areas such as pavement and bridge conditions, injuries and fatalities, traffic congestion, on-road mobile source emissions, and freight movement. As such, selection of Federally-funded projects on the local system will require close coordination if States are to be able to meet their transportation system-wide performance targets.

Any effort to disrupt the Federally-assisted, State-administered structure of the Federal-Aid highway program that has served our nation with great success could undermine the very foundation of a strong Federal role in transportation investment. It is this program framework that built the Interstate Highway System and has maintained the National Highway System—the backbone of our national network of roads and bridges that drive our national economy.

Rather than altering the Federally-assisted, State-administered nature of the Federal-Aid Highway Program and facing consequences of such disruption, we are prepared to work with Congress to highlight best practices where State DOTs have strong, productive collaborations with local governments and where the transportation planning process is working well. States strongly believe in, and will continue to, consult closely with our important partners in regional and local governments to ensure maximum taxpayer value for the Federal transportation program.

THE BENEFIT TO THE STATES FROM INCREASED FLEXIBILITY

While I mentioned several transportation-related aspects that are distinctive to Iowa at the start of my remarks, the same is true for every other State. This is one reason why the State DOTs regularly share and learn strategies through peer exchanges and best practice discussions. However, the range of approaches utilized by the States is only possible through the flexibility afforded to them from the Federal level.

MAP-21 consolidated the various Federal program categories, which allowed States more options rather than prescriptive direction. This Congressional intent allowed all State DOTs the opportunity to better fashion solutions for the needs of their communities, both rural and urban. The less prescription there is in the Federal program, the more room for creativity and flexibility the States have, which also enables a faster turnaround of funding dollars to important projects. This is important because when that funding is too rigid, more cost is added to the overall job. Minimizing prescriptive language therefore provides States the freedom to construct solutions towards their own unique issues and circumstances. The transportation planning process also provides extensive opportunity for local officials and communities to consult and inform States of their priorities. These priorities are taken into account in statewide plans along with other considerations, including interstate mobility for people and goods.

Increased flexibility also provides States the tools and opportunities to enhance our collaboration with local governments through our planning and programming processes. For example, in Iowa, we took advantage of the increased flexibility of the Transportation Alternative Program funding by allocating the majority of those funds to Iowa's regional and metropolitan planning organizations to let them decide how best to utilize those funds. This further enhanced our State-administered transportation planning process.

The flexibility provided in the Federal program allowed Iowa to be creative in how we addressed supply chain management and how we work with our local partners. These creative approaches work well in Iowa but we recognize that they may not work well in every state. That is why we need to retain State flexibility rather than prescribe a one-size fits all approach for every state. Flexibility allows each state to come up with their own creative solution to their unique set of transportation issues.

CONCLUSION

Rural regions and communities across the United States have urgent infrastructure needs as economic and recreational demands increase. Given this reality, we cannot address our nation's 21st century surface transportation investment needs without reaffirming the strong partnerships that form the bedrock of the national transportation program. State DOTs are using their inherent position between the Federal government and local entities to effectively coordinate funds while working to meet national goals and performance standards required by MAP-21.

My State of Iowa continues to ascertain what amongst our current transportation system is most affordable, and how our agency can improve these elements to optimize our value and efficiency for customers and residents. Keeping Federal program prescription to a minimal amount will allow State DOTs to continue pursuing innovative approaches to address their systems' specific challenges. Committing to these principles will continue to provide much-needed benefits to those in Iowa and elsewhere throughout the country.

I want to thank you again for the opportunity to testify today, and I am happy to respond to any questions that you may have.

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July 27, 2015

The Honorable Sam Graves
Chairman, Subcommittee on Highways and Transit
United States House of Representatives
1415 Longworth House Office Building
Washington, DC 20515

Dear Chairman Graves:

Thank you for the opportunity to testify before your subcommittee on June 24 regarding rural transportation needs. I also thank you for forwarding Representative Esty's follow-up questions and appreciate the opportunity to provide this response. As Representative Esty correctly recalled from my testimony, in MAP-21, funding for the federal Bus and Bus Facilities program was reduced by more than 50 percent and it was consolidated into the urban and rural formula programs. These changes do not provide sufficient funds to enable rural and small urban areas to purchase new buses or build new facilities. Therefore, AASHTO's Board-adopted MAP-21 reauthorization policy from 2013 recommends that the current formula framework be maintained, while providing additional funding that comes with the flexibility to be administered via both formula and discretionary components. In addition, states should also have the flexibility to transfer funds to small urban areas similar to other federal funding programs.

Below are the specific questions from Representative Esty, followed by my responses:

> **Question:** Are your operating and maintenance costs higher in order to keep these older buses on the road longer?
> **Response:** With more than 60 percent of Iowa's 1,600 vehicle public transit fleet operating beyond its federal useful life, the reduced levels of federal Bus and Bus Facilities funding does not go far in helping to solve the problem of aging buses. In fact, the percentage of vehicles over their useful life will actually increase and there is no possibility of additional buses to expand public transit service by providing additional routes and longer hours.
>
> Given the age of the vehicles, maintenance costs are increasing significantly for Iowa's public transit systems. This, in turn, reduces the amount of funding a transit system has to operate current services which ultimately could cause a reduction in services as maintenance costs continue to rise.
>
> **Question:** Will transit systems in Iowa be able to replace buses as needed into the future if Congress does not restore the funding cuts in MAP-21?
> **Response:** Under MAP-21, Iowa receives the minimum amount allowed by the formula for the federal Bus and Bus Facilities program - $1.25 million for rural public transit capital. For the

small urban systems, under 200,000 in population, Iowa receives a combined amount of approximately $750,000. For perspective, one 40-foot heavy duty bus costs $445,000. Without a restoration of the funding cuts brought on by MAP-21, Iowa cannot currently, and will not be able to in the future, replace buses as needed. Eventually, these aging vehicles will no longer be able to be maintained or repaired. In Iowa's rural areas, cuts to services means cutting lifelines for many, as you have heard from your constituents. Rural services provide the critical mobility to the elderly or persons with disabilities by providing transportation to medical appointments, grocery stores, and other social and quality of life needs. Rural transit allows those wanting to stay in their home the ability to do so and not need the services of a care facility.

Question: Do the citizens of Iowa who rely on these services have any other alternatives if service cuts need to be instituted?
Response: In most rural Iowa areas, aside from public transit, no other organized transportation providers are available. In order to keep public transit providing these necessary services in rural America, increased federal Bus and Bus Facilities funding is essential.

Thank you again for the opportunity to provide these responses. Please do not hesitate to let me know if I can provide additional information.

Sincerely,

Paul Trombino III
Director

PT:lp

National Association of Counties

WRITTEN STATEMENT FOR THE RECORD

THE HONORABLE BOB FOX
COMMISSIONER
RENVILLE COUNTY, MINNESOTA

ON BEHALF OF
THE NATIONAL ASSOCIATION OF COUNTIES

BEFORE THE

HOUSE TRANSPORTATION AND INFRASTRUCTURE COMMITTEE

SUBCOMMITTEE ON HIGHWAYS AND TRANSIT

JUNE 24, 2015

Chairman Graves, Ranking Member Norton and distinguished members of the subcommittee, thank you for holding today's hearing on the transportation needs of rural America and for inviting me to testify on behalf of the National Association of Counties (NACo). NACo is the only association representing the nation's 3,069 counties, which own 39 percent of the National Bridge Inventory and 45 percent of the nation's roads, including 53 percent of road miles that run through rural America and 28 percent of the federal-aid highway system. County elected officials are responsible for these critical transportation assets and are keenly aware of the investments needed to address the mobility, safety and economic needs of their communities.

My name is Bob Fox and I am a county commissioner from Renville County, Minnesota. Renville County is a rural county with a population of 15,000 that is located approximately 100 miles west of the Minneapolis-St. Paul metropolitan area. We are well known for our agricultural innovations, including crop and animal cooperatives, seed crop breeding and production and farmers who are utilizing newly developed agricultural technology.

There are 1,891 public road miles that run through Renville County, 38 percent of which are owned and maintained by the county. We also have a total of 218 bridges in Renville County, including 130 bridges captured by the National Bridge Inventory. Of those 130 bridges, 89 percent are locally owned (meaning they are owned either by the county or another unit of local government).

Most of my county's transportation infrastructure was built in the 1950s and 1960s. Since that time, there have been substantial changes in the agricultural sector that have resulted in higher productivity, the use of larger and heavier machinery and the consolidation of many activities. These changes have a large impact on our transportation infrastructure and create significant heavy truck traffic and what I like to call "rural rush hour."

While Renville County may not have the day-to-day congestion experienced by urban counties, there are certain times of the year, particularly in October during the peak of sugar beet harvesting season, when there are 500-800 trucks traveling down our county roads every hour for days on end. Our county's transportation infrastructure was not built to sustain that kind of volume or the sheer size of the equipment being utilized today.

Through my involvement in NACo and my experience serving in the leadership of the association's Agriculture and Rural Affairs Steering Committee and Rural Action Caucus, I can tell you that the experience of Renville County is not unique. Roughly two-thirds of the nation's 3,069 counties are considered rural with a combined population of 60 million. These rural counties face a number of challenges in providing adequate transportation infrastructure to meet the needs of our communities, regions and national economy.

Today, I would like to highlight some of the primary challenges facing transportation in rural counties and provide recommendations for ways Congress can support rural America in the forthcoming reauthorization of MAP-21.

Challenges facing rural counties and rural transportation infrastructure:

First, rural counties are facing numerous challenges that strain local funding options.

America's rural counties are experiencing declining populations with aging and younger residents seeking retirement and job opportunities in suburban and urban areas. Ongoing population losses reduce our tax base, which has a direct effect on our ability to fund transportation projects.

Generally, counties use a combination of local, state and federal dollars to fund their transportation investments, with the majority of the funding coming from state and local sources. For example, Renville County receives 3.7 percent of its transportation funding from the federal government, 59.8 percent from the state and the remaining 36.5 percent comes from county raised revenues.

Counties raise local revenue for transportation through a variety of sources, including property taxes, personal property taxes, local option sales taxes, local gas taxes, motor vehicle license and registration fees and assessments in special districts for transportation purposes. In the case of Renville County, most of our local funding for highways is derived through a local tax levy. In the fall of 2013, the Renville County Board of Commissioners also approved, for the first time, a $10 million bond for transportation projects. This bond will be paid back over 15 years with local tax dollars.

However, it is very important to note that most states limit counties' ability to raise revenue for capital projects. In fact, 43 states have some type of limitation on the property taxes collected by counties, including 38 states that impose statutory limitations on property tax rates, property tax assessments or both. Only 12 states authorize counties to collect their own local gas taxes, which are limited to a maximum rate in most cases and often require additional approvals for implementation.

Due to these local funding constraints, rural counties depend on a strong local-state-federal partnership to deliver transportation investments that are critical to our communities and national economy.

Second, rural counties are experiencing increasing and shifting demands on their transportation infrastructure.

Rural counties' economies are often built on a foundation provided by agriculture and natural resources. In my county, like in many rural counties, agriculture is the largest industry, generating $112.9 million in economic output in 2014. Nationally, the three million road miles and 450,000 bridges in rural America play a critical role in the movement of agricultural products, manufacturing goods and energy resources from our communities to domestic and global markets.

Unfortunately, rural infrastructure has become increasingly inadequate and unable to accommodate the demands of these modernizing industries and higher yields of production. According to the Federal

Highway Administration, 40 percent of county roads are inadequate for current travel and nearly half of the 450,000 rural bridges in America are structurally deficient.

Changes to the agricultural sector have increased the distance products have to travel in order to get from our farms to markets, which impacts our local economies and infrastructure. According to the U.S. Department of Agriculture's National Agricultural Statistics Service, between 2007 and 2012 the number of farms in America decreased by over 95,000, accounting for a loss of over seven million farmable acres. In that same amount of time, the average size of the American farm increased by almost four percent. This shift means our country has fewer farms to help meet the increasing demand for agricultural goods which now take longer to reach the consumer – directly impacting the cost of food while increasing the burden on rural infrastructure.

In addition to agriculture, fast-growing industries such as oil and gas put a lot of pressure on county transportation systems due to the rise in heavy traffic. For example, the energy boom in North Dakota caused traffic – especially heavy truck traffic – to rise by 40 percent. A 2012 assessment of North Dakota counties and other local road needs projected that the average number of daily truck trips on county roads in the four highest oil producing counties would increase 98 percent between 2012 and 2025. The roads used to access oil drilling areas were not built for heavy truck traffic, which damages existing infrastructure and reduces safety.

Third, rural counties are combating rising costs of transportation projects.

In addition to facing growing demands for transportation investment and numerous limitations on local revenue sources, rural counties are encountering rising costs for transportation projects. Based on the American Road and Transportation Builders Association's highway construction price index, the cost of construction, materials and labor for highway and bridge projects increased 44 percent between 2000 and 2013, outpacing the 35 percent increase in general inflation.

In my county, we have seen a drastic increase in the cost of projects. Just a few years ago, Renville County could budget for a road reconstruction project at less than $300,000 per mile. Today, that same project is estimated at $1 million per mile.

These problems are only exasperated by the state of affairs in Washington, DC. Short-term approaches to federal transportation funding drive up project costs and impair counties' ability to deliver critical transportation investments that improve the movement of goods and people across America. The longer we wait to pass a long-term reauthorization bill, the more damage our infrastructure sustains and the more expensive projects become – something rural counties simply cannot afford.

Recommendations for MAP-21 reauthorization:

Rural counties need a strong federal partner and a surface transportation program that supports the needs of rural America. Unfortunately, in addition to facing greater demands on their transportation infrastructure, rising costs of projects and numerous challenges that strain local funding options, rural counties have experienced funding reductions at the federal level that further diminish our ability to deliver critical transportation projects.

In addition to recommending that Congress fix the Highway Trust Fund and pass a long-term reauthorization bill that provides certainty at the state and local level, NACo has a number of specific recommendations for ways Congress can better support rural transportation that I would like to provide you at this time.

NACo recommends that Congress make more federal highway dollars available for locally owned infrastructure. Local governments own 78 percent of the nation's road miles, including 43 percent of federal-aid highways, and 50 percent of the National Bridge Inventory. Many of these highway miles and bridges can be found in rural America. Not only do they serve as a lifeline for rural counties and their citizens, they play a critical role in the movement of freight.

Unfortunately, when Congress consolidated and eliminated many of the old highway programs through the passage of MAP-21, it shifted funding away from the types of locally owned infrastructure that are eligible for federal-aid, which occurred primarily due to the elimination of the Highway Bridge Program. Overall, NACo estimates that MAP-21 reduced the funding available to locally owned highways and bridges by 30 percent.

In Renville County, we have experienced this firsthand, receiving decreased allotments of federal-aid transportation dollars since the passage of MAP-21. While the amount of federal-aid we received prior to MAP-21 was already minimal – roughly $426,000 in 2012 – we have seen that amount reduced in the years since the bill's implementation. The amount of federal-aid we receive on an annual basis is unable to complete an entire project. In fact, with the level of funding we receive, we are only able to complete one federal-aid project every four to five years (at best).

With funds becoming less and less, most counties are concentrating on maintaining ride quality on our existing pavements. While optimally we would pursue projects that address surface quality and widen our roads to accommodate today's heavy truck traffic and equipment that are traveling on our roads and bridges. Instead, we opt for less expensive pavement rehabilitation projects that sufficiently address the strength and ride quality of our roads but do not typically address capacity or safety.

Freight transport supports rural industries and provides a foundation for America's economy. Failure to adequately invest in the road and bridge infrastructure that supports freight transport puts rural economies and the national economy at a competitive disadvantage. The efficiency of the American freight system directly impacts our industries' ability to compete in export markets, with transportation costs being one of the most significant factors impacting our farmers' bottom lines. Inefficient and inadequate transportation infrastructure increases the prices that American consumers pay for goods, negatively impacts local economies, particularly in rural areas, and reduces U.S. competitiveness when exporting these products abroad.

NACo urges Congress to restore funding to bridges off the National Highway System. The nation's more than 610,000 bridges are vital components of our transportation network that are in critical need of repair. Unfortunately, MAP-21 significantly reduced the amount of funding available for more than 75 percent of the nation's bridge inventory – specifically bridges that are not a part of the designated "National Highway System" (NHS).

Prior to the passage of MAP-21, nearly $6 billion was authorized annually for the Highway Bridge Program to support bridges on and off the Federal-aid Highway System (or "on-system" and "off-system" bridges), with no less than 15 percent of each state's apportionment being set aside for off-system bridges. MAP-21 eliminated the Highway Bridge Program, shifting the program's funding (with the exception of the off-system bridge set aside) to the National Highway Performance Program. Unfortunately, funding for the National Highway Performance Program may only support projects on the NHS, which excludes 467,584 on and off-system bridges.

Restricting these dollars for use on a very limited number of bridges shortchanges the vast majority of our nation's bridges, including those bridges with the greatest need for repair. According to the National Bridge Inventory, 10 percent of the nation's bridges are considered structurally deficient and 14 percent qualify as being functionally obsolete. Nearly 90 percent of the nation's structurally deficient bridges and more than 70 percent of the nation's functionally obsolete bridges are not on the NHS. Limiting this funding to the projects eligible under the National Highway Performance Program creates a disparity that endangers the safety of citizens in rural and urban communities across the county.

While NACo is grateful that Congress continued the set aside for off-system bridges, a major funding gap was created for on-system bridges that are not on the NHS. These bridges, especially in rural communities, are some of the most critical bridges for the movement of freight and providing vital connections for our citizens. Of the 130 bridges in my county that exceed 20 feet, only eight are eligible for NHPP dollars. In total, we have 34 on-system bridges, 26 of which lost access to predictable funding under MAP-21, including 19 that are owned by the county. Nationwide, more than half of our National Bridge Inventory is considered "on-system" and more than half of those bridges are not on the NHS.

To address this issue, NACo has worked with a bipartisan and bicameral group of lawmakers to develop the Support for Bridges Act, a piece of legislation that was introduced in the Senate last month by Senators Roy Blunt (R-MO) and Bob Casey (D-PA). We hope to work with the members of this subcommittee to introduce companion legislation in the House of Representatives. NACo believes that this legislation will make more federal funding available to locally owned on-system and off-system bridges, and locally owned infrastructure in general that, together with our local dollars, will bring tremendous safety and economic benefits to rural and urban communities across the country.

NACo urges Congress to better address safety on 'high risk rural roads' in the reauthorization of MAP-21. Safety is one of the greatest concerns for rural counties, with the fatality rate on rural roads being about 2.5 times higher than that on urban roads, according to the Federal Highway Administration's Office of

Safety. In 2012, 19 percent of the U.S. population lived in rural areas but rural road fatalities accounted for 54 percent of all road-related fatalities. This is due to a number of factors like the physical characteristics of our roadways, including capacity and condition; behavioral issues such as higher speeds, reduced seat-belt use, and higher rates of impaired driving; and longer emergency medical response times due to the distance between incidents, emergency responders and medical facilities.

When MAP-21 eliminated the High Risk Rural Road program, it replaced it with a special rule that requires states to obligate Highway Safety Improvement Program dollars to address fatality rates on rural roads only if the fatality rates increase over a two year period. NACo believes that only requiring these investments to be made when rural road fatality rates increase does not adequately address rural road safety in areas with the greatest need. Instead, we recommend that states be required to address safety on rural roads if their rural road fatality rate does not decrease. While this difference in approach may appear nuanced, it better targets areas with the highest incident rates and compliments the goal of moving our nation's transportation system 'towards zero deaths.'

NACo urges Congress to support other programs that allow counties to address mobility and infrastructure needs. The aging populations and geography in rural counties create unique mobility challenges. In rural communities in particular, aging and disabled citizens can become extremely isolated and unable to access healthcare and other critical goods and services. One of the ways counties address the needs of our aging and disabled populations is through rural public transportation options. Rural public transportation systems provide both traditional fixed-route and demand response services in every state.

In Renville County, we have the Heartland Express, which provides transportation for all county residents. The Renville County Heartland Express was established in 1996 due to the demand for transportation in our rural area. With businesses closing, it has become harder for people to get groceries or go to a doctor without traveling a great distance. Our fleet of seven buses takes children to and from school and daycare, connects workers with jobs and provides a means for our elderly citizens to get groceries, access doctors and maintain social connections that are so critical to their overall welfare. Because of the vast geographic distance our public transportation systems have to cover and our growing population of transit dependent citizens, it's important to rural counties that Congress provides funding for transit programs through the Mass Transit Account of the Highway Trust Fund and continues funding for rural public transportation.

In addition to public transportation funding, many rural counties benefit from the Federal Lands Access Program (FLAP). FLAP supplements state and local resources for public roads, transit systems and other transportation facilities projects that provide access to, are adjacent to, or are located within federal lands, with an emphasis on high-use recreation sites and economic generators. With 62 percent of the nation's counties having federal land within their boundaries, FLAP is meeting a critical need in rural counties. In general, very few federal programs support truly local roads but FLAP is an exception. Many of the counties that benefit from the program simply do not have the local resources to complete the projects that are supported with FLAP funding. Federal lands, such as national parks, often drive tourism and recreational activities that support rural economies. Quality infrastructure and mobility options are critical for supporting these industries and rural communities.

NACo urges Congress to increase the role of counties in statewide planning and project selection processes. With recognition that there are greater transportation needs than available funds, project selection and planning processes should prioritize investments that maximize the long-term benefits for communities and regions. To help achieve greater performance and efficiency of our transportation system, local elected officials should have an elevated degree of involvement in decision-making processes. Local elected officials are well positioned to provide input on potential projects and their ability to support economic and community development. For example, rural county officials can help identify efficient routes within rural regions that connect multi-modal freight facilities, agriculture and natural resource production and distribution centers. Thinking beyond the explicit benefits of transportation projects and better understanding their broader context and value through the lens of local leaders can maximize the effectiveness of federal transportation dollars.

Ultimately, NACo believes that the next surface transportation bill must recognize that the transportation needs of rural counties are important to the nation's economy, public health and safety.

Improving the quality of transportation in rural America can result in various benefits for rural counties like mine, but maybe more importantly for the work of this subcommittee, can improve the nation's overall transportation network, which serves as the foundation for our country's economy.

Thank you again, Mr. Chairman and members of the subcommittee for the opportunity to appear before you today. I would be pleased to answer any questions.

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RENVILLE COUNTY

The Honorable Sam Graves
Chairman
Subcommittee on Highways and Transit
House Transportation and Infrastructure Committee
2251 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Graves:

Thank you for the opportunity to testify before the Subcommittee on Highways and Transit on June 24, 2015 concerning "Meeting the Transportation Needs of Rural America." It was a distinct honor to appear before the Subcommittee on behalf of the National Association of Counties (NACo). As you know, the nation's 3,069 counties own 45 percent of the nation's road miles and 39 percent of the National Bridge Inventory, and are involved with the operation of a third of the nation's public transportation systems. Therefore, the focus your Subcommittee is critical to the work, infrastructure and services counties like Renville provide to the communities we both serve.

NACo and its members appreciate your leadership and interest in local transportation issues. We stand ready to serve as a partner with you in the forthcoming reauthorization of federal surface transportation programs and reaffirm our commitment to support the efforts of the Subcommittee and your staff.

Enclosed you will find a response to the additional questions for the record submitted on behalf of Rep. Rodney Davis. If you or your staff have any questions or need further information, please contact NACo Associate Legislative Director Jessica Monahan at 202.942.4217 or jmonhan@naco.org.

