



The Voice of the Railroad Construction Industry

Written Submission of James Daloisio
President of Railroad Construction Company of South Jersey
President of Railroad Constructors Incorporated
Past Chairman of the National Railroad Construction and Maintenance Association (NRC)
Secretary-Treasurer of Railroad Cooperation and Education Trust (RAILCET)

Submitted to the
Transportation and Infrastructure Committee of the United States House of Representatives
Subcommittee on Railroads, Pipelines, and Hazardous Materials

Hearing on Rail Capacity
Wednesday, April 23, 2008, 10:00am
2167 Rayburn House Office Building

Witness:

James Daloisio
President of Railroad Construction Company of South Jersey
705 Mantua Avenue
Polesborough, NJ 08066
856.423.2220
<http://www.railnj.com>

For further information, contact:

Chuck Baker
President of the National Railroad Construction & Maintenance Association (NRC)
500 New Jersey Ave NW, Suite 400
Washington, DC 20001
202.715.2920
<http://www.nrcma.org>

efficiently serves tens of thousands of shippers, is growing every year, and is one of the true economic success stories of the last 25 years.

In addition, moving freight and people by rail is environmentally friendly. Railroads are three to four times more fuel efficient than trucks on a freight-ton mile basis. A railroad could move one ton of freight from here in Washington DC to Boston on one gallon of diesel fuel. Moving freight by rail, as compared to trucks or even water barges, dramatically reduces greenhouse gas emissions and cuts fuel consumption. Steel wheel on steel rail is simply the most efficient way we have to move freight in this country.

And moving people by rail transit on public transportation systems has an equally dramatic effect. By taking existing public rail transportation instead of driving a car, a single person saves 4,800 pounds of carbon dioxide emissions per year. Taking rail transit to work provides more benefit to the environment, combined, than adjusting the thermostat in your home, installing energy efficient light bulbs, and buying Energy Star appliances.

Investments into rail transit systems also have the benefit of encouraging more efficient and environmentally sound land-use patterns and facilitating high-density economic development focused around rail transit stations.

And both freight rail and passenger rail play a crucial role in taking cars and trucks off the road and decongesting our crowded highway system. And there is no doubt that our highway system is already unacceptably congested – the Texas Transportation Institute tells us that motorists in the largest urban areas in the country are spending 54 hours in traffic delays every year. That is more than a full working week each year, completely wasted sitting in traffic. TTI estimates that traffic congestion cost our economy \$78 billion last year. A typical freight train takes over 200 18-wheelers off the road, eliminating close to 100 million truck trips last year. And there were over 4 billion trips taken on rail transit systems last year. Without these rail systems, highway congestion would be much worse. And with increased investment into these rail systems, highway congestion can be reduced and the pressure and expense of building new highways can be relieved.

Railroads also play a crucial role in the safety and security of our country by providing military transport, and by lessening our dependence on foreign oil. Railroads are used for disaster evacuation and recovery and are often the most resilient form of transportation. And railroads also transport the vast majority of hazardous materials in the country, moving them safely and keeping them off of our highway system.

Despite all of the benefits of rail transportation, we have a major problem staring us in the face. We are running out of capacity, and it's going to get much worse unless we start fixing the problem as soon as possible. Commissioners on the National Surface Transportation Policy and Revenue Study Commission believe that freight volumes will be 70% higher by 2020 than they were in 1998. According to AASHTO, the organization of State DOTs, tons shipped into the U.S. will rise from 16 billion in 2007 to 31 billion in 2035.

The NRC believes that Congress should use the opportunity of the next transportation re-authorization legislation to completely revamp transportation law in this country. As many of the leaders of this Committee believe and have stated publicly, the next transportation re-authorization legislation should not be incremental in nature – it should be transformational.

As a basis for this transformation, we endorse the Transportation for Tomorrow framework put forward by the National Surface Transportation Policy and Revenue Study Commission.

Specifically, we support:

- The adoption of the proposed Freight Rail Infrastructure Capacity Expansion Act (H.R. 2116/S.1125), which provides a 25% tax credit for rail infrastructure investments that would expand capacity. This has been introduced by Representatives Kendrick Meek (D-FL) and Eric Cantor (R-VA), and Senators Kent Conrad (D-ND) and Gordon Smith (R - OR).
- The extension of the Short Line Railroad Rehabilitation Tax Credit (H.R.1584/S.881), which provides a 50% tax credit for railroad rehabilitation spending to preserve the viability of short line and regional railroads as feeder lines for the national rail network. This has been introduced by Representatives Earl Pomeroy (D-ND) and Dave Camp (R-MI), and Senators Blanche Lincoln (D-AR) and Gordon Smith (R - OR). As of today, the House bill has 244 co-sponsors, including 42 Members of this Committee.
- The creation and funding of a national freight transportation program and surface transportation trust fund that would be mode-neutral and direct federal funding towards projects on a strictly merit-based approach. The program would provide public investment in crucial, high-cost transportation infrastructure including strategic intermodal connectors, key freight corridors, and national rail bridges and tunnels where the cost of construction exceeds the return on privately invested capital.
- Strong federal support of public-private partnerships such as the Alameda Corridor, Chicago CREATE, and the Orlando commuter rail/CSX deal. It must be explicit that public entities and private entities should pay for their respective benefits, and that public investment should complement private investment, not replace it.
- A major increase in investment into intercity passenger rail, with reform of the current Amtrak system. The eventual goal should be true high speed rail, with separated right of way. However, the current reality is a system of joint use by freight and passenger rail. Passenger rail should be improved, but that can not come at the expense of freight rail or else it is counter-productive to the country and our goal of increased rail capacity.
- Innovative financial tools and programs such as TIFIA are already working well, and they should be expanded. RRIF, the Railroad Rehabilitation and Improvement Financing Program, is a valuable infrastructure program that is under-utilized by the railroads.

- The two tax credit proposals, the capacity expansion tax credit and short line rehabilitation tax credit, could be included in an "Economic Stimulus 2" package if Congress decides that is necessary
 - o A one year extension of the short line tax credit, which expired at the end of 2007, was passed by the full House last year in a tax credit extenders bill. We encourage you to get that extenders package enacted into law this year.
- Another program that should be funded in a second economic stimulus package if it happens is the \$50 million Capital Grants for Class II and Class III Railroads program that was authorized but not appropriated in the Energy Independence And Security Act of 2007
- Intercity passenger rail reform can be implemented via the Amtrak authorization or appropriations process. We think that the new process of providing matching capital grants to states to let them improve rail transportation holds great promise, and suggest that 50% of the available capital grants be allocated to the states, rather than directly to Amtrak. This will encourage additional state investment and increase rail service. We also believe a high speed rail section, such as the one recently proposed by T&I Ranking Member Mica in H.R.5644, should be added to the Amtrak legislation.
- Finally, we'd like to strongly urge that all rail construction and maintenance work being done with direct federal assistance or tax benefits be competitively bid to the independent railroad construction industry, to the fullest extent possible. Railroad contractors have a long and well-documented history of providing quality services at competitive prices. We have learned how to do more with less, and the efficiency and competence we bring to this task will be a big benefit as we all search for ways to improve America's transportation infrastructure.