



**Committee on Transportation and Infrastructure
U.S. House of Representatives**

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Washington, DC 20515

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September 16, 2016

BACKGROUND MEMO

TO: Members, Subcommittee on Highways and Transit
FROM: Staff, Subcommittee on Highways and Transit
RE: Roundtable Discussion on “Impact of the FAST Act’s Freight Provisions”

PURPOSE

The Subcommittee on Highways and Transit will meet on Thursday, September 22, 2016, at 10:00 a.m. in 2167 Rayburn House Office Building, to hold a roundtable discussion on the “Impact of the FAST Act’s Freight Provisions”. The participants include representatives of: a state department of transportation; the world’s largest online retailer; the world’s largest pork processor and hog producer; a trucking company that provides ‘just-in-time’ service to the automotive industry; and a port authority.

BACKGROUND

The movement of freight and related industries are significant contributors to the U.S. economy. In 2013, approximately 55 million tons of freight valued at nearly \$50 billion moved over the nation’s transportation system on a daily basis, accounting for 8.6 percent of gross domestic product (GDP).¹ In recent years, e-commerce has fundamentally changed how products are purchased and distributed. According to the U.S. Census Bureau, e-commerce shipments accounted for 60.9 percent of all manufacturing shipments, 27.7 percent of wholesale shipments, and 6.4 percent of retail shipments in 2014.²

Trucks carry about 70 percent of all freight tonnage, and truck tonnage is projected to increase 35 percent by 2040. One-third of all vehicle-miles traveled (VMT) and over half of all truck VMT in 2012 occurred in rural areas³. Even more striking, 71 percent of all lane-miles of public road⁴ and 74 percent of all bridges are in rural areas⁵.

¹ Bureau of Transportation Statistics, [Freight Facts and Figures 2015, pp.1 and 3.](#)

² U.S. Census Bureau, [E-Stats 2014: Measuring the Electronic Economy.](#)

³ Federal Highway Administration, [Highway Statistics 2012, table VM-1.](#)

⁴ *Ibid*, table HM-260.

⁵ Bureau of Transportation Statistics, [National Transportation Statistics, table 1-28.](#)

By 2040, according to the Federal Highway Administration, on nearly 20 percent of the National Highway System (NHS), every fourth vehicle will be a truck. Absent an increase in capacity, increases in truck and motor vehicle traffic are projected to expand areas of recurring peak-period congestion from 10 percent of the NHS in 2011 to 34 percent in 2040.⁶

Fixing America's Surface Transportation Act

The *Fixing America's Surface Transportation Act (FAST Act)* (P.L. 114-94) includes a number of provisions aimed at promoting the efficient movement of freight, specifically:

National Highway Freight Program

The *FAST Act* established a new formula program to fund freight improvements on the designated national highway freight network. The program is funded at \$6.2 billion over the five year term of the *FAST Act*, with \$1.1 billion authorized for fiscal year 2017. States may use the funds for a variety of projects related to freight movement, including truck-only lanes, electronic screening and credentialing systems for vehicles, and additional capacity to address freight bottlenecks. Up to 10 percent of the funds each year may be used for freight intermodal or freight rail projects, including projects within the boundaries of public and private freight rail and port facilities and projects that facilitate intermodal operations.

National Highway and Multimodal Freight Networks

The *FAST Act* modified the national highway freight network established by the *Moving Ahead for Progress in the 21st Century Act (MAP-21)* (P.L. 112-141) to specify that the core portion of the network – the national highway freight system – will be the 41,518-mile network identified by the U.S. Department of Transportation (U.S. DOT). The *FAST Act* also allows states and metropolitan planning organizations (MPOs) to add to the network through the designation of both urban and rural freight corridors.

Additionally, the *FAST Act* established a national multimodal freight policy and a national multimodal freight network of highway, rail, port, inland and coastal waterways, airports, and other strategic freight assets. Within two years after enactment of the *FAST Act*, U.S. DOT is to develop a national freight strategic plan that will identify bottlenecks on the multimodal freight network, including the cost to address each bottleneck and strategies to improve intermodal connectivity. The plan will also assess the condition and performance of the multimodal freight network and barriers to improving freight transportation performance.

Nationally Significant Freight and Highway Projects Program

The *FAST Act* also created a competitive grant program to assist states in funding nationally-significant highway, bridge, and freight projects. The Nationally Significant Freight and Highway Projects program, commonly referred to as the FASTLANE program, is generally aimed at large-scale and multi-jurisdictional projects that cannot be funded with highway funding that is apportioned to the states. The program is funded at \$4.5 billion through fiscal year

⁶ BTS, *op.cit.*, pp. 37 and 59.

2020, with \$800 million authorized for fiscal year 2016 and ramping up to \$1 billion by fiscal year 2020. At least 25 percent of the funding is reserved for projects in rural areas, and 10 percent of the funding are reserved for smaller projects (where project costs are less than \$100 million). Up to \$500 million over the life of the *FAST Act* may be used to fund freight rail or intermodal projects if the projects will significantly improve freight movements on the National Highway Freight Network.

In fiscal year 2016, the first year of the program, states, cities, ports, and other eligible applicants submitted 212 applications requesting approximately \$10 billion in funding. U.S. DOT, after evaluating the applications using the criteria specified in the *FAST Act*, selected 18 projects for funding, placing a significant emphasis on projects related to freight movement. The complete list of selected projects may be found at <http://transportation.house.gov/fast-act/fastlane-grants.htm>.

PARTICIPANT BIOGRAPHIES

The Honorable Leslie Richards, Secretary, Pennsylvania Department of Transportation (PennDOT)

- Appointed Secretary of PennDOT in 2015, Richards has more than two decades of experience in the fields of planning and engineering.
- Prior to her appointment, Richards was the vice chair of the Montgomery county board of Commissioners, and has also served as a senior project manager at a woman-owned civil engineering firm.

Ms. Kathleen Broadwater, Deputy Executive Director, Maryland Port Administration, and Chairman, American Association of Port Authorities Legislative Policy Committee

- Broadwater has 34 years of experience in the maritime industry.
- Broadwater is responsible for the Dredging Program, Engineering, Finance, Planning, Human Resources, Government Relations, and Environment at the Maryland Port Administration.

Mr. Brad Bowman, International Vice President of Logistics, Smithfield Foods

- Bowman has served at Smithfield Foods since 2005.
- Bowman previously served as the manager of rail transportation and rates at Tyson Foods.

Mr. Kevin Burch, President, Jet Express, Inc., Dayton, Ohio, and First Vice Chairman, American Trucking Associations

- Burch has 42 years of experience in the trucking industry, leading a trucking company that has 90 company drivers, 230 owner-operators, and 600 trailers.
- Jet Express handles up to 400 truckloads per day, primarily for the 'just-in-time' automotive industry.

Mr. John Payne, Principal, Worldwide Transportation Linehaul, Amazon

- Payne has 44 years of experience in the transportation industry.
- Payne returned from retirement to join Amazon in March 2015.
- Prior to Amazon, Payne spent 24 years at FedEx, including serving as the Senior Vice President of Linehaul, Safety, and Maintenance at FedEx Ground.