Sincerely,

Bob Fox

Bob Fox
Commissioner
Renville County, Minn.

Hearing on "Meeting the Transportation Needs of Rural America"
Subcommittee on Highways and Transit
House Transportation and Infrastructure Committee
Wednesday, June 24, 2015, 2:00 p.m.
2167 Rayburn House Office Building
Washington, D.C.

Responses to Questions for the Record

Questions Submitted on behalf of Rep. Rodney Davis:

Question 1: *Mr. Fox: You're a Commissioner of Renville County, which is home to 15,000 folks. Renville County is rich in agricultural production and depends on transportation to get your goods to market. This sounds a lot like areas I represent in central and southwest Illinois. My top policy goal is to provide more local control to local officials in the way transportation dollars are spent. Currently, the federal program stops well short of providing direct access to federal funds for areas under 200,000 people. This has hampered my constituents' abilities to get priority transportation projects done throughout my largely rural district. As a Commissioner, how would you like to see the federal government improve the suballocation process to ensure that federal transportation funds make it down to local communities under 200,000 people? Should we push suballocated funds down to regions with 50,000 or develop a discretionary competitive grant program for local governments to access within each state?*

Response:

Congressman Davis, thank you for raising this issue. While Minnesota has a well-established process for suballocating federal funds down to local areas under 200,000 in population, I recognize that not all states administer the suballocation of federal Surface Transportation Program dollars in a way that supports local priorities. With that said, even the process in my state could be improved.

As I mentioned at the hearing, it's critical that local leaders have a seat at the table when determining how federal dollars are spent in our communities. As locally elected officials, county and city leaders are the closest level of government to the people and to the projects. Plus, local governments are also the owners of most of our country's transportation infrastructure that the federal programs are designed to support – owning 78 percent of the nation's road miles, including 43 percent of federal-aid highways, and 50 percent of the National Bridge Inventory. Therefore, we are well positioned to provide input on potential projects and their ability to support the priorities and needs of our communities and regions. Thinking beyond the explicit benefits of transportation projects and better understanding their broader context and value through the lens of local leaders can maximize the effectiveness of federal transportation dollars.

Therefore, NACo and its members believe that local elected officials from urban and rural areas should have a defined role in transportation funding and planning processes. While areas with a population over 200,000 have a well-established process and representation through Metropolitan Planning Organizations (MPOs), areas under 2000,000 in population are lacking equivalent access to federal funding. NACo strongly believes that the suballocation process should continue and should not be replaced by a competitive grant program. However, there are ways the process could be improved for small-urban and rural areas.

One way you and your colleagues on the House Transportation and Infrastructure Committee can improve the suballocation process and provide local leaders greater access to federal transportation dollars is through the consultation requirements for state departments of transportation with non-metropolitan local elected officials. MAP-21 (P.L. 112-141) made great progress on this issue by recognizing the value of Regional Transportation Planning Organizations (RTPOs) for areas with a population under 200,000. Under MAP-21, states may establish and designate RTPOs to enhance the planning, coordination and implementation of statewide strategic long-range transportation plans and State Transportation Improvement Programs (STIPS). Since these planning processes set priorities for federal funding investments, establishing RTPOs gives rural and non-metropolitan officials a seat at the table.

While the progress made in MAP-21 was meaningful, we believe it can be further improved by providing incentives for the establishment of RTPOs in non-metropolitan areas, authorizing funding to help RTPOs address and represent the transportation needs of non-metropolitan areas under 200,000 in population and elevating RTPOs' role in statewide planning and project selection processes by requiring that state departments of transportation coordinate with RTPOs and rural elected officials in the development of long-range plans, STIPs and Strategic Highway Safety Plans.

Question 2: *Mr. Fox: My bipartisan bill, the Innovation in Surface Transportation Act, would help give local governments and stakeholders a greater voice in this process because it:*

- *Establishes a small set-aside for merit-based grants to local communities;*
- *Establishes a panel with local governments, state departments of transportation and local stakeholders to select projects; and*
- *Boosts transparency by requiring states to publically post criteria and ranking for every project.*

In your view, how much does local input contribute to where transportation funds end up being spend in your state? How could we strengthen the role and impact of local stakeholders?

Response: Congressman Davis, I appreciate your leadership on the Innovation in Surface Transportation Act and your desire to give local governments a greater voice in this process. I would like to reiterate that encouraging states to have an open dialogue with local stakeholders from non-metropolitan areas through a transparent process that is competitive in nature is a positive prospect for rural counties like mine.

However, transportation planning processes, which are already competitive by definition, can serve as valuable tools for achieving your goal, which NACo shares. In addition, small-urban and rural communities might not have the resources to compete to compete under the type of program your legislation hopes to establish. Finally, relying on RTPOs and transportation planning processes provides a greater level of long-term certainty than the prospect of being awarded a discretionary grant. Long-term planning, and the type of process utilized in my state, allows counties like mine to budget based on money we *know* will be available for our projects rather than relying on money that *may* be available *if* we can successfully compete.

Once again, on behalf of NACo, I appreciate your leadership and interest in elevating the role of local leaders and driving more federal funding down to local areas. NACo's staff would greatly appreciate the opportunity to work with you and your staff to develop additional or alternative ways to accomplish our shared goal.

SOY TRANSPORTATION COALITION

Testimony of

Mike Steenhoek, Executive Director
Soy Transportation Coalition

"Meeting the Transportation Needs of Rural America"

House Committee on Transportation and Infrastructure
Subcommittee on Highways and Transit

Wednesday, June 24, 2015

Chairman Graves and Members of the Subcommittee:

My name is Mike Steenhoek, Executive Director of the Soy Transportation Coalition (STC). Established in 2007, the Soy Transportation Coalition is comprised of thirteen state soybean boards, the American Soybean Association, and the United Soybean Board. The goal of the organization is to position the soybean industry to benefit from a transportation system that delivers cost effective, reliable, and competitive service. The STC is governed by a board of directors of soybean farmers from the sponsoring entities. We are therefore a farmer-funded and farmer-led organization.

When my parents grew up on farms in central Iowa in the 1940s and 1950s, transportation, while important, was not as consequential to the profitability of agriculture. During that era, so much of what was produced on the farm was immediately consumed on the farm or eventually consumed within a close proximity to the farm. To use the farm my father grew up on as an example – the family produced corn and oats that they, in turn, fed to the livestock they raised. The family eventually earned a living by selling the eggs, dairy, and livestock to a local customer base.

Subsequent to this period, agriculture has witnessed a dramatic evolution in almost every facet. In addition to experiencing exponential growth in the volume of production, agriculture has also experienced an exponential increase in the number and geographic distribution of its customers. Today, when one observes a field of soybeans in the United States, one can assume that half will be consumed outside the country – one quarter alone will be consumed in China. Many other U.S. agricultural products have experienced similar growth in both production and demand. Given this unprecedented increase, it becomes essential for this country to have a system of roads, bridges, highways, railroads, inland waterways, and ports to ensure what U.S. farmers produce can access their domestic and international customers in a cost-effective and reliable manner. For agriculture to be profitable, it is not simply a function of increasing supply and increasing demand. It is also a function of increasing connectivity between supply and demand. Transportation is that connectivity.

While the transportation system that serves U.S. agriculture is more advanced than those found in many other countries, the competitive advantage we enjoy is in danger of eroding. The unfortunate reality is that the United States can increasingly be described as a spending nation, not an investing nation. Other nations are making investments in their infrastructure while we remain quite lackadaisical in investing in ours. This lackadaisical approach is exacting a toll on our roads and bridges, locks and dams, and ports. Given the jurisdiction of the Subcommittee on Highways and Transit, I will confine my testimony to some of the challenges confronting the surface transportation system consequential to U.S. agriculture.

Much attention and discussion, and rightly so, have been devoted to the need for Congress to provide additional revenue for our system of roads, bridges, highways, and interstates. The fundamental flaw of how our nation funds surface transportation is that we have a fixed source of revenue trying to meet the needs of an escalating cost. Everyone can concede that the cost of building and maintaining roads and bridges increases with time. However, the federal government maintains a fixed 18.4 cent tax per gallon of gasoline and a 24.4 cent tax per gallon of diesel fuel. It may be unintentional, but the inevitable outcome of such an approach is a funding shortfall over time. 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. This underinvestment in our nation's roads and bridges is most evident in rural communities.

The federal tax on gasoline and diesel fuel has not been adjusted since 1993. According to research funded by the Soy Transportation Coalition and conducted by Indiana University, if Congress had indexed the fuel tax to inflation in 1993 an additional $133 billion would have been available for improving our nation's roads and bridges. While indexing the fuel tax to inflation would not be the panacea to all of the challenges confronting our surface transportation system, doing so would introduce some sustainability to our financing strategy and be a significant enhancement over the status quo.

With respect to surface transportation, predictability of funding is almost as important as volume of funding. Most states develop a five year plan for maintaining and improving their system of roads and bridges. Much of this construction work is reimbursed to the states by the federal government. If the federal government is not a reliable partner in funding transportation, states will be less confident to proceed with planning and executing many essential and expensive infrastructure projects – including those critical to the movement of agricultural products. Unfortunately, Congress has approached our expensive and multi-year transportation challenges via unpredictable and short term legislative actions.

While greater volume and predictability of funding is needed from federal, state, and local government, we in agriculture and beyond need to explore opportunities to accommodate the increased demand for freight movement in a resource-constricted environment. We believe increasing semi weight limits on the federal interstate and highway system from an 80,000 lbs., five axle configuration to a 97,000 lbs., six axle configuration would have a beneficial impact on: 1.) Motorist safety; 2.)

Infrastructure wear and tear; and 3.) The cost and efficiency of freight movement for agriculture and the U.S. economy.

A recent study, funded by soybean farmers, highlights that adding an additional sixth axle to a semi weighing 97,000 lbs. will create additional braking capacity so that stopping distances will be compatible with a five axle, 80,000 lbs. truck. Moreover, allowing six axle, 97,000 lbs. semis will result in fewer semis on the road compared to maintaining an 80,000 lbs. weight limit, which will result in fewer accidents and injuries. The study projects such an approach will result in 98 fewer motorist fatalities by 2022.

The study further highlights how a six axle, 97,000 lbs. semi will result in a reduction of weight per tire of 35 lbs. compared to a five axle, 80,000 lbs. semi – reducing wear and tear on the nation's roads.

For transporting soybeans and soy products, allowing six axle, 97,000 lbs. semis will result in 1.2 million fewer truck trips, 5.5 million fewer gallons of fuel consumed, 56 thousand fewer tons of carbon dioxide emissions, and between $11 million - $28 million in reduced fuel costs. The use of a six axle, 97,000 lbs. semi will enable a farmer to transport at minimum an additional 183 bushels of soybeans per load. By 2022, this will annually save soybean farmers 602,000 truck trips, 1.7 million gallons of fuel, and between $4 million - $8 million in reduced fuel costs.

Rural communities depend upon rural roads and bridges for mobility and economic growth. Many rural bridges across the country are load limited, requiring vehicles transporting people and products to detour.

Research has demonstrated that the visual inspection of bridges can be inaccurate and highly variable. This contributes to inaccurate assessments that can ultimately result in a sizable percentage of bridges being unnecessarily load posted or identified for rehabilitation or replacement. This not only results in unwarranted detours, but it prevents government agencies from most efficiently allocating scarce resources to those bridges that truly are in urgent need of modernization and repair.

In 2013, the Iowa Department of Transportation, Iowa State University, and the Soy Transportation Coalition provided funding to load test three rural bridges. This initial project was successful in providing a more accurate assessment of the three rural bridges and justified the removal of the load restrictions. A similar project is underway in partnership with the Nebraska Department of Roads and the University of Nebraska.

The ultimate objective of these efforts is to encourage a more widespread utilization of this technology in rural areas throughout the country. Improving our transportation system is not just a function of more money. Better stewardship of taxpayer money is also essential. The Federal Highway Administration is to be commended for a recent grant to the South Carolina Department of Transportation for the purpose of promoting this technology for evaluating bridges on the state system. We are hopeful a similar program could be developed to benefit our nation's rural bridges. The Soy Transportation Coalition has communicated a willingness to help offset the cost of doing so.

Agriculture can accurately be described as a 21st century industry utilizing an early 20th century rural infrastructure. While increased resources are essential to upgrade our rural infrastructure to meet the needs of rural communities, we are deluding ourselves if we believe that our transportation challenges will be solely addressed on the revenue side of the equation. As discomforting as it may be, we must also be willing to address the cost side of the equation. We need to acknowledge that when our system of rural roads and bridges was designed and created, decision makers did not have 21st century agriculture and rural America in mind.

We need to be willing to ask challenging questions like, "Is it more economically sustainable and in the long term best interests of rural communities for a county to have 1,000 miles of degraded roads or 500 miles of quality roads?". We need to explore what our rural transportation system needs to look like in 10 years and determine those incremental steps required to achieve it. Tradeoffs are never easy, but agriculture must recognize that this discussion and debate is and will continue to occur. The question for farmers is whether they want to help lead this discussion or be passive in it. May it be the former.

Thank you for the opportunity to testify and for exploring this important topic. I would be pleased to answer any questions.

In the United States House of Representatives

Committee on Transportation and Infrastructure

Subcommittee on Highways and Transit

June 24, 2015

Meeting the Transportation Needs of Rural America

Testimony of Steve Woelfel, President of Jefferson Lines on behalf of the American Bus Association

Good afternoon Chairman Graves, Ranking member Norton and members of the Subcommittee. The American Bus Association (ABA), represented here today by Jefferson Lines, appreciates the opportunity to testify on the transportation and connectivity needs of rural America. The ABA represents some 3,500 member organizations encompassing the entire motorcoach group travel industry, including bus operators like Jefferson Lines, tour companies, hoteliers, restaurants, sports teams and destinations. In total, motorcoach travel and tourism provided over 600 million passenger trips in 2013, supporting 1.4 million American jobs, and producing $175 billion in economic impact.

My company, Jefferson Lines, employs 225 people and serves 600,000 passengers annually in 13 states. For millions of Americans, motorcoaches represent the only publicly available transportation link to cities and the broader transportation network. Simply put, motorcoach transportation services more communities in America than any other mode of publicly available transportation.

Jefferson Lines is a pioneer in partnering with States, communities, and public transit operators to provide rural connectivity. We led the way in 1980 when we developed one of the first interline transit feeder programs from Creston to Chariton, Iowa; and we continue to build on that success by expanding service through cooperative agreements. Let me give you some examples of what our company is doing today to transform transportation in rural America.

Missouri

- Several years ago, at the request of Missouri Department of Transportation, we reestablished intercity bus service from Kansas City to Branson. When we took over the route it was operating at 30% of farebox revenue, and today we are achieving 75% farebox recovery.
- Today, Jefferson Lines provides service to 18 communities across the state including Cameron, Bethany, Maryville, and St. Joseph in northern Missouri.

Minnesota

- In 2004, when more than 80 rural communities in Minnesota lost their intercity bus connections our company implemented a replacement service plan in less than 3 weeks.
- Currently, Jefferson Lines connects with 18 different transit agencies in Minnesota.
- Jefferson Lines also provides revenue sources at many public transit locations via rental income and ticket commissions.

South Dakota

- In partnership with Pierre, Huron, and Aberdeen transit, Jefferson Lines connects residents to the broader transportation network.
- We also offer transit providers additional revenue through ticket sales commissions.
- Jefferson Lines operates connective routes from Fargo to Sioux Falls, while contributing the non-federal share of funding to support operations.

The challenge within our industry is that the examples above are unique rather than the norm. If our national goal is to ensure intermodal connectivity, reduce taxpayer burden and improve efficiency, then we need to expand public-private partnership initiatives beyond transportation finance concepts. To be clear, we are not proposing to replace transit systems. Our proposal is based on the idea that private carriers and public transit should connect rather than compete. This approach enables transportation planners to maximize the use of tax dollars through the integration of public and private systems. By ensuring private intercity bus networks are active participants in the planning process, including the development of transportation improvement plans, we can expand access, improve connectivity and enrich the national transportation system, all in a cost-effective and environmentally prudent manner.

Integration is also the key to breaking stovepipes in terms of transportation facilities. While there are some great examples of true intermodal facilities, more often than not, our mode is not included in the design and operation of supposedly multimodal transportation hubs. If we apply federal dollars to multimodal transportation facilities those facilities should be designed and operated in consultation with local private bus operators. This policy should also extend to airports. There are many instances where private carriers are prevented from connecting passengers to airports. In some cases, there is an outright ban on operations and in others it is accomplished through the application of excessive fees. Rural residents deserve the same access to airports and surface transportation facilities as other citizens. We should not disenfranchise travelers based on their choice of transportation mode, whether they are traveling to an airport, rail station or other publicly funded transportation facility offering an intermodal connection.

Modal stove-piping extends to how we design rural connectivity options, as well. In many cases, a multimode approach could transform how rural communities access large and medium hub airports. When compared to the Essential Air Service program, motorcoach transportation is generally less expensive, more environmentally efficient and in many instances time competitive. EAS reform should include a new pilot program which transforms a segment of the EAS program into an Essential Transportation (EST) program, providing motorcoach service connections to large and medium hub airports.

The goal of the pilot EST program would be to compare and contrast a mixed mode approach to the Essential Air Service program. Under the pilot program motorcoach, operators would be empowered to create connections between non-urbanized areas, large and medium hub airports along with other intermodal connections. The cost, and in many cases the times savings, from simply changing the mode of transportation could help stabilize the EAS program and ensure funding for communities truly in need of air connections.

Essential transportation funding could be used for activities such as:

- planning and joint marketing for bus transportation;
- capital grants for bus shelters, park and ride facilities, and joint-use facilities;

- operating grants through purchase-of-service agreements, user-side subsidies, and demonstration projects;
- developing and enhancing security procedures for bus passengers connecting to commercial air services;
- enhancing connections between bus service and commercial air services at the airport; and
- coordinating public and private travel information to make it easier to access and use the significant connecting and intercity resources provided through the public transit, rail and private motorcoach industry.

Program reforms should also extend beyond EAS to surface transportation programs like the Rural Intercity Bus Assistance program under section 5311(f). Section 5311(f) of the Federal Transit Act, the rural intercity bus program, is the primary federal tool to help states maintain and enhance connections between rural communities and the nation's intercity transportation network. With its 15% set-aside from the 5311 rural transit program, 5311(f) has also proven invaluable in the development of intermodal terminals that connect rural intercity services and rural transit services to larger transportation hubs and in the maintenance and expansion of intercity bus services to underserved rural communities.

A critical component of 5311(f)'s success in developing rural intercity bus services has been FTA's in-kind match program. FTA started this in 2007 as a pilot program pursuant to which states could use the capital costs of unsubsidized private sector intercity bus service as the local match for a section 5311(f) project which supports rural intercity bus service that connects with the unsubsidized service. The program has been very successful. There are now 22 states using this program to provide service on 74 rural routes to more than 400 communities. Another 7 states are planning to do so.

Because of its success, Congress permanently authorized the program in MAP-21 and expanded the eligible in-kind match to include the "costs" of the unsubsidized connecting intercity bus service, not just the "capital costs". This was an important change because it roughly doubled the source and availability of in-kind match. States that have developed extensive rural networks need the flexibility to use this additional local match if they choose to expand their networks to meet demand.

Despite a letter from this Committee's bipartisan leadership making clear that Congress intended that all costs of a connecting service, not just capital costs, would be available as in-kind match, FTA chose to continue to limit the in-kind match to capital costs. Thus, further congressional action is necessary. ABA requests that the Committee's reauthorization bill contain language explicitly stating that "all costs" of connecting unsubsidized intercity bus service can be used by states as in-kind match for section 5311(f) supported rural intercity bus service.

As demonstrated by the 5311(f) program public private partnerships can extend the transportation network to underserved communities while reducing taxpayer burden, energy consumption and emissions. As we look towards the next surface transportation reauthorization our goal should be to incorporate private motorcoach operators from the very beginning of the process rather than in ad hoc and one off projects. We should be looking to join the public and private networks together as way to add connectivity, expand service and maximize public investment in passenger transportation.

Thank you very much for the opportunity to testify before the Committee today.

American Bus Association Foundation
Economic Impact of the Motorcoach Tour and Travel Industry

The Motorcoach Tour and Travel Industry Creates Jobs in America

Companies that provide motorcoach services to intercity travelers and group tours are a critical part of the nation's economy. Motorcoach operators, along with the companies that supply services and materials to them, provide well paying jobs in America and pay significant amounts in tax to local, state and federal governments.

Economic Impact of Motorcoach Travel and Tourism in The United States

	Direct	Supplier	Induced	Total
Jobs (FTE)	914,845	263,393	301,930	1,480,168
Wages	$31,993,199,400	$15,295,072,600	$15,543,083,800	$62,831,355,800
Economic Impact	$87,560,240,500	$43,513,330,200	$47,831,997,200	$178,905,567,900

The Motorcoach Industry is a Crucial Economic Driver in America's Economy

- Motorcoach companies provide good jobs, paying an average of $61,932, with drivers averaging $50,375 in wages and benefits.[1] Today, every job is important. In fact, the United States unemployment rate has reached 5.5 percent. This means that there are already 8,597,000 people trying to find jobs and collecting unemployment benefits.[2]
- In addition to providing good paying jobs for thousands of workers, motorcoaches are the most fuel- and carbon-efficient mode of passenger transportation. Motorcoach travel averages 208 passenger miles per gallon compared to commuter rail at 90, transit bus at 70, automobiles at 27 and hybrid cars at 46 passenger miles per gallon.
- Motorcoach operations save travelers $1.2 billion annually by alleviating congestion on local roads, city streets and major arteries and adding productivity back to the workforce.[3]
- Motorcoaches are an important element driving local and regional tourism economies; providing flexible and cost effective transportation for millions of rural residents, commuters and intercity passengers; while linking airports and rail stations to the surface transportation network.
- Motorcoaches provided 605 million passenger trips in 2013 with little to no public subsidy.[4]

Motorcoach Travel and Tourism Contributes to America's Tax Base

- Not only does the motorcoach travel and tourism industry create jobs, it also generates substantial revenues for state and local governments. In the United States, the industry and its employees pay over $10.2 billion in taxes including property, income, and sales based levies.[5]

Taxes Generated in The United States	
Federal Taxes	$13,017,170,000
State Taxes	$10,211,123,900
Total Taxes	$23,228,293,900

1 Motorcoach industry jobs and wages based on an economic impact model developed by John Dunham & Associates for the American Bus Association Foundation, June 2014. Driver wages based on the reported wage rate for bus drivers from the US Department of Labor, Bureau of Labor Statistics, *May 2013 National Occupational Employment and Wage Estimates United States*, at www.bls.gov/oes/current/oes_nat.htm#53-0000, multiplied by 1.3 to reflect estimated benefits.
2 The Bureau of Labor Statistics. Available on-line at: www.bls.gov/lau/home.htm. Data for March-15.
3 Schrank, David and Tim Lomax, *Mobility Benefits from Motorcoach Service*, Texas Transportation Institute, December 2009.
4 *Motorcoach Census*, prepared by John Dunham & Associates for the American Bus Association Foundation, March 12, 2015.
5 op cit, Economic Impact Analysis, John Dunham & Associates.

Get to Know The Real Green Transportation

Think about your daily commute your next vacation and which transportation option is green, affordable and flexible.

Your best choice may be a surprise.

To learn more about motorcoach transportation visit www.buses.org.

