

FREIGHT & LANDSIDE INFRASTRUCTURE

To be competitive in the 21st century global economy, our nation needs a national multimodal freight network that incorporates and leverages every mode of freight transportation, whether on the waterside or the landside of seaport facilities. Port-related infrastructure connects American farmers, manufacturers and consumers to the world marketplace. Seaports facilitate the increasing export of American-made goods that are essential to the growth of our economy. Cargo moving through seaports is responsible for nearly 31 million U.S. jobs and \$378 billion in federal, state and local tax revenue.

The FAST Act is a good first step in building our nation's 21st century freight network. AAPA supports the full enactment of the FAST Act freight funding provisions:

- AAPA has identified \$28.9 billion in 125 port-related freight network projects. These projects range from intermodal connectors, gateway and corridor projects, to marine highways and on-dock rail projects.
- AAPA supports the full use of the multimodal funding provisions in the FAST Act, the \$500 million discretionary grant program as well as the ten percent set aside with the freight formula program.
- AAPA supports the use of funding corridor projects that align with the nationally and regionally significant freight and highway projects program in the FAST Act. AAPA has identified 34 port-supported corridor and gateway projects totaling \$19.5 billion.
- Of the \$11 billion authorized in the FAST Act for freight investment, only \$1.13 billion is eligible for multimodal projects – and this amount has dwindled to \$200 million after several rounds of INFRA/FASTLANE grants.
- AAPA port members recently identified over \$20 billion in projected multimodal port and rail access needs of the next decade.

AAPA supports including multimodal connectors in a national freight plan and funding them. Nearly

80 percent of AAPA U.S. ports anticipate a minimum \$10 million investment being needed in their ports' intermodal connectors through 2025, and 30 percent anticipate at least \$100 million in needed investment in connectors.

AAPA supports strong investment in rail access.

In the *State of Freight III – Rail Access and Port Multimodal Funding Needs Report*, AAPA members stated 69 percent have on-dock rail access, 72 percent have near-dock rail access and another 15 percent cited “other” rail access. However, U.S. ports' apparent rail infrastructure strength is misleading. Many ports' on-dock and near-dock rail systems are out of date and need to be significantly enhanced and reinforced, as well as integrated with new technology to accommodate rising shipping volumes.

Moreover, because of these demands and evolving freight network challenges, 80 percent of the AAPA member ports are seeking better rail access. Furthermore, 34 percent of ports are projecting port rail investments of over \$50 million in the next ten years.

Additionally, 67 percent of ports report that funding and financing options are the biggest initial obstacles in getting port rail access projects started, followed by 37 percent that have problematic at-grade crossings or height-restricted overpasses and tunnels within or near ports that constrain capacity.

AAPA strongly recommends a continuation of a “Multimodal TIGER/BUILD-style” program and

that a **minimum** of 25 percent of the funding be dedicated to port-related infrastructure needs in the BUILD program. Additionally, AAPA strongly supports the MARAD Port Development Program which included \$293 million in dedicated funding for port infrastructure in FY 2019. AAPA recommends a funding level of at least \$300 million in this account in FY 2020.

- TIGER/BUILD is 100 percent multimodal, which is a top priority for ports. Only a percentage of FAST Act freight funding (\$1.13 billion of \$11 billion) is multimodal.
- INFRA is primarily highway focused, outside the gate projects. **AAPA supports the FY 2020 President's proposed \$2 billion for INFRA.**
- TIGER/BUILD has funded important inside the gate projects that assist ports to be "big ship ready" for the 21st century and assists in returning existing facilities to a state of good repair. **AAPA supports the FY 2020 President's proposed \$1 billion for BUILD.**

AAPA supports increasing the gas tax to provide solvency for the highway trust fund. However, along with raising the gas tax, AAPA strongly supports raising the multimodal caps within the highway trust fund so that multimodal port projects will have resources to build connector projects.

AAPA supports better access to the Railroad Rehabilitation & Improvement Financing (RRIF) program for port rail projects. Only one port has ever received a RRIF loan. AAPA also recommends waiving the finance fee for RRIF loans.

AAPA supports continued funding for the Federal Railroad Administration's Consolidated Rail Infrastructure and Safety Improvement Grants Program, which can provide important multimodal funding for port rail access projects. In the *State of Freight III* report, AAPA members identified 75 potential TIGER (or BUILD) projects that could be financed by RRIF if access to the program and 100 percent financing was available.

AAPA supports the development of marine highways that alleviate highway congestion, provide important system redundancy and improve environmental sustainability through:

- Harbor Maintenance Tax exemptions for certain U.S. port-to-port cargo,
- Federal funding to support the return of transshipment cargo service to U.S. mainland ports,
- Federal funding support (operating and capital) for short-sea shipping services,
- Encourage use of the Congestion Mitigation and Air Quality (CMAQ) Improvement Program to fund projects for short-sea shipping services,
- Incentives for shippers (e.g., green tax credit),
- Development of expertise at the state/MPO level on marine highway alternatives/benefits, and
- Reassessment of federal shipbuilding programs, exploring how they could support marine highway development.

AAPA believes that a sustainable freight funding source must be established to build out the 21st century freight network. AAPA supports the concept of a waybill fee approach that would generate sustainable \$8 billion annually for multimodal freight projects and would be firewalled in a freight trust fund.

AAPA believes that if a freight trust fund is created to fund freight projects, it should be fully spent on freight transportation and not used for deficit reduction. Appropriate projects that are freight related should still be eligible to compete for other federal funding sources or on the state freight plans submitted to USDOT by the states.

AAPA supports alternative financing mechanisms, the Transportation Infrastructure Finance and Innovation Act (TIFIA) program and government bond financing.

Finally, AAPA strongly supports making Short Line Tax Credit (45G) permanent as soon as possible, to help the U.S. economy better compete in the world marketplace.

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Alliance of the Ports of Canada, the Caribbean, Latin America and the United States