Energy use is measured in British thermal units. CO2 is measured in grams per passenger mile

	Passenger Miles per Gallon (AVG)	Energy Used per Passenger Mile (AVG)	CO_2 Released per Passenger Mile (AVG)
Motorcoach	239.8	575	43
Heavy Rail	190.6	724	127
Trolley Bus	106.6	1294	228
Van Pool	106.1	1300	97
Light Rail	92.0	1500	264
Commuter Rail	90.3	1528	183
Intercity Rail (AMTRAK)	85.2	1619	147
Transit Bus	70.5	1957	136
Car Pool (2-person)	55.9	2470	184
Domestic Air Travel	54.8	2519	188
Car-Avg Trip	38.8	3555	265
Car-1 person	27.9	4939	368

aba foundation

Full report available at www.buses.org/research

The Study

This study compares the costs and environmental effects of supporting rural mobility using scheduled inter-city coach bus service to current costs to maintain air links under the Essential Air Service (EAS) program. The study includes 38 EAS communities in the lower 48 states that are within 150 miles of a medium or large hub airport. For the current EAS program, total costs include government subsidies and passenger fares. For the coach bus alternative, total costs include bus operating costs, and the value of passenger time for alternative bus trips that take longer than current EAS-subsidized flights.

The Results

For the 38 communities included in the study, current EAS-subsidized flights carry 615,528 one-way passengers annually at a total cost of $131.5 million - an average cost of $427 per passenger round trip. For these routes annual EAS subsidies total $60.8 million - 46% of the cost - and passenger fares total $70.7 million. While some routes require a relatively low subsidy, for others the current subsidy amounts to as much as $1,600 per passenger round trip.

This analysis indicates that the same number of scheduled weekly trips between these 38 rural airports and nearby regional hub airports could be provided by coach buses at a total annual operating cost of $33.9 million. Most of the bus trips would take longer than current air flights – if the "cost" to passengers of longer travel time is included it adds an additional $8.0 million to the total cost of the bus alternative. For the 38 communities studied, total costs for coach bus service average $136 per passenger round trip – this is on average 68% less than the cost of current EAS-subsidized flights.

The use of scheduled coach bus service to link these 38 communities to the national air transport system – instead of current EAS-subsidized air service - could save society over $89 million annually. Average savings could be as high as $291 per passenger round trip. Some level of subsidy would likely be required to incentivize coach operators to start new service on most routes, and continuing subsidies might be required on some routes, but projected per passenger bus operating costs on more than half of the routes are lower than current airfares. This indicates that these routes could probably support bus service with no long-term government subsidy; in the long run savings to taxpayers could amount to $50 million or more annually because the cost to operate coach bus service is so much lower than the cost to operate aircraft.

The analysis also shows that using buses instead of aircraft to link these 38 communities to regional hub airports could reduce annual petroleum use by 5.7 million gallons, could reduce annual CO_2 emissions by 63,500 tons, and could reduce other harmful air emissions of nitrogen oxides, hydrocarbons, carbon monoxide, and sulfur dioxide.

EAS Program

Begun in 1978 when U.S. airlines were deregulated, the Essential Air Service program provides subsidies to air carriers to maintain scheduled flights between rural communities and regional hub airports – the program currently subsidizes air links to 153 communities in 35 states and Puerto Rico. As of May 2010, annual subsidies under the program total more than $163 million. EAS-subsidized air service typically includes two or three round trips per day, using small regional aircraft, typically with 19 or fewer seats.

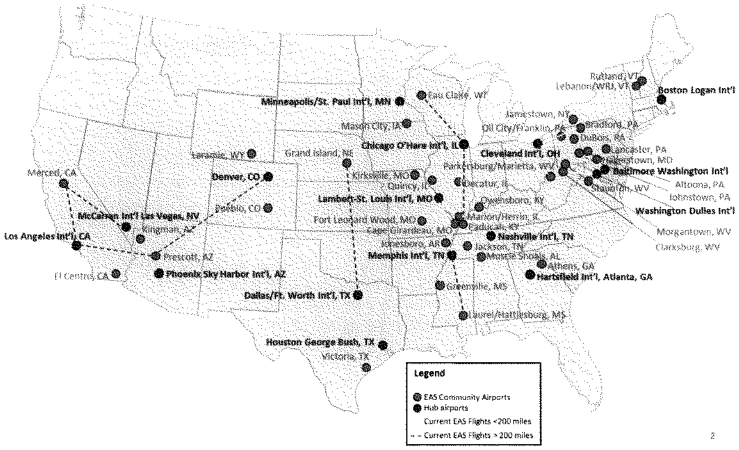

Figure 1 EAS Communities within 150 Air Miles of a Large or Medium Hub Airport

Table 1 Costs and Environmental Effects of EAS Program Compared to Coach Bus Service

			unit	EAS-Subsidized Flights	Alternative Coach Bus Service	*Difference*
SERVICE	**Annual Trips**		#	79,040	79,040	0
	Annual Seats		#	1,539,720	4,347,200	2,807,480
	Annual Passengers		#	615,528	615,528	0
COSTS	**Current Annual EAS Subsidy**		$	$60,838,832		
	Current Annual Passenger Fares		$	$70,652,143		
	Annual Bus Operating Cost		$		$33,860,696	
	Annual Incremental Travel Time		$		$8,098,098	
	TOTAL			**$131,490,975**	**$41,958,794**	**($89,532,180)**
ENVIRONMENT	**Annual Miles**		mi	12,310,688	11,953,411	(357,277)
	Annual Fuel Use		gal	7,930,259	2,213,595	(5,716,665)
	Annual Emissions	CO_2	ton	88,149	24,605	(63,544)
		NOx	ton	28.1	14.9	(13.2)
		HC	ton	1,188.2	2.0	(1,186.3)
		CO	ton	2,067.7	1.2	(2,066.6)
		SO_2	ton	28.1	0.2	(27.8)

Totals for 38 EAS communities that are within 150 miles of a medium or large air hub. For 32 communities alternative bus service is to the the same destination as current EAS flights (large air hub); for two communities bus service is to the closest large air hub, and for 4 communities bus service is to the closest medium air hub.

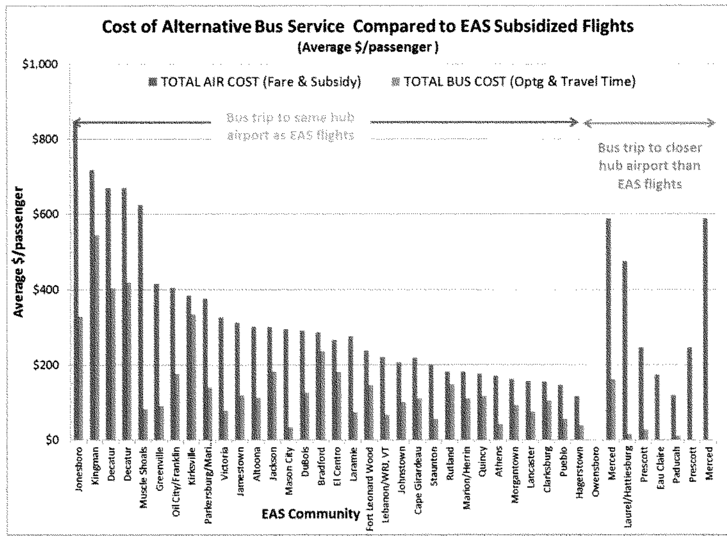

Figure 2 Total EAS Costs Compared to Total Costs for Alternative Bus Service ($/passenger)

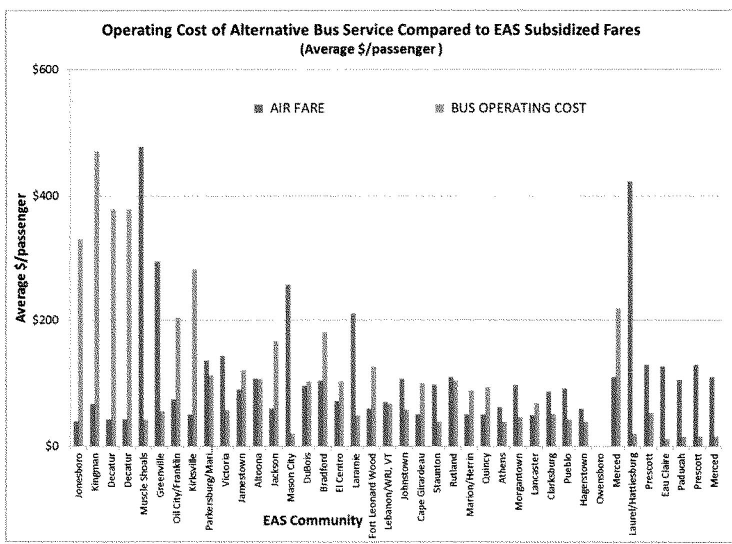

Figure 3 Coach Bus Operating Costs Compared to Current Fares on EAS Flights ($/passenger)

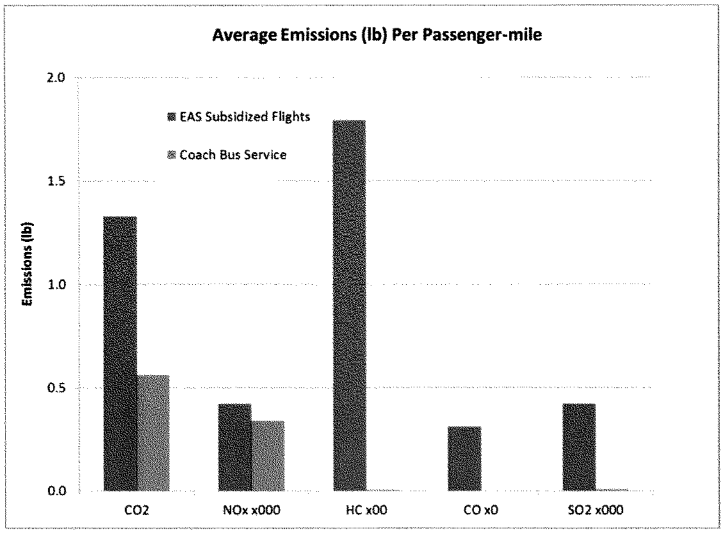

Figure 4 Average Emission per Passenger-mile, EAS Flights Compared to Coach Bus Service

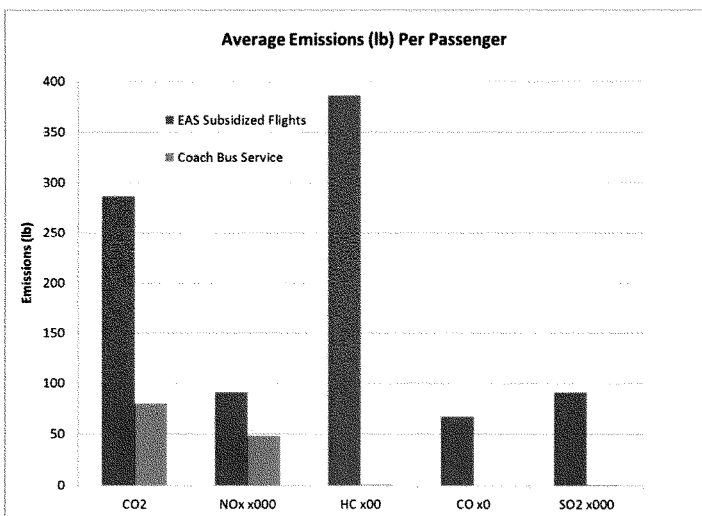

Figure 4 Average Emission per Passenger, EAS Flights Compared to Coach Bus Service

Supporting Passenger Mobility and Choice by Breaking Modal Stovepipes

Comparing Amtrak and Motorcoach Service

July 2013

MJB & A

M.J. Bradley & Associates LLC

(603) 647 5746 / www.mjbradley.com

Key Findings

This analysis compares customer costs (fare, travel time) and societal costs (government subsidies, air emissions) associated with twenty specific trips that can currently be taken between select U.S. city pairs on both an Amtrak train and on a scheduled intercity motorcoach bus. These specific trips were chosen to provide a representative comparison between these travel modes over a range of geographies, both urban and rural, and to include trips taken on the three major types of service operated by Amtrak (Northeast Corridor, including Acela; other short-corridor trains; and long-distance trains). The majority of these trips are between 100 and 200 miles one-way, while one is shorter and several are longer.

The key findings of this analysis are as follows:

Time and Schedule

- In general there are more schedule options by bus than by train. For all but one of the trips there are more scheduled buses each week than trains; for half of the trips there are more than twice as many scheduled buses per week.
- Total travel time is comparable for these modes; for ten of the twenty trips total travel time is shorter by train than by bus; for the other ten trips total travel time is shorter by bus. For half of the trips the difference in travel time between modes is less than one hour.

Passenger Cost and Government Subsidies

- For thirteen of the twenty trips the minimum one-week advanced purchase fare is lower for the bus than the train.
- Considering fully allocated costs (capital and operating expenses) motorcoaches average ($/passenger) less than 25% of the cost to provide comparable Amtrak service. The average savings to passengers and taxpayers to provide bus service over train service ranges from $17.03 to $422.39 per passenger.
- For two of the twenty analyzed trips Amtrak on average generates enough passenger revenue to cover both operating and capital costs (i.e. they are "profitable"). For the remaining eighteen trips average passenger revenue does not cover Amtrak's fully allocated expenses. For the remaining eighteen trips the average government (state and federal) subsidies to Amtrak range from $21.93/passenger to $289.56/passenger. By comparison, for the twenty trips analyzed the total indirect capital subsidies (Highway Trust Fund outlays) provided to support surface transportation range from $0.09/passenger to $0.74/passenger.

Environmental Efficiency

- Excluding the Northeast Corridor, where Amtrak operates electric locomotives, the average impact of scheduled intercity motorcoach service on air quality is lower than the impact of Amtrak service. Average per-passenger emissions of particulate matter and nitrogen oxides are approximately 80% lower for motorcoach trips than for Amtrak trips, and average emissions of volatile organic hydrocarbons are approximately 90% lower.
- For all trips, including those on the Northeast Corridor, the average impact of scheduled intercity motorcoach service on climate change is lower than the impact of Amtrak service. Average per-passenger emissions of carbon dioxide are 45% - 65% lower for motorcoach trips than for Amtrak trips.

Executive Summary

This report compares the cost and environmental impact of passenger trips taken on scheduled Amtrak trains to trips taken to the same destinations on existing scheduled intercity motorcoaches.

Amtrak currently operates over 300 trains per day on 43 different routes. These routes connect more than 500 cities and towns in 46 of the 48 lower continental United States. Approximately 36% of all Amtrak passengers are carried on the Northeast Corridor, between Boston, New York, and Washington DC, both on the Acela and on Northeast Corridor regional trains. In addition to Northeast Corridor trains, Amtrak operates both short-corridor trains that generally operate within a single state or within only a few adjoining states (27 routes), and long-distance trains than span the country, primarily from east to west (14 routes).

By comparison there are currently an estimated 4,088 companies that operate motorcoaches in the U.S. Almost 20% of these companies operate daily, scheduled intercity service between various city pairs in all 48 of the lower 48 states[1]. This scheduled intercity service is operated primarily by the large national carriers – Greyhound and Coach USA – but also by smaller local and regional companies. More than 16,000 motorcoaches operate regularly in fixed-route service[2] in the U.S. and almost half of all annual motorcoach miles are operated on scheduled, fixed routes.

There are currently bus stations with some scheduled intercity service in 2,766 U.S. cities and towns. There are less than 150 counties, parishes, or independent cities in the U.S. that are not currently served by some type of scheduled intercity service[3]. See Figure 1 for a map of this scheduled intercity Amtrak and bus service[4].

For this analysis the authors analyzed twenty specific trips between select city pairs in the continental United States. The specific trips that were analyzed are shown in Figure 2. Most of the analyzed trips are approximately 200 miles in length, but several are shorter and several are as long as 600 miles. The specific trips included in the analysis were chosen to provide representative geographic coverage of the lower 48 states, urban and rural trips, Amtrak trips on the Northeast Corridor, as well as short-corridor and long-distance Amtrak trains[5].

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[1] John Dunham & Associates, *Motorcoach Census 2011*
[2] Fixed-route service includes inter-city service, airport service, and commuter service. Data from *Motorcoach Census 2011*
[3] According to the American Intercity bus Riders Association (www.aibra.org). Counties, parishes, and independent cities of 25,000+ population that are more than 25 miles from a bus or train station.
[4] A larger, printable version of this map can be found at: http://www.aibra.org/pdf/usmap.pdf
[5] Amtrak's designation of long-distance and short-corridor refers to the entire route over which a specific train operates. In general the specific trips chosen for this analysis cover only a portion of each corridor, and the analyzed trips on Amtrak long-distance trains may be as short as or shorter than the analyzed trips on short-corridor trains.

In addition, trips were specifically chosen on those Amtrak corridors that are the most and least profitable on an operating basis, according to Amtrak financial data. All of the trips can be taken on a single Amtrak train or a single scheduled bus, with no transfers required for either mode.

Figure 2 Amtrak and Motorcoach Trips Analyzed

The amount of service available for each of these twenty trips varies widely – from only one scheduled train or bus per day each way - between Dodge City Kansas and La Junta Colorado - to more than 35 trains or buses per day each way between Boston and New York City. In general the bus provides more schedule options than the train; for only one of the twenty trips are there more scheduled trains per week than buses (Chicago, IL – Springfield, IL). For half of the trips there are more than twice as many scheduled buses per week as trains.

The average speed on the route also varies significantly for both the train and the bus; for ten of the twenty trips total average travel time is less when taking the train, while for the other ten trips total average travel time is less when taking the bus. The difference in total travel time between modes is often small; for half of the trips the difference is less than one hour. The greatest differences are for the trips from Sacramento, CA to Reno, NV (bus travel time is 2.9 hours less) and from Cincinnati, OH to Charleston, WV (bus travel time is 3.7 hours longer).

See Figure 3 for a comparison of "typical" fares for each trip, based on data from the relevant carrier's website. All fares shown are for travel with at least one week advanced purchase; for both the train and bus fares are higher on most routes if tickets are purchased with less advanced notice. For some routes there are a range of fares shown – in many cases discounts are available for on-line purchase and/or fares vary by time of day departure.

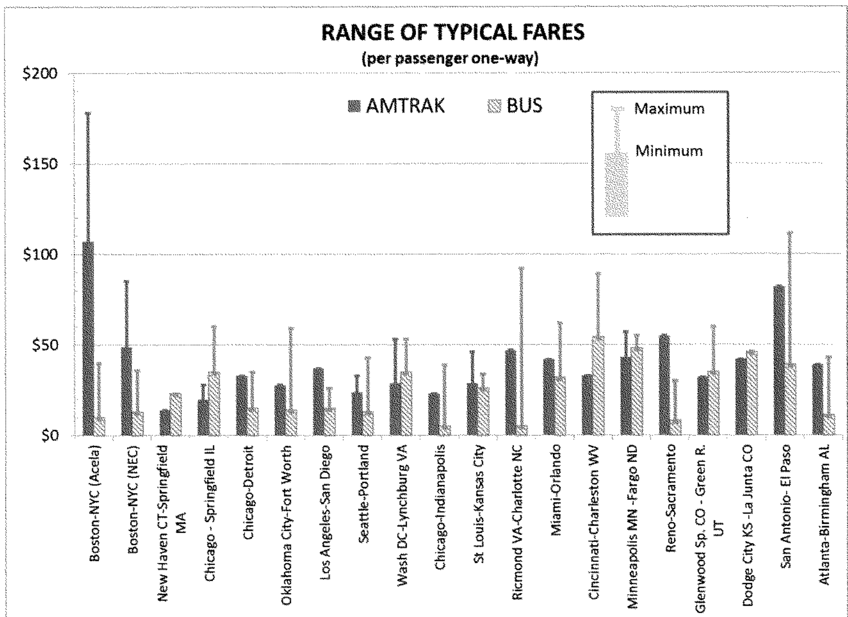

Figure 3 Comparison of Fares for Amtrak and Motorcoach Trips

As shown, fares are generally comparable between modes. For thirteen of the trips the minimum bus fare is lower than the minimum train fare. The biggest difference is for trips between Boston and New York City – the minimum fare for this trip on Amtrak's Acela train is $107 and the minimum fare on Amtrak's Northeast Corridor Regional trains is $49, compared to $10 for a motorcoach trip on Bolt Bus or MegaBus. Of the seven trips that are more expensive by bus the biggest difference is on the trip from Cincinnati, OH to Charleston, WV, which costs $33 on Amtrak's long-distance Cardinal train, but $54 on Greyhound. When comparing maximum fares there are only six trips which are cheaper by bus, and again the biggest difference is on the Northeast Corridor between Boston and New York City.

When you add in the "cost" to passengers of longer travel time on one mode versus the other the results are similar to the differences in fares. For thirteen of the twenty trips the total cost to customers for the fare plus the travel time difference is lower for the bus than for the train; on the other seven trips the total customer cost of the train is lower.

There are much more significant differences between modes in the average cost to provide service, as well as the amount of subsidy provided by local, state, and federal governments. See figure 4, which compares the average per-passenger cost to provide service for each of the analyzed trips.

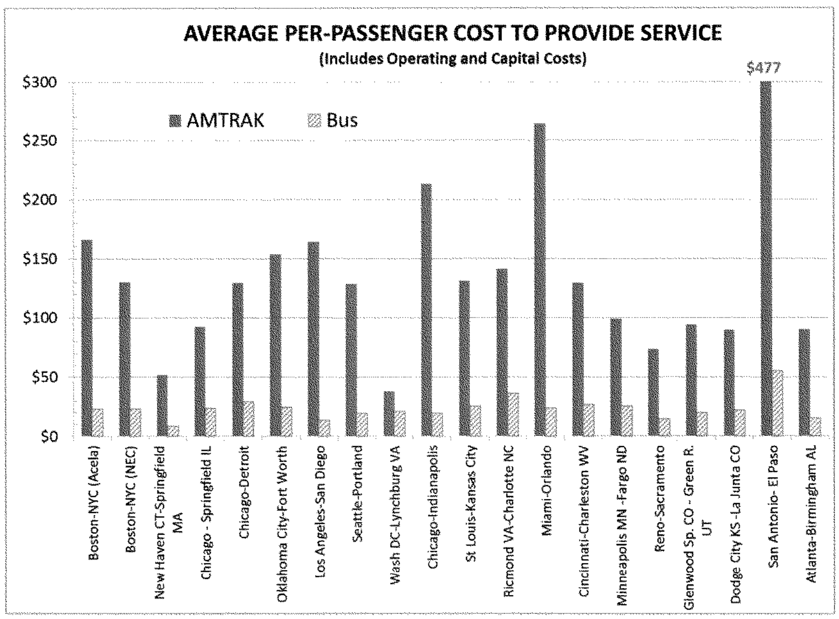

Figure 4 Comparison of Amtrak and Motorcoach Costs to Provide Service

For Amtrak trips the costs included in Figure 4 are based on fiscal year 2012 data reported by Amtrak for each route they operate, and they include both capital and operating costs. For motorcoach trips the costs shown are modeled costs based on industry-average cost data collected from American Bus Association member companies. These modeled motorcoach costs include the annualized cost of bus purchase, bus maintenance, fuel costs, driver labor costs, overhead and profit, and indirect government subsidies related to road building and maintenance of the highways on which motorcoaches operate.

As shown, for all of the analyzed trips the cost of providing scheduled motorcoach service is significantly lower than the cost of providing Amtrak train service. The cost difference ranges from a low of $17 per passenger (Washington, DC to Lynchburg, VA) to a high of more than $400 per passenger (San Antonio, TX to El Paso, TX).

Comparison of Figure 3 and Figure 4 shows that for intercity bus trips the fare charged is generally in line with average costs to provide service – which is not surprising since all of these buses are operated by private, for-profit companies. On the other hand, Amtrak's average cost to provide service on most of the analyzed trips is significantly higher than the fares that they charge. The difference is made up by state and federal subsidies.

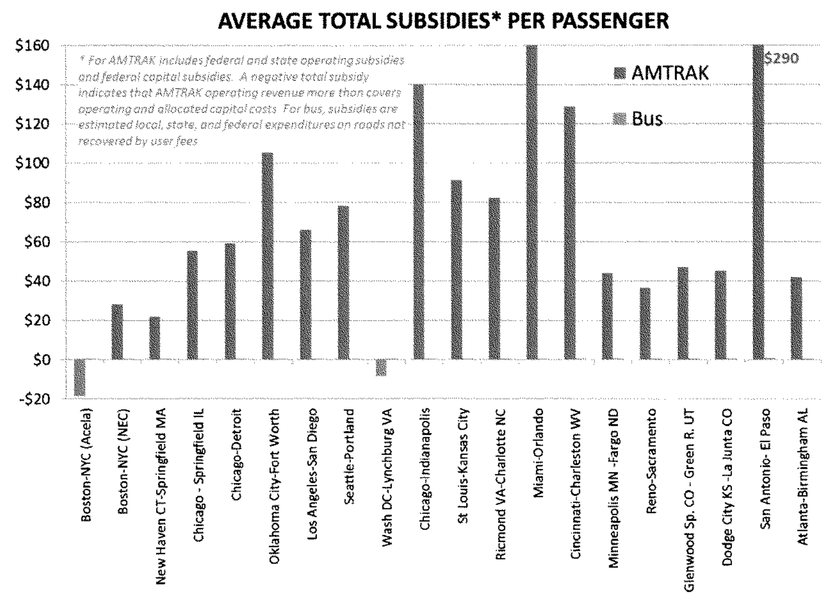

Figure 5 Comparison of Amtrak and Motorcoach Total Subsidies

See Figure 5 for a comparison of average total federal and state subsidies ($ per passenger) provided to Amtrak and to scheduled motorcoach buses for each of the trips analyzed. The Amtrak subsidies shown include state and federal operating subsidies and federal capital subsidies provided in fiscal year 2012. For motorcoaches the subsidies shown are indirect subsidies from local, state, and federal spending on highways which is not covered by road "user fees"[6]. None of the companies that operate scheduled intercity bus service for the trips analyzed here receive any direct capital or operating subsidies for these services.

As shown in figure 5, average total Amtrak capital and operating subsidies for the trips analyzed range from a low of $21.93 per passenger for trips from Springfield, MA to New Haven, CT to a high of $289.56 for trips from San Antonio, TX to El Paso, TX. Average total indirect capital subsidies provided to intercity motorcoaches for the analyzed trips range from $0.09 to $0.74 per passenger.

Two of the analyzed Amtrak trips are shown in Figure 5 to have negative average subsidies – trips taken on ACELA trains between Boston and New York City, as well as trips taken between Washington, DC and Lynchburg, VA. This means that Amtrak gets enough passenger revenue from these trips to pay the average capital and operating costs on these routes – i.e. these trips are profitable for Amtrak. These are the only two routes in the Amtrak system which are profitable. There are two other Amtrak routes that generate enough passenger revenue to cover their operating costs, but not enough to also cover their capital costs; these are the Northeast Corridor regional trains and the Carolinian short-corridor train that operates between New York City and Charlotte, NC.

This analysis also evaluated the environmental impact of taking a motorcoach compared to taking an Amtrak train, by determining for each mode and trip exhaust emissions (grams per passenger) of carbon dioxide (CO_2), nitrogen oxides (NO_x), volatile hydrocarbons (HC), and particulate matter (PM). See figure 6 for a comparison of average CO_2 emissions (grams per passenger) for all of the analyzed trips. As shown, for the trips analyzed per-passenger CO_2 emissions from motorcoaches were 45% to 66% lower than from Amtrak locomotives.

For trips on Amtrak routes other than the Northeast Corridor, per-passenger NOx, PM, and VOC emissions are also lower for motorcoach trips than for train trips. NOx and PM emissions are on average about 80% lower, while VOC emissions are about 90% lower. For trips on the Northeast Corridor, where Amtrak runs electric locomotives, trips by train generate per-passenger NOx, PM, and VOC emissions that are about 70% lower than those generated by motorcoach trips.

[6] User fees dedicated to cover a portion of government spending on roads include taxes on vehicles, tires, and fuel, as well as highway and bridge tolls.

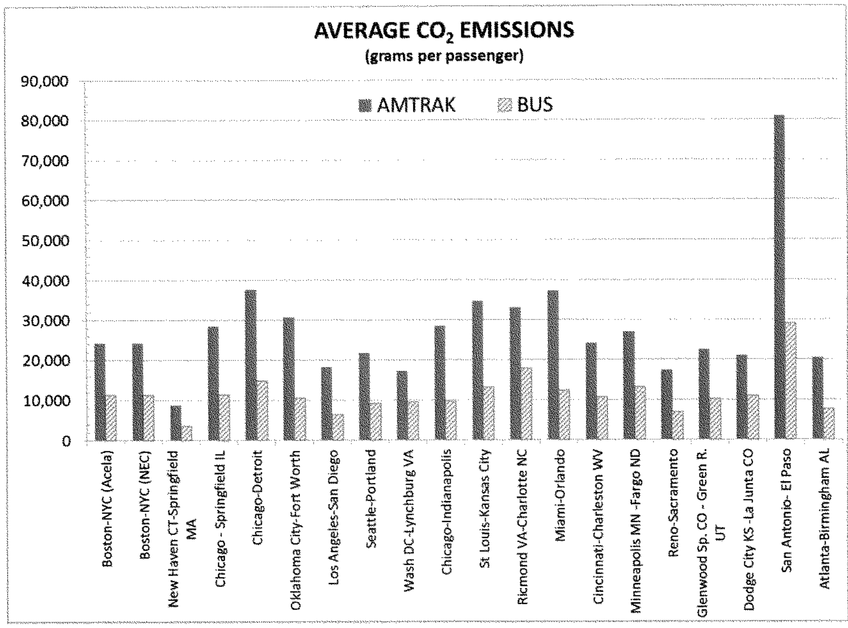

Figure 6 Comparison of Amtrak and Motorcoach CO_2 Emissions

The Fertilizer Institute
Nourish, Replenish, Grow

Statement of

Charles L. "Shorty" Whittington
President
Grammer Industries, Inc.

House Transportation and Infrastructure Committee
Subcommittee on Highways and Transit

Hearing on:

"Meeting the Transportation Needs of Rural America"

June 24, 2015

Good afternoon, Chairman Graves, Ranking Member Norton, and members of the Subcommittee.

My name is Charles Whittington, but have been called "Shorty" my whole life. I am the President of Grammer Industries, Inc, a leading trucking firm in the Midwest and Southeast. We are headquartered in Grammer, Indiana. When I founded the company in 1968, we had a staff of four, and have grown to 150 employees. We are among the leading trucking firms for the fertilizer industry, specifically transporting anhydrous ammonia fertilizer. Anhydrous ammonia is a nitrogen fertilizer, which accounts for approximately 60 percent of U.S. nutrient use. I am proud of the employees at Grammer Industries and proud to serve rural America and to do our part to help feed the world.

I am here on behalf of The Fertilizer Institute (TFI), which is the national trade association representing the fertilizer industry. TFI represents companies that are engaged in all aspects of the fertilizer supply chain. This includes fertilizer manufacturers, wholesalers, distributors, brokers, and retailers. We also have affiliated interests, such as equipment suppliers and transportation companies, among others. TFI's members play a key role in producing and distributing vital crop nutrients, such as nitrogen, phosphorus and potassium. These products are used to replenish soils throughout the United States and elsewhere to facilitate the production of healthy and abundant supplies of food, fiber and fuel. Fertilizers make it possible for farmers to grow enough food to feed the world's more than 7 billion people. Research has confirmed that 40-60 percent of crop yields are attributable to use of commercial fertilizers.

The fertilizer industry depends on a safe and efficient transportation network to deliver its products. While fertilizer shippers utilize waterways and rail to move their products, all fertilizer shipped in the United States travels on roadways at some point between its production and ultimate application by the farmer.

In 2011-2012, 61 million material tons of fertilizer products were sold in the United States. The delivery of fertilizer products in a timely manner is critical to farmers. There is only a narrow window of opportunity to apply the right fertilizer source, at the right rate, at the right time, and in the right place. If farmers do not receive their fertilizer in a timely manner, there are potential consequences for food security and the environment. Limited nutrient access during key utilization periods reduces crop yields which means lower production and potentially higher food prices for consumers.

Grammer Industries works closely with the fertilizer industry, often as one of the last legs of the distribution network. In recent years, rail marketplace congestion, rising rail shipping rates, and service issues have made roadways more important than ever. For many rural areas, the federal highway system provides essential connections to terminals, warehouses, and intermodal hubs. This is vital to farmers and those who serve them, and, ultimately, consumers who rely upon a stable supply of affordable food. So, this is an issue that impacts everyone, not just those who live and work in rural America.

I think it is fair to say that the federal highway system is one of the reasons America's farmers are so successful feeding the nation and world. In 2014, U.S. agricultural production accounted for a $43.3 billion trade surplus.[1] This doesn't happen without an efficient, balanced transportation network.

Specific to roadways, efficient interstate connections are essential. For example, the Brent Spence Bridge crosses the Ohio River between Cincinnati, Ohio and Northern Kentucky, carrying both Interstate 75 and 71. The value of the freight crossing the bridge is estimated to be $417 billion, which, remarkably, is 3 percent of the nation's gross domestic product.[2] Maintaining the integrity of these types of interstate connections should be a priority. In fact, I would argue it is why we have a federal program in the first place.

One issue of concern for me and many in the trucking industry is that, over the years, it has become increasingly difficult to recruit and retain commercial vehicle drivers. The American Trucking Associations (ATA) estimates the driver shortage to be between 35,000 and 40,000 drivers nationally. There are a number of contributing factors, including the cost of operating and maintaining a truck, regulatory burdens, and roadway congestion. The American Transportation Research Institute, for example, estimates that congestion cost the trucking industry more than $9 billion in 2013. I would encourage members of the Subcommittee to focus on congestion, bottlenecks, and pavement methodologies, all of which can maximize limited resources for long-term investment and network efficiency.

Recognizing that resources are limited, TFI and its members want a federal highway program that is as safe and efficient as possible. A more efficient system is good for agriculture and rural America, and will improve the ability of trucking firms to serve their customers.

Lastly, I would be remiss if I did not thank you, Chairman Graves, for all your help clarifying hours of service requirements for farmers and their suppliers in MAP-21. Your efforts on this, and everything else to help with the transportation of hazardous materials, are greatly appreciated, and have made a positive difference.

As I mentioned earlier, rail, waterways, and roadways are important to the safe, efficient, and timely distribution of fertilizers. A balanced transportation network is crucial to the ability of TFI's members to serve and supply farmers in rural America.

Thank you, Chairman Graves and Ranking Member Norton, for the opportunity to share TFI's views on the importance of the federal highway program to rural America. TFI and its members look forward to working with you and members of the Subcommittee.

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[1] "*Outlook for U.S. Agricultural Trade*," Economic Research Service, U.S. Department of Agriculture, May 28, 2015

[2] Brent Spence Bridge Corridor Web site, Project Overview, Retrieved from http://www.brentspencebridgecorridor.com/project-overview/

Statement of

Richard Gupton

Senior Vice President, Public Policy & Counsel

Agricultural Retailers Association

Before the

HOUSE TRANSPORTATION AND INFRASTRUCTURE COMMITTEE

SUBCOMMITTEE ON HIGHWAYS AND TRANSIT

Hearing on:

"MEETING THE TRANSPORTATION NEEDS OF RURAL AMERICA"

June 24, 2015

Agricultural Retailers Association
1156 15th Street, NW Suite 500
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Mr. Chairman and members of the Subcommittee, I would like to submit this written statement for the hearing record in order to provide the perspective of the Agricultural Retailers Association (ARA) and our members of the critical importance of an efficient, effective, and safe transportation system to meet the needs of rural America. ARA appreciates the efforts by Chairman Graves and other House members for important reforms included in MAP-21 related to commercial motor vehicle regulations such as the hours of service agricultural exemption, which has been a tremendous economic benefit to the agricultural industry with no significant impact on driver safety.

Statement of Interest

ARA is a not-for-profit trade association representing the interests of the nation's agricultural retailers and distributors. ARA members provide goods and services to farmers and ranchers which include: fertilizer, crop protection chemicals, seed, crop scouting, soil testing, custom application of pesticides and fertilizers, and developments of comprehensive nutrient management plans. Retail and distribution facilities are located throughout all 50 states and range in size from small family-held businesses or farmer cooperatives to large companies with multiple outlets.

Transportation: An Essential Component of the U.S. Economy and Rural Communities

Transportation is an essential component of the U.S. economy and rural communities. An economically efficient and effective intermodal transportation system is important for the financial well-being of agricultural retailers, their farm and ranch customers, and rural communities throughout the United States. ARA members heavily rely on employees with a qualified federal commercial driver's license (CDL) in order to transport essential farm supplies such as fertilizer, seed, and crop protection chemicals from their facilities to agricultural operations. They also hire commercial trucking companies to ship and receive farm supplies as well. Rail service also plays a critical role in distributing these agricultural products.

Production agriculture is a very weather dependent industry. Farm supplies must be available when farmers are ready to plant – "Just in time delivery" – or they may miss a critical window of time to get their crop in the ground. The huge temporary demand during peak season is typically 3 to 4 weeks. The transportation of farm supplies from the manufacturing plant, rail car, or pipeline to the local agricultural retailer during this time of year is critical and must be timely. Any major disruptions to either rail or truck transportation services could have an adverse economic impact on the nation's agricultural industry and rural communities. Congress and the Obama Administration need to support federal policies that build upon the strengths of each mode of transportation. Such a system will enhance the competiveness of the United States in an increasingly global economy.

Growing Driver Shortage, Lack of Competitive Freight Rail Service, Increased Freight Demands, and High Unemployment for Young Adults

According to the Federal Highway Administration (FHWA), the largest percentage of goods movement occurs close to home. FHWA indicates that approximately 50 percent of the weight and 40 percent of the value of goods were moved less than 100 miles between origin and destination in 2007. By value, trucks move the largest percentage of goods across all distance bands, with the largest share, 84 percent, occurring at the shortest distances (less than 750 miles).

Commercial truck traffic is a vital component to our nation's economic prosperity. Virtually every industry segment depends on truckers and commercial drivers to deliver billions of tons of commodities used and consumed annually in the United States. The nation is experiencing a shortage of truck drivers that is worsening each year. According to the American Trucking Associations (ATA) there is currently a shortage of 30,000 truck drivers. Some key factors impacting this situation include increased federal regulations, rapidly aging driver workforce, and fewer young people getting into the profession. The truck driver shortage is expected to surge to 239,000 by 2022 with ATA estimating the trucking industry needs an average 100,000 new drivers each year over the next decade.[1] This is a growing problem that will eventually impact our industry. It will impact everything from the ability to provide "just in time delivery" to farmers during peak planting season to our ability to stock grocery store shelves in a timely manner in order to keep shelves fully stocked.

Massive consolidation of the major railroads has caused a decrease in access to competitive freight rail rates. Today 78 percent of freight rail stations are captive to a single major railroad. Manufacturers, distributors, agricultural retailers, and farmers are paying a heavy toll with the rate premium for all commodities exceeding $18 billion in 2013.[2] While rates are soaring for poor service, regulations that protect the railroads have not changed. Since the Stagger's Act deregulated the railroads in 1980, rail transit has consolidated into four major carriers. The result has been abandoned rail service to smaller communities, unclear fee structures, increased shipping costs, and unavailability of rate relief for many agricultural retailers and farmers that heavily depend on the rail system. For example, rail service disruptions in spring 2014 of fertilizer shipments and other challenges facing American farmers, shippers, and manufacturers over the past several years show the clear need for an independent regulatory agency with the proper resources and structure to adequately address important rail transportation related issues.

[1] Business Insider: There's a Huge Shortage of Truck Drivers in America – Here's Why The Problem Is Only Getting Worse", by Mamta Badkar, August 4, 2014.

[2] http://www.freightrailreform.com/why/

The FHWA reports that "in 2012 the U.S. transportation system moved a daily average of about 54 million tons of freight valued at nearly $48 billion".[3] The FHWA is projecting a 45 percent growth in freight tonnage by 2040 that will generate an increase in demand for capacity to move freight.[4] This increased freight demand due to a growing population will only create additional pressures on agribusinesses and rural communities

Historically, young workers (ages 16 to 24) face considerably higher unemployment rates than prime age workers (ages 25 to 54).[5] The overall youth unemployment rate in the United States increased to 12.30 percent in March of 2015 from 11.90 percent in February of 2015.[6] According to the U.S. Bureau of Labor Statistics, youth unemployment rate reached an all-time high of 19.50 percent in April 2010. The youth unemployment rate for minorities is substantially higher, sometimes nearly double the national average. The unemployment early in a young person's career can have a lasting negative effect on their earnings, productivity, and employment opportunities. It is important to provide our nation's youth with the skills necessary to obtain an important job in the labor market. There are many 18 years olds that are not able to obtain a secondary education or join the military due to various reasons. Congress and the Obama Administration need to establish the regulatory environment that creates additional economic opportunities for young adults to be hired by American businesses. If they fail to do so, then they are perpetuating a system that is creating a generation that has no connection to the workplace and less likely to be productive.

Common-Sense Solutions to Meet the Transportation Needs of Rural Communities

There are a number of common-sense policy proposals that Congress can take to help ensure America's agribusinesses and rural communities have an efficient, effective, and safe transportation system. Some of these policy proposals included the following:

1. Lower Federal CDL Age Requirement to 18 Years Old for Short Haul Drivers
2. Provide States Flexibility to Increase Truck Weights (Safe and Efficient Transportation Act)
3. Lower requirements for agribusinesses to obtain a hazardous materials endorsement (HME), while operating a service vehicle carrying diesel fuel in

[3] Freight Facts and Figures 2013, U.S. DOT Federal Highway Administration and Bureau of Transportation Statistics, page 11.

[4] FHWA Volume 1: Technical Reports Summary; Comprehensive Truck Size and Weight Limits Study, page 5, June 2015

[5] U.S. Congress Joint Economic Committee Report: "Understanding the Economy: Unemployment Among Young Workers", May 2010.

[6] http://www.tradingeconomics.com/united-states/youth-unemployment-rate

quantities of 1,000 gallons or less, if the tank containing diesel fuel is clearly marked.

4. Reform Background Checks and Security Vetting for HME drivers.
5. Reform the Dysfunctional Hazardous Materials Safety Permit (HMSP) Program
6. Stop Discriminatory User Fees for Filing Special Permits or Approval Applications
7. Support a permanent exemption from FMCSA Hours of Service 30-minute rest break provision for commercial motor vehicles transporting livestock
8. Support S. 808, the "Surface Transportation Board Reauthorization Act of 2015".

Lowering Federal Commercial Driver's License Age Requirement to 18 Years Old for Short Haul Drivers

It is ARA's understanding that the federal age requirement to obtain a commercial driver's license (CDL) goes back to the 1930s when the Interstate Commerce Commission (ICC) first adopted regulations. ARA believes it is time for this outdated federal age requirement regulation to be reformed due to the growing driver shortage and high young adult unemployment rate. Without truck drivers, America's economy and major industries like the agricultural sector will be adversely impacted. We have seen what minor and major disruptions to the trucking industry have caused due to natural disasters such as Hurricane Katrina and Sandy from food and fuel shortages to medical supply shortages. The current federal regulations will cause a man-made disaster unless the FMCSA takes steps to modernize outdated federal CDL age restrictions.

In all of the contiguous 48 states the age requirement for an individual to obtain a CDL is 18 years old. All of the drivers with CDLs allowed in each of these states are only allowed to operate within their state lines (i.e. intrastate). However, due to existing federal regulations a driver must be 21 years old to obtain a federal CDL if they drive a commercial motor vehicle (CMV) in interstate commerce. Many of ARA's agricultural retail members operate near state lines with their farm and ranch customers located within 150 air mile radius of the facility. Their drivers spend significant time on the job during the peak seasons primarily in the fields applying product, not driving on public roads, and typically return to their own home to sleep at night. Only allowing employees over the age of 21 with a federal CDL to deliver product to certain customers due to current federal regulations places undue restrictions on employees under the age of 21 and limits their work opportunities.

In order to address the growing driver shortage and high youth unemployment, ARA requests Congress revise the "General Qualifications of Drivers" (49 C.F.R. § 391.11(b)1)) from 21 years old to 18 years old. ARA does not believe making this change will present a significant safety risk, especially as it relates to short-haul drivers that typically operate within a 150 air-mile radius.

Provide States Flexibility to Increase Truck Weights; Support the Safe and Efficient Transportation Act

The federal weight limit for Interstate System highways has been set at 80,000 pounds since 1982. Many shippers are unnecessarily being required to use more truckloads to transport farm supplies, causing an increased consumption of fuel and emissions. During the 113th Congress, Congressman Reid Ribble (R-WI) and former Congressman Michael Michaud (D-ME) introduced legislation called the "Safe and Efficient Transportation Act" (SETA) that would allow each state the option to set interstate weight limits up to 97,000 pounds. The higher weight limit would only apply to trucks equipped with six axles instead of the traditional five axles.

Numerous studies have shown that heavier six-axle commercial trucks are able to operate in a safe, productive and more efficient manner. A June 2015 study released by the U.S. Department of Transportation (DOT) focusing on Comprehensive Truck Size & Weight Limits included the following information heavier six-axle trucks:

- The vehicle miles traveled (VMT) needed to haul freight declined;
- Total logistics costs for transporting freight declined;
- The amount of freight that shifted from existing truck types to the other truck types was significantly higher than shifts estimated from rail to truck;
- As a result of reduced truck VMT, road congestion-related costs would decline, with cost savings ranging from $256 million to $875 million.
- All truck configurations used in the six scenarios would result in a decline in fuel costs; carbon dioxide emissions, the most prevalent greenhouse gas; and emissions of nitrogen oxide, an air pollutant;
- Maneuvering capability, the six-axle combinations did not differ appreciably from the five-axle semitrailer
- It was not possible to draw national conclusions or present findings concerning the effect on overall bridge service life. While it is highly likely that bridge deck deterioration will accelerate with additional or heavier axle loads, the complex relationship of parameters that determine that performance is not well-defined.

This Comprehensive Truck Size & Weight Limits Study prepared by the Federal Highway Administration per the request of Congress as a provision of MAP-21. ARA requests Congress include the SETA in any multi-year surface transportation reauthorization bill considered in the House and Senate. Several states are already allowed to operate trucks with weights significantly higher than 80,000 pounds, having no significant impact on roadway safety or the structural soundness of bridges and pavements. ARA believes that all states should have the ability to increase the federal weight limits so they are all are put on equal footing and make our interstate transportation system work for everyone.

Ease requirements for agribusinesses to obtain a hazardous materials endorsement (HME), while operating a service vehicle carrying diesel fuel in quantities of 1,000 gallons or less, if the tank containing diesel fuel is clearly marked.

Bi-partisan and bi-cameral legislation (H.R. 1267 / S. 654) has been introduced to eliminate a burdensome regulation that requires agriculture industry professionals to obtain a hazardous material endorsement before transporting diesel fuel critical for a number of agricultural operations. Specifically, legislation exempts agribusiness participants from the requirement to obtain a hazardous material endorsement, while operating a service vehicle carrying diesel fuel in quantities of 1,000 gallons or less, if the tank containing diesel fuel is clearly marked. Exempted parties include all custom harvesters, agriculture retailers, agriculture business employees, agriculture cooperative employees, or agriculture producers who hold a Class A Commercial Driver's License (CDL). Under current regulations, any driver transporting more than 119 gallons of diesel fuel is required to obtain a Hazardous Materials endorsement on their Class A CDL. Rep. Randy Neugebauer (R-TX) is the sponsor of the House proposal along with 17 co-sponsors. Senator Pat Roberts (R-KS), Chairman of the Senate Agriculture Committee, is the sponsor of the Senate proposal along with original co-sponsors Senators Heidi Heitkamp (D-ND) and Jerry Moran (R-KS).

Reform Background Checks and Security Vetting for HME Drivers

Industry is experiencing problems with the multiple federal security background check requirements being imposed on drivers of hazardous materials. These problems include the following:

- Requirement for individuals to submit to fingerprint-based background checks even when they do not transport hazmat that is a security concern;
- The need for drivers to obtain costly duplicative credentials and go through multiple redundant background checks; and
- The appropriateness of current disqualifications.

To address these concerns, on behalf of the Interested Parties (IP) of Hazardous Materials Transportation (which ARA is an active member), we recommend the following:

1. TSA require fingerprint-based background checks only for drivers who transport security-sensitive hazmat (SSHM).
2. The TWIC be the fingerprint-based background check credential required of those transporting SSHM.
3. The Secretary of Homeland Security establish a task force to review the lists of crimes that disqualify individuals from transportation-related employment under current TSA regulations and to assess whether such lists of crimes are accurate indicators of a terrorism security risk.

4. Shippers be required to check that the driver receiving SSHM has a valid TWIC.

Nothing in these suggested revisions would prohibit TSA from performing name-based background checks for drivers seeking to obtain or renew hazardous materials endorsements to their commercial drivers' licenses.

Reform the Dysfunctional Hazardous Materials Safety Permit (HMSP) Program

Congress required FMCSA to initiate a rulemaking to address the deficiencies in the hazardous materials safety permit (HMSP) program. Of most concern is the fact that HM carriers are at risk of being shut down because the program lacks adequate due process. The scope of the program has been greatly expanded as a result of a clerical change to the final rule that has never been justified through notice and comment rulemaking as required under the Administrative Procedure Act. Despite recognition of the severe problems with the program, FMCSA has said that it will not pursue the HMSP rulemaking mandated by Congress until the agency finalized the fitness determination rule under CSA. The CSA rulemaking is expected to take years to complete. Congress should set a date certain for FMCSA to complete reform rulemaking or terminate the program. In the meantime, the agency should administratively grant requests for compliance reviews from any HMSP holder at risk of losing its permit due to arbitrary, biased point-in-time OOS violations before a permit is denied unless the carrier is an imminent hazard or presents a pattern of non-compliance. This is also an IP policy priority.

ARA encourages Congress to support the other policy priorities of the IP coalition, which are included for your review and consideration. We request the IP priorities also be made part of the hearing record. We would like to thank Subcommittee Chairman Graves for his willingness to take a lead role in discussions with other members of the committee regarding Congressional adoption of the IP's policy proposals in any multi-year surface transportation reauthorization bill.

Stop Discriminatory User Fees for Filing Special Permits or Approval Applications

The U.S. DOT's Pipeline and Hazardous Materials Safety Administration (PHMSA) is authorized to consider a number of factors to determine a fee for Hazardous Materials (HM) carrier and shipper registrants to pay to support the HMEP grants programs. One of the criteria is "other factors the Secretary considers appropriate." For several years, the administration has proposed a "user fee" on applicants for special permits and approvals (SP/A). Each year, Congress has rejected the proposed SP/A fee in order to protect American jobs and promote innovation. So that the Secretary does not circumvent the will of Congress by using its catchall HM registration fee authority to imposed fees on SP/A applicants, Congress should specifically preclude PHMSA from establishing fees to process SP/A applications.

Support Permanent Exemption from FMCSA Hours of Service 30-minute Rest Break Provision for Commercial Motor Vehicles Transporting Livestock

Livestock producers are responsible for the transportation of millions of animals on the roads and highways. The top priority for drivers is the welfare and safety of the animals while being transported from one location to another. During the summer months, extreme heat can lead to heat stress or the death of animals. The FMCSA's Hours of Service (HOS) regulations issued in December 2011 requires a 30 minute rest break requirement for drivers engaged in the transportation of livestock. This FMCSA regulation if not revised could impact animal welfare and safety. Several agricultural organizations submitted an initial request to FMCSA in May 2014 to allow for a waiver for livestock haulers from this impractical requirement.

FMCSA initially granted a 90-day waiver, recognizing its oversight and acknowledging the livestock faced serious, legitimate concerns regarding the health impact on animals caused by rising temperatures inside a livestock trailer. This waiver was published by FMCSA in the *Federal Register* on June 11, 2014. Recently FMCSA renewed the exemption for a two year period. Livestock industry guidelines describe stops of up to 30 minutes as problematic for many animals. ARA recommends Congress provide livestock haulers with a more permanent, long-term exemption from the 30-day rest break requirement of the agency's HOS regulations as there have been no attributable incidents by commercial motor carriers operating under the exemption.

Support S. 808, the "Surface Transportation Board Reauthorization Act of 2015"

The Surface Transportation Board (STB) is the Federal agency charged with economic oversight of the Nation's freight rail system. The three-member, bi-partisan Board has regulatory jurisdiction over railroad rate reasonableness, mergers, line acquisitions, new rail-line construction, line abandonment, and other rail issues. The STB was formed in 1996 as the successor agency to the Interstate Commerce Commission (ICC), and it is decisionally-independent. It is administratively housed within Department of Transportation (DOT). This agency has not been reauthorized since its formation, and its previous authorization expired in 1998. However, the cost to bring a rail rate challenge before the STB and overall lack of timeliness in decisions demonstrates the strong need for reform.

On June 19, 2015 the U.S. Senate by unanimous consent approved S. 808, the "Surface Transportation Board (STB) Reauthorization Act of 2015." This bipartisan legislation, sponsored by Senator John Thune (R-SD), Chairman of the Committee on Commerce, Science and Transportation and Senator Bill Nelson (D-FL), Ranking Member, will make the STB more accountable and effective in addressing rail rate and service disputes. ARA applauds Chairman Thune and Ranking Member Nelson for their efforts on this important industry issue. ARA and a broad industry coalition have been advocating reforms to the STB for the past several years. Highlights of S. 808 include:

- Improves the STB's current dispute resolution process by setting timelines for rate reviews and expanding voluntary arbitration procedures to address both rate and service disputes;
- Ensures the STB has the authority to proactively resolve problems before they escalate into larger disputes by providing the agency with the ability to initiate investigations on matters other than rate cases; and
- Improves the STB's structure and decision making processes by expanding the board membership from three to five and, with proper disclosure, allowing board members to talk with one another.

The Senate Commerce Committee approved the bill by voice vote on March 25, 2015. S. 808 now awaits consideration by the U.S. House of Representatives. ARA urges members of Congress to support and pass S. 808 as soon as possible.

CONCLUSION

Thank you for the opportunity for ARA to provide our views on the transportation challenges facing rural communities and opportunities for Congress to help provide some common-sense solutions to meet these challenges. ARA supports the safe and efficient transportation of farm supplies and other products. We believe the policy proposals we are recommending will increase the numbers of available drivers, create a more efficient rural transportation system without adversely impacting safety on the nation's roads and highways. ARA looks forward to working with the Chairman and other members of this subcommittee as you develop a multi-year surface transportation reauthorization bill.

INTERESTED PARTIES FOR HAZARDOUS MATERIALS TRANSPORTATION
PRIORITY ISSUES JUSTIFICATION

Explanation of recommended changes to chapter 51 of title 49 U.S.C.

1) §5108(g)(2)(D) – Stop discriminatory user fees for filing special permit or approval applications

PHMSA is authorized to consider a number of factors to determine a fee for HM carrier and shipper registrants to pay to support the HMEP grants programs. One of the criteria is "other factors the Secretary considers appropriate." For several years, the administration has proposed a "user fee" on applicants for special permits and approvals (SP/A). Each year, Congress has rejected the proposed SP/A fee in order to protect American jobs and promote innovation. So that the Secretary does not circumvent the will of Congress by using its catchall HM registration fee authority to imposed fees on SP/A applicants, Congress should specifically preclude PHMSA from establishing fees to process SP/A applications.

Recommended text change

(g) Fees. -
***
(2)
***
(D) In establishing and collecting a fee under subparagraph (A), the Secretary may not consider whether a person has or is likely to apply for a special permit or approval, nor is the Secretary authorized to establish a separate fee in order to apply for or receive a special permit or approval.

Explanation of recommended changes to cnapter 51 of title 49 U.S.C.

2) §5103a – Reform of background checks and security vetting of hazardous materials drivers

The changes to this section are intended to address the problems industry is experiencing with multiple security background check requirements imposed on drivers of hazardous materials. These problems include the requirement for individuals to submit to fingerprint-based background checks even when they do not transport hazmat that is a security concern; the need for drivers to obtain costly duplicative credentials and go through multiple redundant background checks; and the appropriateness of current disqualifications. To address these concerns, the Interested Parties recommend that –

1. TSA require fingerprint-based background checks only for drivers who transport security-sensitive hazmat (SSHM).
2. The TWIC be the fingerprint-based background check credential required of those transporting SSHM.
3. The Secretary of Homeland Security establish a task force to review the lists of crimes that disqualify individuals from transportation-related employment under current TSA regulations and to assess whether such lists of crimes are accurate indicators of a terrorism security risk.
4. Shippers be required to check that the driver receiving SSHM has a valid TWIC.

Nothing in the amendment would prohibit TSA from performing name-based background checks for drivers seeking to obtain or renew hazardous materials endorsements to their commercial drivers' licenses.

Recommended text change

Sec. 5103a Limitation on issuance of hazmat licenses.

(a) IN GENERAL.—The Homeland Security Act of 2002 (6 U.S.C. 101 et seq.) is amended by adding at the end the following new title:

"TITLE XXI—SURFACE TRANSPORTATION SECURITY

"SEC. 2101. TRANSPORTATION OF SECURITY-SENSITIVE MATERIALS.

"(a) SECURITY-SENSITIVE MATERIALS.—Not later than one year after the date of enactment of this section, the Secretary shall issue final regulations, after notice and comment, to prohibit an individual from operating a motor vehicle in commerce while transporting a security-sensitive material unless the individual holds a valid transportation security card issued by the Secretary under section 70105 of title 46, United States Code.

"(b) SHIPPERS.—The Secretary shall prohibit a person from—

"(1) offering a security-sensitive material for transportation by motor vehicle in commerce; or

"(2) causing a security-sensitive material to be transported by motor vehicle in commerce, unless the motor vehicle operator transporting the security-sensitive material holds a valid transportation security card issued by the Secretary under section 70105 of title 46, United States Code.

"(c) MEMORANDUM OF UNDERSTANDING.—The Secretary may enter into a memorandum of understanding with the Secretary of Transportation to ensure compliance with this section.

"(d) LIMITATION ON APPLICATION.—This section and the regulations and prohibitions under this section shall not apply to the United States Postal Service and any other department, agency, or instrumentality of the Federal Government.

"SEC. 2102. ENROLLMENT LOCATIONS.

"(a) ENROLLMENT LOCATIONS.—The Secretary shall—

"(1) work with appropriate entities to ensure that enrollment locations for individuals applying for a transportation security card under section 70105 of title 46, United States Code, have flexible operating hours; and

"(2) permit an individual applying for such transportation security card to utilize an enrollment location outside of the individual's State of residence to the greatest extent practicable.

"(b) NUMBER OF LOCATIONS.—The Secretary shall develop and implement a plan—

"(1) to offer individuals applying for a transportation security card under section 70105 of title 46, United States Code, the maximum number of enrollment locations practicable across diverse geographic regions; and

"(2) to conduct outreach to appropriate stakeholders, including owners and operators of motor vehicles involved in the transportation of security-sensitive materials, and labor organizations representing employees of such owners or operators to keep the stakeholders informed of the timeframe and locations for the opening of additional enrollment locations.

"SEC. 2103. COMMERCIAL MOTOR VEHICLE OPERATORS REGISTERED TO OPERATE IN MEXICO OR CANADA.

"The Secretary shall prohibit a commercial motor vehicle operator licensed to operate in Mexico or Canada from operating a commercial motor vehicle transporting a security-sensitive material in commerce in the United States until the operator has been subjected to, and not disqualified as a result of, a security background records check by a Federal agency that the Secretary determines is similar to the security background records check required for commercial motor vehicle operators in the United States transporting security-sensitive materials in commerce.

"SEC. 2104. REDUNDANT BACKGROUND CHECKS.

"(a) IN GENERAL.—The Secretary shall prohibit a State or political subdivision thereof from requiring a separate security background check of an individual seeking to transport security-sensitive material.

"(b) WAIVERS.—The Secretary may waive the application of subsection (a) with respect to a State or political subdivision thereof if the State or political subdivision demonstrates a compelling reason that a separate security background check is necessary to ensure the secure transportation of security-sensitive material in the State or political subdivision.

"(c) LIMITATION ON STATUTORY CONSTRUCTION.—

Nothing in this section shall limit the authority of a State to ensure that an individual has the requisite knowledge and skills to safely transport hazardous materials in commerce.

"SEC. 2105. TRANSITION.

"(a) TREATMENT OF INDIVIDUALS RECEIVING PRIOR HAZARDOUS MATERIALS ENDORSEMENTS.—An individual who has obtained a hazardous materials endorsement in accordance with section 1572 of title 49, Code of Federal Regulations, before the date of enactment of this title, is deemed to have met the background check requirements of a transportation security card under section 70105 of title 46, United States Code, subject to reissuance or expiration dates of the hazardous materials endorsement.

"(b) REDUCTION IN FEES.—The Secretary shall reduce, to the greatest extent practicable, any fees associated with obtaining a transportation security card under section 70105 of title 46, United Sates Code, for any individual referred to in subsection (a).

"SEC. 2106. SAVINGS CLAUSE.

"Nothing in this title shall be construed as affecting the authority of the Secretary of Transportation to regulate hazardous materials under chapter 51 of title 49, United States Code.

"SEC. 2107. DEFINITIONS.

"In this title, the following definitions apply:

"(1) COMMERCE.—The term 'commerce' means trade or transportation in the jurisdiction of the United States—

"(A) between a place in a State and a place outside of the State; or

"(B) that affects trade or transportation between a place in a State and a place outside of the State.

"(2) HAZARDOUS MATERIAL.—The term 'hazardous material' has the meaning given that term in section 5102 of title 49, United States Code.

"(3) PERSON.—The term 'person', in addition to its meaning under section 1 of title 1, United States Code, includes a State, local, or tribal government offering security-sensitive material for transportation in commerce or transporting security-sensitive material to further a commercial enterprise.

"(4) SECURITY-SENSITIVE MATERIAL.—The term 'security-sensitive material' means the materials subject to the requirements of section 172.800 of title 49 of the Code of Federal Regulations, and any successor regulation.

"(5) TRANSPORTS; TRANSPORTATION.—The term 'transports' or 'transportation' means the movement of property and loading, unloading, or storage incidental to such movement.

(b) CLERICAL AMENDMENT.—The table of contents contained in section 1(b) of the Homeland Security Act of 2002 (116 Stat. 2135) is amended by adding at the end the following new items:

"TITLE XXI—SURFACE TRANSPORTATION SECURITY

"Sec. 2101. Transportation of security-sensitive materials.

"Sec. 2102. Enrollment locations.

"Sec. 2103. Commercial motor vehicle operators registered to operate in Mexico or Canada.

"Sec. 2104. Redundant background checks.

"Sec. 2105. Transition.

"Sec. 2106. Savings clause.

"Sec. 2107. Definitions.".

(c) SECURITY CARDS FOR CERTAIN MOTOR VEHICLE OPERATORS.—Section 70105(b)(2) of title 46, United States Code, is amended by striking "and" after the semicolon at the end of subparagraph (F), by striking the period at the end of subparagraph (G) and inserting "; and", and by adding at the end the following new subparagraph:

"(H) an individual who operates a motor vehicle in commerce while transporting security sensitive material (as that term is defined in section 2107(4) of the Homeland Security Act of 2002).".

(d) CIVIL PENALTIES.—Section 114(v) of title 49, United States Code, is amended—

(1) in paragraph (1)(A), by inserting "under title XXI of the Homeland Security Act of 2002 or" after "Secretary of Homeland Security"; and

(2) by striking "applicable provision of this title" each place it appears and inserting "applicable provision".

(e) LIMITATION ON ISSUANCE OF HAZMAT LICENSES.

Section 5103a of title 49, United States Code, and the item relating to that section in the analysis for chapter 51 of such title, are repealed.

(f) DEADLINES AND EFFECTIVE DATES.

(1) ISSUANCE OF TRANSPORTATION SECURITY CARDS.—Not later than one year after the date of the enactment of this Act, the Secretary of Homeland Security (as that term is defined in section 70101 of title 46, United States Code) shall begin issuance of transportation security cards under section 70105(b)(2)(H) of title 46, United States Code, as amended by this Act, to individuals who seek to operate a motor vehicle in commerce while transporting security-sensitive materials.

(2) EFFECTIVE DATE OF PROHIBITIONS.—The prohibitions under in section 2101 of the Homeland Security Act of 2002 (as added by section 2 of this Act) shall take effect on the date that is two years after the date of the enactment of this Act.

(3) EFFECTIVE DATE OF SUBECTION (e) AMENDMENTS.—The amendments made by subsection (e) of this Act shall take effect on the date that is two years after the date of the enactment of this Act.

(g) TASK FORCE ON DISQUALIFYING CRIMES.

(1) ESTABLISHMENT.—The Secretary of Homeland Security shall establish a task force, with an official designated by the Secretary to be the Chair of the task force, to review the lists of crimes that disqualify individuals from transportation-related employment under current regulations of the Transportation Security Administration and assess whether such lists of crimes are accurate indicators of a terrorism security risk.

(2) MEMBERSHIP.—The task force shall be composed of representatives of appropriate industries, including labor unions representing employees of such industries, Federal agencies, and other appropriate entities, as determined by the Secretary.

(3) REPORT.—Not later than one year after the date of enactment of this Act, the task force shall submit to the Secretary and the Committee on Homeland Security of the House of Representatives a report containing the results of the review, including recommendations for a common list of disqualifying crimes and the rationale for the inclusion of each crime on the list.

Explanation of recommended changes to chapter 51 of title 49 U.S.C.

3) §5125 – National regulatory uniformity

The safe and secure transportation of hazardous materials is best achieved through uniform regulatory requirements. To this end, Congress explicitly provided preemptive authority to DOT. The Interested Parties' recommendations strengthen DOT's preemption authority in 5 ways:

1. A statement is added to articulate the essential purposes of PHMSA's preemptive authority to promote the safe, secure, and efficient movement of hazardous materials.

Recommended text change

(a) Purposes.—The purposes of the standards and authority in this section are to achieve uniform regulation of hazardous materials transportation and promote the safe, secure, and efficient movement of hazardous materials in commerce by rendering unenforceable any law, regulation, order, or other requirement of a State, political subdivision, or Indian tribe that is inconsistent with this chapter, or regulations prescribed under this chapter.

2. DOT would be authorized to preempt state/local regulations that impose an unreasonable burden on commerce. Currently, DOT refuses to apply this standard and leaves this analysis to the courts.

Recommended text change

(b)
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(3) the requirement of the State, political subdivision, or tribe, as applied or enforced, is an unreasonable burden on commerce.

3. Security background checks and security credentials would be added to the list of "covered subjects." This means that states/localities could require separate background checks or credentials for the transportation of hazardous materials, but only if they were substantively the same as the federal requirements.

Recommended text change

(~~b~~c) Substantive Differences. -
(1)
***

(F) security background checks and security credentials required for the transportation of hazardous materials.

4. Verbal incident reporting also would be added to the list of covered subjects. Currently, state/local written incident reporting requirements are preempted if they are different than DOT's written incident reports; however, states have been free to impose unique verbal incident reporting requirements. Persons that operate in multiple jurisdictions have difficulty recognizing whether a particular locality has a specific immediate verbal hazmat incident reporting requirement.

Recommended text change

(~~b~~c) Substantive Differences. -

(1)

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(D) the ~~written~~ notification, recording, and reporting of the unintentional release in transportation of hazardous material and other written hazardous materials transportation incident reporting involving State or local emergency responders in the initial response to the incident.

5. The 2005 amendments removed all preemptive limitations to state enforcement authority. This creates a loophole through which states could use enforcement authority to impose inconsistent requirements on the regulated community. The Interested Parties recommend that this limitation on the preemptive effect of the law be deleted.

Recommended text change

~~(h) Non-Federal Enforcement Standards. This section does not apply to any procedure, penalty, required mental state, or other standard issued by a State, political subdivision of a State, or Indian Tribe to enforce a requirement applicable to the transportation of hazardous material.~~

Explanation of recommended changes to chapter 51 of title 49 U.S.C.

4) §5117 – Improving transparency and timely processing of special permits and approvals

Congress has seen the wisdom and the need to provide for the timely processing of special permits. PHMSA has also been woefully delinquent in the processing of approvals. PHMSA should also be held to the same standard for timely processing approvals as the agency is for special permits. Congress should also codify PHMSA practice of periodically publishing notice of the final disposition of applications for special permits. PHMSA's practice of reexamining thousands of classifications rendered by the five laboratories approved by PHMSA to perform such third-party classifications is a waste of resources and causes delays in the processing of classification approvals that puts U.S. businesses at a competitive disadvantage.

Recommended text change

5117. Special permits, ~~and~~ approvals and exclusions

(a) Authority To Issue Special Permits. -

(1) As provided under procedures prescribed by regulation, the Secretary may issue, modify, or terminate a special permit authorizing a variance from this chapter or a regulation prescribed under section 5103(b), 5104, 5110, or 5112 of this title or an approval to a person performing a function regulated by the Secretary under section 5103(b)(1)in a way that achieves a safety level -

(A) at least equal to the safety level required under this chapter; or

(B) consistent with the public interest and this chapter, if a required safety level does not exist.

(2) A special permit issued under this section shall be effective for an initial period of not more than 2 years and may be renewed by the Secretary upon application for successive periods of not more than 4 years each or, in the case of a special permit relating to section 5112, for an additional period of not more than 2 years.

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(c) Applications To Be Dealt With Promptly. - The Secretary shall issue or renew the special permit or approval for which an application was filed or deny such issuance or renewal within ~~180~~ 120 days after the first day of the month following the date of the filing of such application, or the Secretary shall publish a statement in the Federal Register of the reason why the Secretary's decision on the special permit or approval is delayed, along with an estimate of the additional time necessary before the decision is made.

(d) Acceptance of Classification Examinations. The Secretary shall regulate persons approved to perform the third-party classification examination required by section 173.56(b) of title 49, Code of Federal Regulations, sufficiently to accept, without modification, the shipping description, division, and compatibility group assigned by such persons.

(e) Disclosure of Final Action. – The Secretary shall periodically, but no less that every 120 days, publish in the Federal Register notice indicating the final disposition of each application for a special permit or approval made during the preceding quarter.

Explanation of recommended changes to chapter 51 of title 49 U.S.C.

5) §5102 & §5103(b)(1)(A) – Clarification of the terms "loading", "unloading" and "storage" incidental to transportation & DOT authority to regulate these activities in commerce

1. The law defines "transportation" to include loading, unloading and storage when these activities are incidental to the movement of hazmat. However, the law does not define these activities. In order to ensure no gaps in the regulation of hazardous materials during transportation, these terms are defined to ensure a regulatory coverage from loading the material for movement to unloading at final destination.

Recommended text change

§ 5102
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(~~13~~14) "transports" or "transportation" means the movement of property and loading, unloading, or storage incidental to the movement, including:
(A) All activities related to—
(i) loading packaged or containerized hazardous materials, such as portable tanks, cylinders, and intermediate bulk containers, onto a transport vehicle, rail car, aircraft, or vessel;
(ii) loading a hazardous material into a bulk packaging, such as a portable tank, cargo tank, or rail tank car, with a capacity greater than 3,000 liters.
(B) Storage of a hazardous material from the time it is loaded for purposes of movement until it is unloaded at its final destination.
(C) All activities related to—
(i) unloading packaged or containerized hazardous materials, such as portable tanks, cylinders, and intermediate bulk containers, from a transport vehicle, rail car, aircraft, or vessel during en route movement or at its destination;
(ii) unloading a hazardous material from a bulk packaging, such as a portable tank, cargo tank, or rail tank car, with a capacity greater than 3,000 liters during en route movement or at its destination.

2. All of the functions that are performed by "hazmat employees" as defined in §5102 are listed under the Secretary's regulatory authority except the function "loads, unloads, or handles hazardous materials" in commerce. This change is recommended to clarify who is subject to DOT's regulatory authority.

Recommended text change

Sec. 5103
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(b) Regulations for Safe Transportation
(1) The Secretary shall prescribe regulations for the safe transportation, including security, of hazardous material in intrastate, interstate, and foreign commerce. The regulations –
(A) apply to a person who -
(i) loads, unloads, or handles hazardous material in commerce;

Explanation of recommended changes to chapter 51 of title 49 U.S.C.

6) §5109 – Reforming the dysfunctional Hazardous Materials Safety Permit program

Congress required FMCSA to initiate a rulemaking to address the deficiencies in the hazardous materials safety permit (HMSP) program. Of most concern is the fact that HM carriers are at risk of being shut down because the program lacks adequate due process. The scope of the program has been greatly expanded as a result of a clerical change to the final rule that has never been justified through notice and comment rulemaking as required under the Administrative Procedure Act. Despite recognition of the severe problems with the program, FMCSA has said that it will not pursue the HMSP rulemaking mandated by Congress until the agency finalized the fitness determination rule under CSA. The CSA rulemaking is expected to take years to complete. Congress should set a date certain for FMCSA to complete reform rulemaking or terminate the program. In the meantime, the agency should administratively grant requests for compliance reviews from any HMSP holder at risk of losing its permit due to arbitrary, biased, point-in-time OOS violations before a permit is denied unless the carrier is an imminent hazard or presents a pattern of non-compliance.

Recommended text change

Sec. 5109. Motor carrier safety permits.

(a) Requirement. - A motor carrier may transport or cause to be transported by motor vehicle in commerce hazardous material only if the carrier holds a safety permit the Secretary issues under this section authorizing the transportation and keeps a copy of the permit, or other proof of its existence, in the vehicle. The Secretary shall issue a permit if the Secretary determines that~~finds~~ the carrier ~~is fit, willing, and able~~ -

(1)(A) has a satisfactory safety rating issued pursuant to section 31144 of title 49 United States Code; or

(B) has, in the absence of a satisfactory safety rating, a non-preventable crash rate, and a driver, vehicle, or hazardous materials out-of-service rate below a threshold established by rulemaking~~to provide the transportation to be authorized by the permit~~;

(2) ~~to~~ compl~~y~~ies with this chapter and regulations the Secretary prescribes to carry out this chapter; and

(3) ~~to~~ compl~~y~~ies with applicable United States motor carrier safety laws and regulations and applicable minimum financial responsibility laws and regulations.

(b) Applicable Transportation. - The Secretary shall prescribe by regulation the hazardous material and amounts of hazardous material to which this section applies. However, this section shall apply at least to transportation by a motor carrier, in amounts the Secretary establishes, of -

(1) a ~~class A or B~~ division 1.1, 1.2, or 1.3 explosive;

(2) liquefied natural gas, as defined by the Secretary;

(3) hazardous material the Secretary designates as extremely toxic by inhalation; and

(4) a highway-route-controlled quantity of radioactive material, as defined by the Secretary.

(c) Applications. - A motor carrier shall file an application with the Secretary for a safety permit to provide transportation under this section. The Secretary may approve any part of the application or deny the application. The application shall be under oath and contain information the Secretary requires by regulation.

(d) Amendments, Denials, Suspensions, ~~and~~ Revocations, and Conditional Approvals. -

(1) After notice and an opportunity for a hearing, the Secretary may amend, deny, suspend, ~~or~~ revoke, or conditionally approve a safety permit, as provided by procedures prescribed under subsection (e) of this section, when the Secretary decides the motor carrier is not complying with a requirement of this chapter, a regulation prescribed under this chapter, or an applicable United States motor carrier safety law or regulation or minimum financial responsibility law or regulation.

(2) If the Secretary decides an imminent hazard exists, the Secretary may amend, deny, suspend, or revoke a permit before scheduling a hearing.

(e) Procedures. - The Secretary shall prescribe by regulation, after providing notice and an opportunity for public comment -

~~(1) application procedures, including form, content, and fees necessary to recover the complete cost of carrying out this section;~~

(~~2~~1) standards for deciding the duration, terms, and limitations of a safety permit, including procedures to seek waivers of the duration, terms, and limitations of the safety permit;

(~~3~~2) procedures to amend, deny, suspend, ~~or~~ revoke, or conditionally approve a permit, including procedures to appeal the action directly to the Secretary and seek a waiver; and

(~~4~~3) other procedures the Secretary considers appropriate to carry out this section.

(f) Shipper Responsibility. - A person offering hazardous material for motor vehicle transportation in commerce may offer the material to a motor carrier only if the carrier has a safety permit issued under this section authorizing the transportation.

(g) Conditions. - A motor carrier may provide transportation under a safety permit issued under this section only if the carrier complies with conditions the Secretary finds are required to protect public safety.

(h) Regulations. –The Secretary shall ~~prescribe~~ promulgate regulations necessary to carry out this section, as amended, not later than one year after the date of enactment of this Act ~~November 16,1991~~.

Explanation of recommended changes to chapter 51 of title 49 U.S.C.

7) §5121(c) & (h)– Notification, indemnification, and accountability for the exercise of opening package authority

1. The Interested Parties seek clarification to ensure that the Secretary notifies a carrier and offeror, but not other parties related to the package (e.g., packaging manufacturer), that a package has been removed from transportation. The Interested Parties see no safety or regulatory benefit from notifying a packaging manufacturer, tester or "other person responsible for the package" in addition to the carrier.

Recommended text change

(c) Inspections and Investigations. -

(1) In General.- A designated officer, employee, or agent of the Secretary –

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(C) may remove from transportation a package or related packages~~or related packages~~ in a shipment offered for or in transportation for which—

(i) such officer, employee, or agent has an objectively reasonable and articulable belief that the package may pose an imminent hazard; and

(ii) such officer, employee, or agent contemporaneously documents such belief in accordance with procedures set forth in guidance or regulations prescribed under subsection (e);

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(E) as necessary, under terms and conditions specified by the Secretary, may order the offeror, after giving notice to the carrier, ~~packaging manufacturer or tester, or other person responsible for the package~~ to have the package transported to, opened, and the contents examined and analyzed, at a properly equipped facility designated by the Secretary for this purpose ~~facility appropriate for the conduct of such examination and analysis~~;

(F) when safety might otherwise be compromised, may authorize a properly qualified ~~personnel~~agent to assist in the activities conducted under this subsection; and

(G) shall provide contemporaneous notice to the affected offeror~~,~~ and carrier~~, packaging manufacturer or tester, or other person responsible for the package~~ of its decision to exercise its authority under subparagraphs (B), (C), (D) or (E) ~~reasonable notice of—~~

~~(i) his or her decision to exercise his or her authority under paragraph (1);~~

~~(ii) any findings made; and~~

~~(iii) any actions being taken as a result of a finding of noncompliance~~.

2. The Interested Parties would add a new subsection at (c)(4) on indemnification, intended to indemnify and hold harmless persons who are injured, including economic injury, by a release from a package that is opened or otherwise handled under this section.

Recommended text change

(c) Inspections and Investigations. -

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(4) Indemnification.— The offeror and carrier responsible for the package shall be held harmless by persons who suffer injury, including direct economic injury, as a result of the exercise of authority under

this section, provided the person seeking indemnification shall not have violated the hazardous materials regulations willfully.

3. PHMSA is required to report biennially to Congress on its enforcement activities, among other things. Congress should require PHMSA to include in its report an accounting of activities it has conducted under its authority to open packages and to issue emergency orders.

Recommended text change

(h) Biennial Report. - The Secretary shall, once every 2 years, prepare and transmit to the Committee on Transportation and Infrastructure of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate a comprehensive report on the transportation of hazardous materials during the preceding 2 calendar years. The report shall include -

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(4) an evaluation of the effectiveness of enforcement activities, including activities conducted under subsections (c) and (d) of this section, relating to a function regulated by the Secretary under section 5103(b)(1) and the degree of voluntary compliance with regulations;

Explanation of recommended changes to chapter 51 of title 49 U.S.C.

8) §5123 - Civil Penalties

1. Most violations of the HMR are discovered during roadside, terminal or railyard inspections and are issued to the carrier. Certain of these violations stem from activities that occur outside of the control of the carrier and it is not reasonable to expect carrier employees to discover many of these violations. Carriers must remain responsible for compliance with the hazmat regulations for the regulated functions that they perform; however, activities such as hazmat classification, package selection and marking, and shipping paper preparation are typically performed by other entities. To correct this problem, the HMTA should make clear that carriers should not be held liable for violations that result from pre-transportation activities that are performed by another party in the supply chain unless the carrier has actual knowledge of a violation, and offerors and other entities should not be held liable for violations that result from transportation activities that are performed by the carrier unless the offeror has actual knowledge of a violation.

Recommended text change

(a) Penalty. -

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(2)(A) A carrier shall not be liable for violations of this chapter or a regulation issued hereunder stemming from pre-transportation functions, as defined in Section 171.1(a) of Title 49 Code of Federal Regulations or any successor regulations, that are performed by another person unless a carrier has actual knowledge of a violation.

(B) Persons offering hazardous materials to be transported and persons designing, manufacturing, fabricating, inspecting, marking, maintaining, reconditioning, repairing, or testing packaging, container, or packaging component shall not be liable for violations of this chapter or a regulation issued hereunder stemming from transportation functions, as defined in Section 171.1(b) of Title 49 Code of Federal Regulations or any successor regulations, that are performed by another unless the person has actual knowledge of a violation.

2. The Interested Parties support the removal of the statutory minimum for civil penalty assessments for violations related to PHMSA's training requirements. Repealing the statutory minimum for these civil penalty assessments will promote greater flexibility and fairness in the disposition of enforcement proceedings in cases involving minor regulatory violations, unique hardships, and other special circumstances. Although the interests of justice might warrant a reduced penalty assessment, under current law the agency can assess a reduced penalty only by limiting its findings and accordingly, limiting its recourse in the case of repeat offenses.

Recommended text change

(a) Penalty. -

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~~(3) If the violation is related to training, a person described in paragraph (1) shall be liable for a civil penalty of at least $450~~

3. Since 1799, Federal law has included a statute of limitations in recognition that, over time, "faded memories, lost witnesses, and discarded documents" can make the defense of an enforcement action

prejudicial to the respondent. Furthermore, the safety intention of enforcement diminishes the longer the agency takes to process civil penalty cases. The statute of limitations governing the HMTA is 28 U.S.C. 2462, i.e., five years. The FAA concluded through notice-and-comment rulemaking that this period starts with the date of the violation giving rise to the penalty. This is consistent with 3M v. Browner, 17 F.3d 1453 (D.C. Circuit, 1994). Other enforcing administrations within DOT, however, have selected different starting dates. Subsection (h) would make all enforcement procedures within DOT uniform and in accord with the U.S. Court of Appeals for the D.C. Circuit with respect to the statute of limitations on civil penalty cases.

Recommended text change

(j) Statute of limitations. – The statute of limitations in section 2462, title 28 United States Code applies to penalties under this section. No action, suit or proceeding for the enforcement of any civil fine, penalty, or forfeiture, pecuniary or otherwise, shall be entertained unless commenced within five years from the date of the violation giving rise to the penalty.

4. The Interested Parties oppose proposals to increase civil penalty caps. At a minimum, such proposals are premature. MAP-21 increased maximum civil penalties from $55,000 to $75,000, effective October 1, 2012, and was referenced in DOT rulemaking effective April 17, 2013. Changes to the PHMSA penalty guidelines in HM-258C, however, were not effective until October 1, 2013. Increased penalties are not retroactive. Thus, only violations occurring after October 1, 2013, would be subject to the MAP-21 increases. The PHMSA enforcement process has a built-in lag time so, although an action constituting a violation after October 1, 2013, is subject to higher penalties, the Chief Counsel's office has a backlog of cases. It is reasonable to assume that any offenses eligible for the higher MAP-21 penalties would not have resulted in a Notice of Probable Violation until mid-2014, and would not have resulted in a case conclusion for months after that. In short, PHMSA has virtually no experience with the MAP-21 increases to support a finding that those increases are somehow inadequate and, therefore, should be increased.

Recommended text change

Do not include SEC. 6011 from the administration's Grow America Act proposal.

Explanation of recommended changes to chapter 51 of title 49 U.S.C.

9-tie) §5107(g) – Non-duplication of agency authority

In its wisdom, Congress provided that the regulatory authority of OSHA would encompass the regulatory jurisdiction of other federal agencies in areas of health and safety unless the other federal agencies exercised their authority to occupy this field of regulation. The intent of the "reverse preemption" provision on the Occupational Safety and Health Act (OSH Act) was not to leave these important areas of federal regulatory authority unexercised, but rather to avoid duplicative or conflicting requirements. Since 1990, the "reverse preemption" provision of the OSH Act has not applied to any DOT regulation concerning the "handling" of hazardous materials. Regrettably, the effect exposes the regulated community to a number of outdated and conflicting hazmat safety standards. It is unfortunate that OSHA has not rectified these regulatory deficiencies in the intervening years. This untenable situation has prompted the National Transportation Safety Board and the Chemical Safety Board to recommend that DOT re-occupy the regulatory field and establish safety requirements for handling hazardous materials during loading and unloading. We strongly urge that the overlapping jurisdiction for hazmat handling in transportation be corrected to ensure a seamless, non-conflicting regulatory standard for hazmat transportation safety.

Recommended text change

(g) Relationship to Other Laws. -

(1) Chapter 35 of title 44 does not apply to an activity of the Secretary under subsections (a)-(d) of this section.

(2) An action of the Secretary under subsections (a)-(d) of this section ~~and section 5106~~ is not an exercise, under section 4(b)(1) of the Occupational Safety and Health Act of 1970 (29 U.S.C. 653(b)(1)), of statutory authority to prescribe or enforce standards or regulations affecting occupational safety or health.

Explanation of recommended changes to chapter 51 of title 49 U.S.C.

9-tie) §5120 – U.S. leadership at international hazmat forums

The proposed change to Section 5120 is to make it clear that Congress should confer upon PHMSA the authority to lead all US representation in international regulation- and standard-setting bodies, rather than just "participate" in international forums. PHMSA is responsible for "administering a national program of safety, including security, in multi-modal hazardous materials transportation including identifying hazardous materials safety concerns, developing uniform safety standards, and promulgating and enforcing safety and security regulations." As the only multi-modal agency involved in regulating the transportation of hazardous materials, it is important to ensure that PHMSA is the lead US delegate in these international fora in order to ensure that a multi-modal perspective is considered when debating and adopting standards for road, rail, air and vessel transportation. While it is vitally important that the modal agencies participate in these international forums, it should be PHMSA's responsibility to oversee and coordinate these activities. Consequently, in practice this requires PHMSA to attend the international meetings as the Head of Delegation and the delegation will include a member of the relevant modal agency. This will ensure that the US does not take positions internationally that do not fully anticipate the impact on multi-modal transportation.

Recommended text change

Sec. 5120. International uniformity of standards and requirements.

(a) Participation in International Forums.- Subject to guidance and direction from the Secretary of State and~~,~~ the Secretary ~~of Transportation~~, the Administrator of the Pipeline and Hazardous Materials Safety Administration, or the Administrator's designee, shall ~~participate~~ represent the United States and serve as the United States competent authority in international forums that establish or recommend mandatory standards and requirements for transporting hazardous material in international commerce.
(b) Consultation.- The ~~Secretary~~ Administrator may consult with interested authorities to ensure that, to the extent practicable, regulations the Secretary prescribes under ~~sections 5103(b), 5104, 5110, and 5112~~ Chapter 51 of this title are consistent with standards and requirements related to transporting hazardous material that international authorities adopt.

Explanation of recommended changes to chapter 51 of title 49 U.S.C.

(11) Sec. XXX – Wetlines

PHMSA has reopened the issue of wetline safety. This issue has been addressed in two previous rulemakings from PHMSA. The rulemaking is based on faulty data and fails to address tangential risks from vehicle retrofit requirements. Industry estimates that the retrofit requirements may increase fatalities, as performing "hot work" on cargo tanks is dangerous. To date, DOT has failed to address industry concerns. DOT would be precluded from issuing a final wetlines rule.

Recommended text change

SEC. XXX. Wetlines.
(a) Limitation. - The Secretary shall issue no regulation, interpretation, or guidance regarding the transportation of flammable liquids in the external product piping of cargo tank motor vehicles (commonly known as wetlines).
(b) Conforming Repeal.- Section 33015 of the Moving Ahead for Progress in the 21st Century (Public Law 112-141) is repealed as of the effective date of this Act.

Explanation of recommended changes to chapter 51 of title 49 U.S.C.

12) §5116 – Expanding training opportunities for emergency responders

Since 1992, PHMSA has administered a multi-million dollar Hazardous Materials Emergency Preparedness (HMEP) grants program to support EPA's Local Emergency Planning Committees (LEPCs) and to train emergency responders. Evidence of potential program mismanagement and misuse of grant funds has been uncovered during an OIG investigation of the HMEP. Evidence of accomplishments and positive benefits resulting from the grants issued to date is not well documented. Other agencies issue grants to states and localities to assist and equip emergency responders and plan for all-hazard emergencies, including those involving hazardous materials, in amounts far exceeding the relatively small sum that is available from the PHMSA program. As a result, a number of changes are recommended.

1. While we support the goal of the LEPC program to develop emergency response plans based on the presence of hazardous materials in a community, the plans are not limited to risks associated with the transportation of these materials. The time has come to return responsibility for the LEPC program to EPA. Congress directed EPA to implement this program in 1986. If EPA had to fund the program, the agency would likely provide better oversight.

Recommended text change

Sec. 5116. ~~Planning and t~~Training grants, monitoring, and review.

(a) ~~Planning Grants.-~~

~~(1) The Secretary shall make grants to States and Indian tribes –~~

~~(A) to develop, improve, and carry out emergency plans under the Emergency Planning and Community Right-To-Know Act of 1986 (42 U.S.C. 11001 et seq.), including ascertaining flow patterns of hazardous material on lands under the jurisdiction of a State or Indian tribe, and between lands under the jurisdiction of a State or Indian tribe and lands of another State or Indian tribe; and~~

~~(B) to decide on the need for a regional hazardous material emergency response team.~~

~~(2) The Secretary may make a grant to a State or Indian tribe under paragraph (1) of this subsection in a fiscal year only if –~~

~~(A) the State or Indian tribe certifies that the total amount the State or Indian tribe expends (except amounts of the United States Government) to develop, improve, and carry out emergency plans under the Act will at least equal the average level of expenditure for the last 5 fiscal years; and~~

~~(B) the State agrees to make available at least 75 percent of the amount of the grant under paragraph (1) of this subsection in the fiscal year to local emergency planning committees established under section 301(c) of the Act (42 U.S.C. 11001(c)) to develop emergency plans under the Act.~~

~~(3) A State or Indian tribe receiving a grant under this subsection shall ensure that planning under the grant is coordinated with emergency planning conducted by adjacent States and Indian tribes.~~

2. Training of emergency responders is a perennial need, and funds previously used for the LEPC program should be redirected for emergency responder training. At the same time, grantees should be

held to high standards to ensure that resources are leveraged to provide quality training to those in need.

- To this end, grantees should be willing to certify that they are appropriately using any hazmat fees they may collect for authorized purposes.

Recommended text change

Sec. 5116.
***
(~~c~~b) Compliance With Certain Law. - The Secretary of Transportation may make a grant to a State under this section in a fiscal year only if the State ~~certifies that the State complies with sections 301 and 303 of the Emergency Planning and Community Right-To-Know Act of 1986 (42 U.S.C. 11001, 11003).~~ or Indian tribe certifies that the State or tribe complies with subsection (g) of section 5125 of this title.

- Additionally, PHMSA should be required to work with FEMA, not the current array of government agencies, to monitor and provide technical assistance to the HMEP training program since FEMA administers a suite of grant programs for firefighters and other emergency responders that dwarfs the PHMSA program. Such coordination will minimize duplication of effort and expense.

Recommended text change

Sec. 5116.
***
(~~f~~e) Monitoring and Technical Assistance. -In coordination with the ~~Secretaries of Transportation and Energy, Administrator of the Environmental Protection Agency, and Director of the National Institute of Environmental Health Sciences, the Director of the Federal Emergency Management Agency~~ Secretary of Homeland Security, the Security shall monitor public sector emergency response ~~planning and~~ training for an accident or incident involving hazardous material. Considering the results of the monitoring, the Secretaries~~, Administrator, and Directors~~ each shall provide technical assistance to a State, political subdivision of a State, or Indian tribe for carrying out emergency response training ~~and planning~~ for an accident or incident involving hazardous material and shall coordinate the assistance using the existing coordinating mechanisms of the National Response Team and, for radioactive material, the Federal Radiological Preparedness Coordinating Committee.

- Finally, the supplemental grant program for training public sector HM instructors should be folded into the private sector instructor training program to provide more program flexibility and to save program overhead.

Recommended text change

Sec. 5116.
***
~~(j) Supplemental Training Grants.-~~

~~(1) In order to further the purposes of subsection (b), the Secretary shall, subject to the availability of funds and through a competitive process, make a grant or make grants to national nonprofit fire service organizations for fighting fires for the purpose of training instructors to conduct hazardous~~

~~materials response training programs for individuals with statutory responsibility to respond to hazardous materials accidents and incidents.~~

~~(2) For the purposes of this subsection the Secretary, after consultation with interested organizations, shall –~~

~~(A) identify regions or locations in which fire departments or other organizations which provide emergency response to hazardous materials transportation accidents and incidents are in need of hazardous materials training; and~~

~~(B) prioritize such needs and develop a means for identifying additional specific training needs.~~

~~(3) Funds granted to an organization under this subsection shall only be used –~~

~~(A) to train instructors to conduct hazardous materials response training programs;~~

~~(B) to purchase training equipment used exclusively to train instructors to conduct such training programs; and~~

~~(C) to disseminate such information and materials as are necessary for the conduct of such training programs.~~

~~(4) The Secretary may only make a grant to an organization under this subsection in a fiscal year if the organization enters into an agreement with the Secretary to provide training, including portable training for instructors to conduct hazardous materials response training programs in such fiscal year that will use –~~

~~(A) a course or courses developed or identified under section 5115 of this title; or~~

~~(B) other courses which the Secretary determines are consistent with the objectives of this subsection; for training individuals with statutory responsibility to respond to accidents and incidents involving hazardous materials. Such agreement also shall provide that training courses shall comply with Federal regulations and national consensus standards for hazardous materials response and be open to all such individuals on a nondiscriminatory basis.~~

~~(5) The Secretary may not award a grant to an organization under this subsection unless the organization ensures that emergency responders who receive training under the grant will have the ability to protect nearby persons, property, and the environment from the effects of accidents or incidents involving the transportation of hazardous materials in accordance with existing regulations or National Fire Protection Association standards for competence of responders to hazardous materials.~~

~~(6) Notwithstanding paragraphs (1) and (3), to the extent determined appropriate by the Secretary, a grant awarded by the Secretary to an organization under this subsection to conduct hazardous material response training programs may be used to train individuals with responsibility to respond to accidents and incidents involving hazardous material.~~

~~(7) For the purposes of this subsection, the term "portable training" means live, instructor-led training provided by certified fire service instructors that can be offered in any suitable setting, rather than specific designated facilities. Under this training delivery model, instructors travel to locations convenient to students and utilize local facilities and resources.~~

~~(8) The Secretary may impose such additional terms and conditions on grants to be made under this subsection as the Secretary determines are necessary to protect the interests of the United States and to carry out the objectives of this subsection.~~

Sec. 5107.

***

(e) Training Grants. –

(1) In General.- Subject to the availability of funds under section 5128(c), the Secretary shall make grants under this subsection-

(A) for training instructors to train hazmat employees, or employees who enforce the hazardous materials regulations or who respond to hazardous materials incidents, or a combination thereof; and

(B) to the extent determined appropriate by the Secretary, for such instructors to train hazmat employees, or employees who enforce the hazardous materials regulations or who respond to hazardous materials incidents, or a combination thereof~~under this section~~.

(2) Eligibility.- ~~A grant~~ Grants under this subsection shall be made through a competitive process to ~~a nonprofit~~ organizations that train hazmat employees on a not-for-profit basis, or employees who enforce the hazardous materials regulations or who respond to hazardous materials incidents, or a combination thereof, and ~~that~~ the organization demonstrates –

(A) expertise in conducting a training program for hazmat employees, or employees who enforce the hazardous materials regulations or who respond to hazardous materials incidents, or a combination thereof; and

(B) the ability to reach and involve in a training program a target population of hazmat employees, or employees who enforce the hazardous materials regulations or who respond to hazardous materials incidents, or a combination thereof.

3. The exemption for HMEP grants from the appropriations oversight should be deleted. In practice, the HMEP grants have always been subject to the appropriations process, as are other federal grant programs.

Recommended text change

Sec. 5116.

***

(~~i~~h) Annual Registration Fee Account and Its Uses.- The Secretary of the Treasury shall establish an account in the Treasury (to be known as the 'Hazardous Materials Emergency Preparedness Fund') into which the Secretary of the Treasury shall deposit amounts the Secretary of Transportation transfers to the Secretary of the Treasury under section 5108(g)(2)(C) of this title. ~~Without further appropriation, a~~Amounts in the account are available -

Statement of

Larry Milsow, President
American Association of Private Railroad Car Owners
http://aaprco.com/

to the

House Transportation and Infrastructure Committee
Subcommittee on Highways and Transit
For the record of the June 24, 2015 hearing:
Meeting the Transportation Needs of Rural America

Submitted July 6, 2015

Our Association appreciates the attention that this subcommittee devotes to rural transportation. Our mission "is to promote the operation, ownership and enjoyment of the private passenger railcar." Amtrak's federal operating grant requirement is reduced because of the profit that Amtrak makes from handling private cars. We have a special interest in the viability and development of Amtrak's long-distance train network. Our cars also operate on the Northeast Corridor and on several Amtrak state-supported routes.

We agree with the emphasis on connectivity in the American Bus Association testimony of Steve Woelfel, President of Jefferson Lines, particularly his statement "that private carriers and public transit should connect rather than compete. ... Integration is the key to breaking stovepipes in terms of transportation facilities. While there are some great examples of true intermodal facilities, more often than not, [intercity bus] is not included in the design and operation of supposedly multimodal transportation hubs."

We take that philosophy a step further: intercity passenger rail and intercity bus should work together to create a total transportation system that best serves travelers. In that regard, we are glad that Mr. Woelfel did not criticize passenger rail. Likewise, we are encouraged by continued growth in cooperation among Amtrak and many intercity bus carriers including Jefferson Lines.

For decades, Amtrak "Thruway" service has provided guaranteed intercity-bus connections to and from Amtrak trains, with passengers able to buy tickets for rail and bus in a single transaction. For some Thruway services, Amtrak takes the financial risk. In other cases, the bus company does. And in some cases there is virtually no risk because a bus doubles as an Amtrak Thruway service and as a regular run for the bus company. Obviously, the latter category works best where true intermodal facilities exist, so that buses do not need to serve more than one terminal in the same city simply because there are separate train and bus terminals.

Cooperation reflects good business judgment both by Amtrak and the bus companies. Some travelers who would not ordinarily consider riding an intercity bus will do so when a trip involves both train and bus and a seamless connection between the two. Moreover, a good bus experience on an intermodal trip might lead the traveler to consider riding more buses in future. From Amtrak's point of view, Thruway connections let Amtrak sell tickets to a vastly larger array of destinations.

In recent years, Amtrak has worked to build stronger relationships with bus companies, including Jefferson Lines. Amtrak is currently the Jefferson Lines ticket agent in Williston, North Dakota, selling bus tickets; Amtrak sells the bus service as a Thruway connection to such Montana destinations as Billings, Bozeman and Missoula.

Likewise, in recent years, Amtrak has expanded interline routes and schedules with Greyhound and added new Thruway carriers including Black Hills Stage Lines, Peoria Charter, Martz Trailways, and Capital Trailways.

Intermodal terminals are of paramount importance because they enable passengers to make connections with a minimum of hassle and make it possible for those not traveling by car to come a bit closer to approximating the convenience of the car. The existence of train service -- even one or two Amtrak departures a day -- has been the catalyst for development of valuable intermodal facilities as well as the rejuvenation of surrounding neighborhoods, with Meridian, Mississippi, a leading example. The result is greater civic pride, attractive facilities that travelers enjoy using, and more business for both trains and buses.

Intermodal terminals often take the form of renovated, repurposed railroad stations. The State of Michigan pioneered in developing intermodal terminals in the 1970s. Also in the 1970s, parts of two platforms at New Orleans Union Passenger Terminal were shortened to make room for Greyhound to move in. Today, California and many other states have excellent station programs.

In North Carolina, renovated stations also serve communities as centers where people can find shelter and electric power after damaging weather events. As well, these stations are a part of the SafePlace program for kids. http://nationalsafeplace.org/ Intermodal terminals serve Rocky

Mount, Wilson, Cary, Durham, Greensboro, High Point, and Salisbury. North Carolina DOT reports about a 15-17 % increase in ridership when these facilities come on line, and expect even bigger increases in forthcoming Raleigh and Charlotte intermodal terminals. In Raleigh, a renovated warehouse intermodal terminal is fully funded and under construction. For the planned, intermodal Charlotte Gateway Station, the state has applied for TIGER funds for the first phase.

Champaign, Illinois, built the impressive "Illinois Terminal"—which opened in 1999—to serve Amtrak (currently six daily departures), intercity buses and the area's big local bus network. The award-winning Champaign-Urbana Mass Transit District boasts one of the nation's highest per capita ridership rates; University of Illinois students, faculty and staff ride for free.

In light of Rep. Mica's complaint about putting buses "at the end of town," he might see poetic justice in Grand Rapids. There, a magnificent bus Central Station opened in 2004, serving transit buses, Greyhound and Indian Trails, while trains remained at a less attractive industrial site. Finally, in October, 2014, the Vernon J. Ehlers Amtrak Station opened next to Central Station, creating a true intermodal center for Grand Rapids.

Recently renovated St. Paul (MN) Union Depot now is served by Amtrak, Greyhound, Jefferson Lines, Megabus and transit buses, and light rail (eastern terminal of the METRO Green Line from Minneapolis, with around-the-clock service).

Some discount bus operators have avoided terminals and their associated costs and just use city streets. Some such locations have been adjacent to Amtrak stations where bus passengers blocked entrances, used restrooms, and sheltered in bad weather. The impacts from idling diesel buses and swarms of passengers jamming sidewalks led some cities to force discount bus operators to stop using city streets in central business districts as its bus terminals.

In a sense, reuniting intercity bus and intercity passenger rail is "back to the future." Greyhound operated out of Philadelphia's 30th Street Station through 1956, and once was located across the street from New York's Pennsylvania Station.

We do need to comment on two of the attachments to Mr. Woelfel's testimony. There is a one-pager which compares energy efficiency of various modes. We accept that intercity buses are more energy efficient than today's Amtrak, and that both are more efficient than the private automobile and the airplane. It is hard to evaluate the precise comparisons offered because intercity bus industry information remains absent from the otherwise comprehensive *Transportation Energy Data Book* published annually by Oak Ridge National Laboratory; the Laboratory does not have enough data to produce intercity bus energy intensity statistics.

In any event, the comparisons do not undermine the case for rail, as the traveling public consistently has shown its desire for the rail choice and this statement shows that trains can help grow the bus business. Moreover, in recent years, changing demographics have become associated with changing demands for transportation and increased demand for both trains and buses.

The longer, July, 2013, paper by M.J. Bradley & Associates LLC for the American Bus Association Foundation (ABAF) appears to make the case for eliminating Amtrak, but ignores these key points, some of which support my comments above:

■ In connection with a 2011 Texas Transportation Institute ("TTI") study of intercity passenger rail service sponsored by the U.S. Department of Transportation, passengers on Amtrak's state-supported Chicago-Milwaukee *Hiawatha* service were asked "how they would have traveled if the rail service were not available." Although the two cities are only 86 miles apart, and the bus trip takes just two hours, only seven percent of the Amtrak passengers surveyed said they would have taken an intercity bus. The vast majority (61%) would have driven, exacerbating highway congestion.[1]

■ Even fewer Amtrak passengers would shift to buses if rail service was absent from longer corridor routes. A 2010 TTI study of Amtrak passengers on the 206-mile *Heartland Flyer* route between Oklahoma City and Fort Worth – one of the 12 short-distance route city pairs analyzed in the ABAF Report – found that just three percent would shift from rail to bus "if the *Heartland Flyer* were discontinued." Sixty one percent would have driven, and 6% would have flown.[2]

■ There is no bus service at many Amtrak-served points and, at others, buses do not go to the same points or in the same directions as trains, or are slowed by traffic associated with serving communities that trains can serve without seriously compromising trip time.

■ The 20 city pairs selected for "bus versus Amtrak" analysis are not representative of the points between which Amtrak and bus passengers actually travel. Only two of the eight long distance city pairs are over 250 miles, and the longest trip – 605 miles – is shorter than the *average* passenger trip on Amtrak's long distance trains. Almost half of Amtrak passengers use the Northeast Corridor on which Amtrak operates electric trains and has its largest trip time advantage over buses and highest service frequency. The Northeast Corridor also has the largest concentration of intercity bus service. But only two of the 20 trips the report analyzes include any portion of this route and neither is New York-Washington, where Amtrak (and bus) ridership is highest and trip times are much shorter on Amtrak than on buses.

■ The ABAF Report asserts that "[n]one of the bus operators that operate service on the analyzed routes" in the 20 city pairs on which the report bases its bus versus Amtrak comparisons "receive direct local, state, or federal capital or operating subsidies" (p. 9). In fact, at least one of the 20 city pairs – Dodge City, Kansas-La Junta, Colorado – is served by an intercity bus route that is "subsidized by state and federal tax dollars."[3] That route, which operates between Wichita, Kansas and Pueblo, Colorado, receives direct federal subsidies for operations under the Federal Transit Administration (FTA) Section 5311 program and additional

[1]Sperry, Benjamin R., and Curtis A. Morgan, *Intercity Passenger Rail: Implications for Urban, Regional and National Mobility*, Texas Transportation Institute, December 2011 (http://libraryarchives.metro.net/DPGTL/harvested/2012-tti-intercity-passenger-rail-implications-urban-regional-national-mobility.pdf), pp. 45-46.
[2]Sperry, Benjamin R., and Curtis A. Morgan, *Measuring the Benefits of Intercity Passenger Rail: A Study of the Heartland Flyer Corridor*, Texas Transportation Institute, April 2010 (http://ntl.bts.gov/lib/45000/45300/45310/161003-1.pdf), p. xxii.
[3] Ahmad, Shajia, "Transit Center now home to Beeline Express bus service," *Garden City Telegram*, March 27, 2012 (**http://www.gctelegram.com/news/Beeline-express-bus-stop-3-27-12**).

subsidies from Kansas and Colorado. The buses that serve the route were purchased with federal capital grants provided under the American Recovery and Reinvestment Act of 2009.[4]

■ The ABAF report uses bus operations data derived from the ABAF's annual Motorcoach Census to calculate indirect subsidies to—and emissions from—intercity buses, and other statistics relied upon in the report (p. 3, 5).[5] However, this produces misleading conclusions because the data in the Motorcoach Census are not limited to scheduled intercity services, but rather include the much larger charter and other unscheduled services on which the bus industry now concentrates. As Dr. Joseph Schwieterman of DePaul University, author of several reports on the intercity bus industry has noted, the Motorcoach Census data "overstate the traffic handled by the regularly scheduled intercity network" because they "include passengers handled on certain non-scheduled bus trips as well as commuter operators."[6]

Subsidies: The ABAF Report acknowledges (p. 14) that intercity bus operators receive indirect subsidies from federal, state, and local governments because the fuel and other taxes/fees they pay "have been insufficient to cover all costs" attributable to intercity buses of maintaining the highways and streets they use. In estimating these indirect federal subsidies, the ABAF Report relied upon a calculation of the average subsidy per passenger mile from 2002 to 2009 that was included in an ABAF-sponsored 2011 Nathan Associates study.[7] This approach significantly understates actual indirect subsidies because:

- the 2002-2009 period does not reflect most of the massive appropriations from general revenue funds that Congress began providing to the Highway Trust Fund in that year; and
- the expenditures Nathan study included in its calculations, many of which were incurred in the early 2000s, were not adjusted for inflation.

In conclusion, we agree with the bus industry on the need for more true intermodal terminals, for continuing, increased cooperation among all carriers, and for public policies supportive of providing good transportation choices to travelers.

***The American Association of Private Railroad Car Owners** has about 600 dues-paying members, including 75 members who own cars which have passed Amtrak's stringent safety certification process for operation on Amtrak trains. These members own about 200 Amtrak-certified cars, as some members own more than one car.*

AAPRCO President Larry Milsow, President@ AAPRCO.com; Executive Director Borden Black aaprcodirector@aol.com; Washington Representative Ross Capon, RailCapon@gmail.com

[4] Kansas Department of Transportation, "New intercity bus service to begin Nov. 9," Oct. 28, 2010 (http://www.ksdot.org/PDF_Files/New-Intercity-bus-service.pdf) and "Beeline Express hits the road with new buses, route updates," March 20, 2011 (http://www.prweb.com/releases/2011/03/prweb5180104.htm).

[5] American Bus Association Foundation, *Motorcoach Census 2011*, June 18, 2012 (www.buses.org/files/Foundation/Final_Motorcoach_Census_2011_7-3-2012.pdf).

[6] Schwieterman, Joseph P., *The Return of the Intercity Bus*, DePaul University, December 24, 2007, pp. 5, 10 (http://las.depaul.edu/chaddick/docs/Docs/IntercityBusStudy.pdf).

[7] Nathan Associates, Inc., *Federal Subsidies for Passenger Transportation, 1960-2009*, March 2, 2011 (http://www.buses.org/files/Modal%20Subsidy%20Full%20Report.pdf).

IME
institute of makers of explosives

The safety and security institute of the commercial explosives industry since 1913

June 26, 2015

The Honorable Sam Graves
Chairman
Subcommittee on Highways & Transit
U.S. House of Representatives
Washington, DC 20515

The Honorable Eleanor Holmes Norton
Ranking Member
Subcommittee on Highways & Transit
U.S. House of Representatives
Washington, DC 20515

RE: Meeting the Transportation Needs of Rural America

Dear Chairman Graves and Ranking Member Norton:

On behalf of the members of the Institute of Makers of Explosives (IME)[1], I am submitting a statement for the record on the oversight hearing referenced above that was held on June 24, 2015 to discuss transportation needs facing rural America.

Interest of IME

IME is the safety and security association of the commercial explosives industry. Commercial explosives are essential to energy production, construction, demolition, and the manufacture of metal/mineral products. Explosives are transported and used in every state. The ability to transport and distribute these products safely and securely is critical to this industry. At some point, virtually all explosives are transported by truck. Among these explosives are products classed as Division 1.1, 1.2, 1.3 and 1.5 materials, which with other select hazardous materials, may only be transported by motor carriers holding a "hazardous materials safety permit" (HMSP) issued by the Federal Motor Carrier Safety Administration (FMCSA). The majority of our members operate as private or for-hire carriers of these materials and the majority of our operations and transportation needs are in rural areas.

IME is also a participant in the Interested Parties for Hazardous Materials Transportation (Interested Parties), a multi-association coalition that represents shippers, carriers, package manufacturers, and other companies engaged in the transportation of hazardous materials by all modes. The mission of the Interested Parties is to promote national uniformity of requirements for the transportation of hazardous materials that will support the safety, security, and efficiency of this vital economic activity.

Background

Our industry has maintained an exceptional safety record for decades. According to the Hazardous Materials Information System, no deaths have been attributed to commercial explosives since the Department of Transportation began collecting data in the 1970s. Despite this safety record, we continue to look for opportunities to efficiently enhance the safety and security and our products along the supply

[1] IME is a nonprofit association founded in 1913 to provide accurate information and comprehensive recommendations concerning the safety and security of commercial explosive materials. Our mission is to promote safety and the protection of employees, users, the public and the environment; and to encourage the adoption of uniform rules and regulations in the manufacture, transportation, storage, handling, use and disposal of explosive materials used in blasting and other essential operations. IME does not sponsor trade shows or other marketing events.

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chain. As Congress contemplates reauthorization of surface transportation legislation, we have one of those opportunities to make meaningful changes to the Federal Hazardous Materials Transportation Law (FHMTL). Hazmat titles have been included in surface transportation bills since 1998. In this venue, Mr. Chairman, special recognition is merited for your leadership in advocating for important policy enhancements, including eliminating regulatory overlaps and gaps, reforming the dysfunctional hazardous materials safety permit (HMSP) program, and stopping discriminatory hazmat user fees.

Interested Parties Hazardous Materials Priorities

The Interested Parties have reviewed the FHMTL and have made a number of recommendations to enhance this important safety and security legislation. Among these recommendations, the Interested Parties have identified 12 priorities. We would like to align ourselves with the statement submitted by the Agricultural Retailers Association that includes a complete set of those priorities. We urge all members of the Subcommittee to review these important safety and good government priorities.

Priorities Important to IME Members Operating in Rural Areas

It should not come as a surprise that government policies prefer that placarded amounts of certain hazardous materials avoid urban areas or that over 90 percent of the United States is considered rural space. Thus, all of the Interested Parties' priorities would ultimately affect hazardous materials transportation in rural areas. With this perspective, we would like to highlight those priorities that are the most important to our members who primarily service industries located in rural areas.

- Stop Discriminatory User Fees

Since FY 2012, the Pipeline and Hazardous Materials Safety Administration (PHMSA) has annually proposed a multi-million dollar user tax payable by applicants for special permits and approvals (SP/A) as a way to off-set a significant portion of the agency's budget request. The user fee proposal is without merit. For example, the largest holder of these authorities is the U.S. Government, which will pay no fees. In the explosives industry, the fee would operate like a tax. Regulations require that all explosives be classified by PHMSA. The classification is granted by approval. Explosives manufacturers have no choice but to seek approvals. PHMSA attempts to justify the fees based on the cost to the agency from changes it made in 2011 to the way applications are processed. PHMSA routinely takes months to process these applications when the rest of the industrialized world takes weeks. These delays directly disadvantage American manufacturers, and the manufacturers are then asked to pay for the privilege. Each year, Congress has rejected the proposed SP/A fee in order to protect American jobs and promote innovation. PHMSA's use of this budgetary gimmick to obfuscate the true costs of its program should be ended. Congress should specifically preclude PHMSA from establishing fees to process SP/A applications.

- Improve the Transparency and Timely Processing of Special Permits and Approvals

Congress has seen the wisdom and the need to provide for the timely processing of special permits. However, PHMSA has also been woefully delinquent in the processing of approvals. PHMSA should be held to the same standard for the timely processing of approvals as the agency is for special permits. Congress should also codify PHMSA's practice of periodically publishing notice of the final disposition of applications for special permits. PHMSA's practice of reexamining thousands of classifications rendered by the five laboratories approved by agency to perform such third-party classifications is a waste of resources and causes delays in the processing of classification approvals. This again puts U.S. businesses at a competitive disadvantage. Congress should require PHMSA to exercise its regulatory oversight sufficiently to accept the classifications of its own approved laboratories without subjecting these determinations to additional layers of review and adding months to the processing time of applications.

- Reform the Dysfunctional Hazardous Materials Safety Permit Program.

The intent of the HMSP program was to reduce the frequency and severity of crashes by carriers moving listed classes of hazardous materials. The program has failed to make a material difference in the crash history of these carriers. As a result, Congress required the Federal Motor Carrier Safety Administration (FMCSA) to initiate a rulemaking to address the deficiencies in the hazardous materials safety permit (HMSP) program. Of most concern is the fact that HM carriers are at risk of being shut down because the program lacks adequate due process. The scope of the program has been greatly expanded as a result of a clerical change to the program's implementing final rule. That change was never justified through notice and comment rulemaking as required under the Administrative Procedure Act. Despite recognition of the severe problems with the program, FMCSA has said that it will not pursue the HMSP rulemaking mandated by Congress until the agency finalizes the fitness determination rule under CSA. The CSA rulemaking is expected to take years to complete. In the meantime, the FMCSA has come out with an administrative remedy to allow carriers access to an appeal of denials prior to losing their permits. But, the path to the appeal is through CSA criteria. Criticisms of the CSA program are well-documented. The step forward to the right to an appeal is accompanied by two steps back in terms of current CSA disqualification criteria. Holders will now be evaluated under "floating" rather than "fixed" performance thresholds, nonpreventable crashes will again be counted against the carrier, and permits can be revoked or suspended for "serious" undefined violations. Other well-documented criticisms of the CSA program, including inconsistencies in data collection and interpretation and the inclusion of the HM-BASIC which covers violations that are not crash-causal, would continue to be issues under the HMSP program.

We do not object to a public policy requiring that motor carriers transporting hazmats be held to higher safety standards. However, we do object to the bias and uncertainty that the HMSP program breeds, especially when the program has shown no nexus to safety enhancement. Congress should set a date certain for FMCSA to complete reform rulemaking, or alternatively, it should terminate the program.

- Expand Training Opportunities for Emergency Responders

According to the National Fire Protection Association, 69 percent of firefighters in the United States are volunteers, and the percent serving in rural communities would be higher. Firefighters, volunteer and professional, are perennially in need of training. Since 1992, PHMSA has administered a multi-million dollar Hazardous Materials Emergency Preparedness (HMEP) grants program that supports the U.S. Environmental Protection Agency's (EPA) Local Emergency Planning Committees (LEPCs) and trains emergency responders. Evidence of potential program mismanagement and misuse of grant funds was uncovered during a DOT Office of Inspector General investigation of the HMEP. Evidence of accomplishments and positive benefits resulting from the grants issued to date is not well documented. Other agencies issue grants to states and localities to assist and equip emergency responders and plan for all-hazard emergencies, including those involving hazardous materials, in amounts far exceeding the relatively small sum that is available from the PHMSA program. As a result, we recommended two changes to the grants program. While we support the goal of the LEPC program to develop emergency response plans based on the presence of hazardous materials in a community, the plans are not limited to risks associated with the transportation of these materials. The time has come to return responsibility for the LEPC program to EPA. Congress directed EPA to implement this program in 1986. If EPA were responsible for funding the program, the agency would likely provide better oversight. In addition, the funds currently used for the LEPC program should be redirected for emergency responder training. At the same time, grantees should be held to high standards to ensure that resources are leveraged to provide quality training to those in need.

Conclusion

We appreciate the opportunity to provide our views on hazardous materials issues and solutions that we believe will make a difference to safety in rural communities and to the hazardous materials businesses, including those in the explosives industry and our customers, in those areas. Again, IME takes its mission of promoting safety and security seriously. When these goals can be achieved in a more efficient, practical manner that keeps U.S. business competitive and communities safe, stakeholders should be willing to consider different approaches. As the Committee prepares a multi-year surface transportation bill, we ask that you work with us to reduce unnecessary burdens while ensuring the safety of the materials we transport.

We appreciate the Subcommittee's attention to our concerns and recommendations.

Respectfully,

Cynthia Hilton

Cynthia Hilton
Executive Vice President

NATIONAL CONGRESS OF AMERICAN INDIANS

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House Subcommittee on Highways and Transit

U.S. House of Representatives

June 24th Hearing on "Meeting the Transportation Needs of Rural America"

July 08, 2015

On behalf of the National Congress of American Indians (NCAI), thank you for the opportunity to provide testimony for the record regarding surface transportation and its impact on tribal governments in rural America. NCAI is the oldest and largest national tribal organization in the United States that is dedicated to protecting the rights of tribal governments to achieve self-determination and self-sufficiency. NCAI applauds the House Subcommittee on Highways and Transit for holding this oversight hearing on transportation in rural America. NCAI looks forward to working with members of this Subcommittee as you continue your work on the next reauthorization of a transportation bill and its impact on rural America.

There are 567 sovereign tribal nations with a formal nation-to-nation relationship with the US government. These tribal nations are located within the geographic borders of the United States, however each tribal nation exercises its own sovereignty and each of the tribal governments are legally defined as "federally recognized tribes." Two-hundred-and-twenty-nine of these tribal nations are located in Alaska; the remaining tribes are located in 35 other states. In total, tribal governments exercise jurisdiction over lands that would make Indian Country the fourth largest state in the nation. The land base of the Navajo Nation alone would make it the 43rd largest state in the Union and 19 tribal nations are each larger than the state of Rhode Island.[1]

In the 2010 Census, 5.2 million people or 1.7 percent of the US population identified as American Indian/Alaska Native (AIAN) alone or in combination with other races. This population would make Indian Country the 22nd most populous state. States with the highest proportion of Native people include: Alaska (19.5 percent), Oklahoma (12.9 percent), New Mexico (10.7 percent), South Dakota (10.1 percent), Montana (7.9 percent), North Dakota (6.4 percent), Arizona (5.5 percent), Wyoming (3.3 percent), Washington (3.0 percent), and Oregon (2.9 percent).[2] Although less than two percent of the population in rural and small town areas identified as Native American in 2010, more than half of all AI/AN live in rural or small town areas.[3]

[1] National Congress of American Indians (2013), *A Brief Introduction to Tribal Nations & the United States: Nations within a Nation*, p2.
[2] Ibid, p3.
[3] Housing Assistance Council Rural Research Brief, *Race and Ethnicity in Rural America*, April 2012

Tribes also represent important employers and economic engines in many rural communities (and a number of urban areas). The 38 tribal nations in Oklahoma have a $10.8 billion impact on the state every year, supporting an estimated 87,000 jobs, or five percent of all jobs in the state. In Washington state, the 29 tribal nations employ more than 27,300 in tribal government, pay more than $1.3 billion annually in employee wages and benefits, buy more than $2.4 billion annually in goods and services from private companies, and generate more than $255 million annually in state and local taxes. In Minnesota, spending by the 11 tribal nations was responsible for $2.75 billion in economic activity statewide, supporting 41,700 jobs.[4]

The socioeconomic profile of Indian Country mirrors that of many other communities of color. Many Native people lack access to basic infrastructure other Americans take for granted – 15 percent of Native homes are overcrowded (compared to 6 percent nationally), 14 percent lack access to electricity, and 12 percent lack complete plumbing (national rates are both less than 1 percent). Native communities face similar deficiencies in the quality of transportation infrastructure and similar barriers to accessing reliable and affordable transportation (detailed in the next section).[5] However, the difference between tribal nations – and their citizens – is that transportation is not only an issue of racial equity but of governmental coordination and the federal government meeting its trust responsibility to tribal nations.

Like states, counties, urban and rural areas, tribal governments rely on our Nation's multimode transportation system. The enhancement of transportation infrastructure is vital to tribal economies. Providing safe and adequate transportation infrastructure is essential to tribal governments and surrounding communities. Like state and local governments, tribal governments use their revenues to deliver essential services to their citizens. However, tribal governments are not commonly in a position to levy property or income taxes because of the unique nature of land tenure in Indian Country, delicate economies, and jurisdictional restraints. Indian tribes receive some funding for road construction from the federal Highway Trust Fund, but the amount given to tribes is much less than what states receive. Currently, the Tribal Transportation Program (TTP) make-up nearly three percent of federal roadways, but they receive less than 0.5 percent of total federal highway funding.[6] At the current funding levels, the TPP program receives only about half the amount per road mile that states receive. Income from tribal businesses is the primary non-federal revenue source for most tribes, nonetheless, sales and excise taxes are becoming an increasingly important source of revenue for tribal governments.

The transportation infrastructure system is critical to supporting tribal economies, which continue to face challenges of rampant unemployment in Indian Country. According to the Census Bureau, the unemployment rate for the Indian workforce in federal reservation areas is 22.6 percent, close to two-and-a-half times that for all workers nationally, compared to the current U.S. employment rate at 5.6 percent for the same time period. Boosting job opportunities on tribal lands is an integral part of tribal governments' plans to enhance tribal economies.

[4] National Congress of American Indians (2013), *Securing our Futures*, p8
[5] National Congress of American Indians (2013), *A Brief Introduction to Tribal Nations & the United States* pp4-6
[6] U.S. Dept. of Transportation, Federal Highway Administration, TEA-21, A Summary (1998).

In order for tribal governments to develop and strengthen their economies, a necessary component tribes' need is transportation infrastructure. Tribal transportation programs are critical to ensuring that tribal governments can provide for the economic and social well-being of their tribal citizens and members of the surrounding communities. Transportation infrastructure includes many modes, such as roads, bridges, ferries, trails, air, and transit, all which must be adequate, well-maintained, and safe. Transportation infrastructure is essential for Indian children going to school; emergency and law enforcement personnel responding to emergency situations; and for businesses on tribal lands to bring and sell goods.

Tribal Transportation Program:

The latest National Tribal Transportation Facility Inventory (NTTFI) indicates there are approximately 160,000 miles of roads and trails in Indian Country owned and maintained by the Bureau of Indian Affairs (BIA), tribes, states and counties. Of those, Indian tribes own and maintain 13,650 miles of roads and trails, of which only 1,000 (or 7.3 percent) are paved— and 12,650 miles are gravel, earth, or primitive. These 12,650 miles of roadways are still among the most underdeveloped and unsafe road networks in the nation, even though they are the primary means of access to American Indian and Alaska Native communities by tribal and non-Indian residents and visitors alike. Of the 29,400 miles owned and maintained by the BIA, 75 percent of them are graveled, earth, or primitive.

Unfortunately, safety issues continue to be one of the biggest challenges for Indian tribes because many tribal communities are made vulnerable by unsafe and often inaccessible roads, bridges, and ferries. According to the Federal Highway Administration, "American Indians have the highest rates of pedestrian injury and death per capita of any racial or ethnic group in the United States." [7] Over the past 25 years, 5,962 fatal motor vehicle crashes occurred on Indian reservation roads, with 7,093 lives lost.[8] While the number of fatal crashes in the nation declined 2.2 percent during this time period, the number of fatal motor vehicle crashes per year on Indian reservations increased 52.5 percent. Adult motor vehicle-related death rates for American Indians/Alaska Natives are more than twice that of the general population.[9] These statistics are alarming and call for major changes in Federal transportation safety programs serving Indian Country.

The current authorization, Moving Ahead for Progress in the 21st Century (MAP-21) restructured the transportation programs for Indian tribal governments by establishing and consolidating the Tribal Transportation Program (TTP) (formerly the Indian Reservation Programs), eliminating the separately funded TPP Bridge Program and Tribal High Priority Project Program (THPP) and creating discretionary grants within the TTP for tribal bridges and highway safety programs and projects. MAP-21 changed the regulatory funding formula for allocating TTP "tribal shares" for transportation construction that the BIA and FHWA must phase in over a number of years. NCAI

[7] US Department of Transportation, Federal Highway Administration. (2004). Pedestrian Safety in Native America. FHWA-SA-04-007
[8] US Department of Transportation, National Center for Statistics and Analysis. (2004). Fatal Motor Vehicle Crashes on Indian Reservations 1975 - 2002
[9] Ibid.

would like the Congress to support and enhance funding for the Tribal Transportation Program so that tribes are able to provide safe and acceptable transportation systems in Indian Country.

Tribal High Priority Project Program:

The THPP is a critical program that provides funding to tribes impacted by emergency conditions that require road or bridge replacement so funding can be accessed quickly. Also, the THPP fund enables tribes who received insufficient funding to compete for grants of up to $1,000,000 to complete the highest priority project on the tribe's inventory. The elimination of this program has had a significant impact on many tribes who are unable to embark on imperative construction projects because their annual tribal shares represent only a small fraction of the total project construction cost. As noted, MAP-21 removed the funding stream of the THPP from the Highway Trust Fund and placed it into the U.S. Treasury General Fund, and was authorized for $30 million. Since the enactment of MAP-21, THPP has not been appropriated. NCAI requests Congress restore this vital program to assist tribes who would be unable to construct transportation projects without the assistance of the THPP in the Highway Trust Fund.

Tribal Transportation Self-Governance Program:

The Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users, enabled tribal governments to decide if BIA or Federal Highway Administration (FHWA) would administer their TTP program. Under 23 U.S.C. 202(a), the Secretary of Transportation was authorized to enter into agreements with tribal governments to carry out highway, road, bridge, parkway, or transit program or projects. This enables tribes to directly work with the FHWA in the administration of their TTP program. The BIA can also enter into an agreement with a tribal government to carry out their transportation program.

Earlier this year, H.R. 1068, Tribal Transportation Self-Governance Act of 2015, was introduced by Congressman Peter DeFazio. This legislation would create and expand the Tribal Self-Governance Programs within all of U.S. Department of Transportation (DOT). Currently, there are 128 Indian tribes who have entered into an agreement with FHWA. These agreements are critically important to participating tribes who are able to efficiently construct their transportation programs within a timely manner, especially for the tribes who have a very short construction season. NCAI supports this creation and expansion of tribal transportation self-governance within DOT.

Public Transportation on Indian Reservation Section 5311(c):

Many tribes operate a transit service, and public transportation is important to economic growth in Indian Country. Public transportation offers access to employment, health, education and commerce for tribal member and non-tribal members. As mentioned earlier, high unemployment has been a continuous challenge for tribes. Currently, the unemployment rate for on-reservation Indians is 22.6 percent, while for Alaska Native villages it is 25.1 percent. [10] In addition, 15 percent of tribal

[10] U.S. Census, 2005-2009 American Community Survey 5-Year Estimates

members have to travel over 100 miles to access basic services, such as a bank or ATM[11]. The combination of high unemployment and the far distance to access basic services has resulted in increased ridership and continued need for public transportation in Indian Country and surrounding non-Indian rural communities. MAP-21 revamped the Section 5311(c) Public Transportation on Indian Reservations Program (Tribal Transit Program) administered by the Federal Transit Administration by establishing a statutory formula for allocating transit funds among eligible Indian tribes, and increased funding. NCAI requests Congress to continue to support and fund this program.

Rural Safety:

Safety issues for Indian tribes are urgent because many tribal communities are affected by unsafe and often inaccessible roads, bridges, and ferries. Indian Country suffers injury and death driving and walking along reservation roadways at rates far above the national average. According to the Federal Highway Administration, Native people face the highest rates of pedestrian injury and death per capita of any racial or ethnic group nationally, and AI/AN adult motor vehicle-related deaths are more than twice that of the general population.[12] Over the past 25 years, 5,962 fatal motor vehicle crashes occurred on Indian reservation roads, with 7,093 lives lost. While the number of fatal crashes in the nation declined 2.2 percent during this time period, the number of fatal motor vehicle crashes per year on Indian reservations increased 52.5 percent. These statistics are shocking and cry out for major changes in Federal transportation safety programs serving Indian Country.

Currently, Indian tribes receive a two percent set-aside from the National Highway Traffic Safety Administration (NHTSA) Highway Traffic Safety Grant Section 402 which is administered by BIA and funded at $4.7 million for FY 2014. The purpose of Section 402 is to support highway safety plans to reduce fatalities and injuries on highways. According to the BIA Indian Highway Safety Program (25 CRF PART 181), this program is a competitive grant program, and is meant to assist tribes with their proposed Highway Safety Projects. The plans aim to reduce traffic crashes, reduce impaired driving crashes, increase occupant protection education, provide Emergency Medical Service training, and increase police traffic services. Indian tribes have expressed concern over the accountability and efficiency the BIA Indian Highway Safety Program is providing to Indian tribes for highway safety projects. In reviewing grant awards, tribes have noted that the grants being awarded within the BIA Indian Highway Safety Plan are awarded for law enforcement initiatives and are not going to other safety prevention programs, leaving tribes, in effect, with no access to safety funding. NCAI recommends: (1) the establishment of a two percent direct tribal funding set-aside from the Highway Safety Improvement Program for the purpose of reducing traffic fatalities and injuries on tribal transportation systems; and (2) to increase the current set-aside of two percent for tribes for the NHTSA Highway Safety Grant to three and half percent.

[11] U.S. Department of Treasury Community Development Financial Institutions Fund, *Native American Lending Study*, page 22, (2001) http://www.cdfifund.gov/what_we_do/nacd/lending_study.asp

[12] US Department of Transportation, Federal Highway Administration. (2004). Pedestrian Safety in Native America. FHWA-SA-04-007

Safe Route to School:

The Safe Route to School Program[13] was created under SAFETEA-LU within the FHWA and is administered by State Departments of Transportation. Each State has its own administering guidelines for applying for Safe Routes to School program. This program received a total of $612 million for the fiscal years of 2005 to 2009, and each State funding is formula based. The Safe Routes to School Program provides funds to States to improve the ability for primary and middle school students to safely walk and bike to school. Furthermore, the program assists schools within a two-mile square radius to plan, develop, and implement safety projects and activities to reduce traffic and fuel consumption and encourage active lifestyles.

There are over 741 public schools located in American Indian and Alaskan Natives areas, with a total of 82,406 Native students. The Bureau of Indian Education serves approximately 50,155 Native students at 181 elementary and secondary schools.[14] Many of these schools are located in remote and rural areas, where students have to be bused for more than 50 miles.

NCAI supports programs that promote safety and active healthy lifestyles of school students. However, NCAI is concerned about the inability to know the number of schools on tribal lands who have successfully applied and been awarded funding under the Safe Route to School program. Since each State Transportation Departments and their coordinators administered the program, it is difficult to determine who and how many public schools on Indian reservations have benefited from this program. In addition, the Bureau of Indian Education (BIE) schools are not eligible to receive this funding.

NCAI recommends this Committee consider amending the statutory language of the Safe Route School Program to enable BIE schools to be eligible to receive funding; to create a tribal set-aside for public, bureau, charter, Impact Aid, and grant schools on tribal lands to be able to participate in this program; and to increase the two mile radius requirement. Naturally, this produces additional questions on the issue of who would administer this program for these schools, and the amount of funding. NCAI looks forward to working with this Committee on this matter.

Bureau of Indian Affairs Roads Maintenance:

Even though the majority of tribal transportation programs are authorized and funded through the Department of Transportation, another transportation program is critical for tribes: the Bureau of Indian Affairs (BIA) Road Maintenance program within the Department of Interior. BIA implements, funds, and is responsible for maintaining 29,400 miles of roads in Indian Country including 900 bridges. NCAI is concerned that the funding for the BIA Road Maintenance has not increased for several fiscal year cycles and funded approximately $24 million. This unchanged funding level has compromised highway safety in Indian Country, dramatically shortening the useful life of the BIA System and tribal roads and bridges, and undermining tribal economic development

[13] Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users, Pub. L. 109-59, § 1404, 119 Stat. 1228, 86-88 (2005)
[14] IES National Center for Educational Statistical Common Core of Data, *Public and BIE: elementary and secondary schools: number of schools and enrollment in the American Indian and Alaska Native Areas, 2005–06 and 2007-08*, Table 1, (2010), http://nces.ed.gov/ccd/tables/ccd07_aia_schools.asp

initiatives in Indian Country. For FY 2014, deferred maintenance for BIA roads is approximately $289 million and increasing. These staggering amounts of deferred maintenance on BIA roads directly impacts tribes. Indian Country cannot afford to divert their scarce resources to address the resulting high costs of transportation infrastructure that is BIA's responsibility. The Bureau of Indian Affairs is a trustee and must provide enough funding to address the ever growing deferred maintenance for BIA roads.

In conclusion, NCAI is committed to bolstering and enhancing upon the many successes of current and past transportation authorizations, because tribal transportation infrastructure in rural America is fundamental to the enrichment of tribal governments and surrounding non-Indian rural communities.

RCRC
RURAL COUNTY REPRESENTATIVES
OF CALIFORNIA

Testimony for the Record
Submitted by Paul A. Smith, Senior Legislative Advocate on behalf of the Rural County Representatives of California to the House Transportation and Infrastructure Committee Hearing on "Meeting the Transportation Needs of Rural America"

June 24, 2015

Chairman Graves and Ranking Member Norton,

I commend you for holding this important hearing on meeting the transportation needs of rural America. On behalf of the thirty-four member Rural County Representatives of California (RCRC), representing the elected county boards of supervisors, I would like to bring several important issues to your attention. I urge you to keep these issues in mind as your Committee works to reauthorize MAP-21.

High Risk Rural Roads Program
The HRRR program was established to reduce the rate of fatalities and serious injuries on rural two-lane roads through a dedicated funding source for safety improvement projects. MAP-21 eliminated the HRRR program and replaced it with a special rule that requires States to obligate Highway Safety Improvement Program (HSIP) funding towards these roads if fatality rates increase. However, even as fatalities and serious injuries continue to occur on rural roads at alarming rates, a loose interpretation of the law has prevented needed investment in safety improvement projects for the portion of the roadway where these incidents are prevalent.

In California, approximately 55 percent of highway fatalities occur on the local road system, yet counties only receive around 35 percent of HSIP funding. The majority of the RCRC member counties have fatality rates severely higher than the statewide average fatality rate, but lack sufficient funding to address safety needs. According to the National Highway Traffic Safety Administration, in 2012 the 10 counties in California with the highest fatality rates were all rural counties, averaging 33.68 fatalities per 100,000 population, which is more than 4.5 times the average statewide fatality rate.

RCRC believes it was Congress' intent to require HSIP funding to be distributed based on the greatest need, meaning roads that have a high rate of fatalities and serious injuries should be prioritized for safety improvement funding. Instead, HRRR must now compete for funding against state highway safety projects, regardless of where the greatest safety needs exist. To address the loose interpretation of the law, RCRC urges Congress to restore dedicated safety improvement funding for rural roadways and direct

States to invest these critical safety funds in local jurisdictions with the highest rates of fatalities and serious injuries.

Highway Bridge Program:
The Highway Bridge Program (HBP) was also eliminated under MAP-21, which instead provided dedicated revenues for maintenance, repair, and capital projects for both "on-system" and "off-system" bridges. Additionally, under MAP-21 the list of on-system bridges was greatly expanded, placing a larger share of bridges under the responsibility of local governments. While MAP-21 retained the set aside requirement for off-system bridges (equal to 15 percent of the HBP for FY 2009), dedicated funding for on-system bridges was discontinued. As a result, on-system bridges must now compete for funding against other transportation projects in regional and state decision making, rather than be funded based on need.

Like all local jurisdictions nationwide, California's rural counties are concerned about the condition of our local bridges and our ability to fund necessary repairs. According to recent data from the California Department of Transportation, the statewide average of bridges considered to be structurally deficient or functionally obsolete – meaning these bridges are in poor condition and in need of major maintenance, rehabilitation, or replacement – hovers around 28 percent. The same data tells us that the issue is even more pervasive in California's rural communities, where 30 percent of the bridges in rural counties are considered in poor condition with some counties as high as 54 percent.

Given these challenges, RCRC believes that providing dedicated funding for local agencies who manage and maintain local on-system bridges through a required set-aside is a common-sense policy to ensure bridges remain in safe operating conditions and to avoid a catastrophic bridge failure. Without dedicated federal funding for local on-system bridges, rural county supervisors are concerned that bridge maintenance, repair, and capital projects will continue to go largely unfunded.

Project Delivery:
Another issue faced by rural counties in California, and throughout the country, is the high costs and significant delays arising from environmental permitting requirements. Counties in California report costs of approximately 36-50 cents on the construction dollar to move a project through the NEPA process. In addition, projects in California must also meet the strict requirements of the California Environmental Quality Act (CEQA), which imposes regulations that are often stricter than NEPA requirements. As you craft surface transportation reauthorization, we ask that you consider including legislative language that would eliminate barriers to project completion, and review the NEPA process to improve the application and approval process for transportation-related infrastructure projects, particularly in states with strong environmental regulatory programs.

RCRC is particularly supportive of the provisions found in H.R. 2497, the NEPA Reciprocity Act, which has been introduced by Representative Denham. This legislation would provide reciprocity between state requirements and NEPA, and provide greater local control over project costs and timelines, while not diminishing environmental protection whatsoever. If enacted, H.R. 2497 will relieve states of unnecessary regulatory burdens that can lead to project delays or even cancellations. We encourage the committee to include the text of H.R. 2497 in your transportation reauthorization bill.

Thank you for the opportunity to submit a statement for today's important hearing. We hope that our comments will help inform the committee's discussions about reauthorization of our nation's surface transportation program.

Sincerely,

Paul A. Smith

PAUL A. SMITH
Senior Legislative Advocate