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Hearing on Long-Term Financing of the Highway Trust Fund

House Committee on Ways and Means
Wednesday, June 17, 2015
10:00 a.m.
Room 1100, Longworth House Office Building

Chairman Ryan and Ranking Member Levin, thank you for holding this important hearing on the *Long-Term Financing of the Highway Trust Fund*. How we fund our infrastructure is a conversation that Congress and the Administration must have and AAPA looks forward to being engaged in this conversation, especially from a freight perspective. Thank you both, and in particular Congressman Blumenauer, for your leadership on this issue.

AAPA is the unified and collective voice of the seaport industry in the Americas. AAPA empowers port authorities, maritime industry partners and service providers to serve their global customers and create economic and social value for their communities. Our activities, resources and partnerships connect, inform and unify seaport leaders and maritime professionals in all segments of the industry around the western hemisphere. This testimony is on behalf of our U.S. members. AAPA is also the Chair of the Freight Stakeholder Coalition, which is a unique coalition of 19 national stakeholders comprised of system users, planners and builders, which has provided comments on policy and funding on the transportation reauthorization bill since 1992.

The next surface transportation authorization is an opportunity to provide long-term, sustainable funding and to build upon MAP-21, which recognized the linkage between goods movement and economic competitiveness. However, AAPA believes it is time to match this new emphasis on freight by not only ensuring both long-term Highway Trust Fund solvency but also adding new and additional non-HTF funding dedicated to prioritizing projects that optimize and integrate the nation's freight transportation system.

The federal government must lead long-term efforts designed to further America's competitive advantage by advancing projects of regional and national significance as well as

first and last mile projects that reduce congestion, enhance goods movement, improve the environment and create jobs. If we are committed to the modernization of our nation's freight transportation system, it must accommodate projected growth in manufacturing and trade in years ahead or risk the U.S. being surpassed by foreign competitors.

One of the biggest challenges our industry sees today – and looking toward the future – is the state of port related infrastructure, and how we as a nation make the necessary investments in that critical infrastructure. There are sizable investment needs at port facilities and the connecting infrastructure on the land- and waterside.

The Highway Trust Fund can be a vital resource for funding freight projects, such as first and last mile projects that connect the ports with the surface transportation system as well as the Congestion Mitigation and Air Quality Program (CMAQ), which provides funding for air quality projects. Port connector projects are also eligible for the Surface Transportation Program (STP) and the Projects of National and Regional Significance (PNRS) program to address large choke points on our freight network.

Earlier this year, AAPA asked our members to look ahead 10 years and identify the key land-side infrastructure investments that need to be made. With 95% of our U.S. port members responding, [*The State of Freight*](#) survey results identified \$28.9 billion of project investments. *A copy of this report has been submitted for the record.* Specifically, AAPA members identified 34 Projects of National and Regional Significance totaling \$19.5 billion.

Additionally, MAP-21 required the USDOT to encourage states to develop comprehensive immediate and long-term freight planning and investment plans, and to collaborate with individual states, Metropolitan Planning Organizations (MPOs) and Freight Advisory Committees. In addition to comprehensive freight plans, states were also encouraged to establish freight advisory committees.

Ports are already engaging in the planning process so there is a blue print in place on how to fund freight projects.

- 71% of U.S member ports participated in the development of its statewide freight plan.
- 63% of U.S member ports are working directly with its region's MPO or Council of Governments (COG) in the development and planning of a freight project that is either underway or has recently been completed.

However, fixing the highway trust fund does not fix our freight network. The movement of freight is intermodal, meaning that it predominantly involves both rail and truck. These two modes do not necessarily exist in harmony under the current HTF structure.

For our country to build and sustain our infrastructure we must have an intermodal program that provides direct funding for freight. Our freight infrastructure needs, demands and challenges have become much more dynamic since 1993, the last time the gasoline user fee was increased.

Think of how much our economy, our population and how we conduct business has changed in the past 22 years. The growth and integration of the internet into everyday shopping has dramatically changed how we make purchases and how it is delivered through distribution type businesses such as AMAZON and others. These new business models have placed an incredible amount of stress on our already aging infrastructure.

For example, our population has grown by 23% (or 60 million) since 1993, meaning more freight customers and more demand on our infrastructure. Additionally, in 1993, 20.4 million TEU entered the country and moved on our rail and highways. By 2014 that number has more than doubled to 46.4 million TEUs. And the total tonnage of freight that moves through our ports and around our country has increased by 46.2% since 1993 to a total of 880,841 metric tons in 2014. That is a lot of wear and tear on our infrastructure that is also supporting the everyday trips of commuters, shopper and tourists around the country.

This demand on our infrastructure is only going to increase. Today, international trade through seaports accounts for over a quarter of the U.S. economy – and is projected to reach 60% by 2030. At the center of trade and transportation are America’s seaports, which handle approximately \$6 billion worth of import and export goods daily, generate over 23 million jobs, and provide more than \$320 billion in tax revenues.

To address the immediate and long-term freight infrastructure challenges, AAPA recently endorsed the concept of a 1% waybill fee as an equitable approach to provide long-term funding for freight. This was included in legislation, H.R. 1308 *Economy in Motion: The National Multimodal and Sustainable Freight Infrastructure Act*, introduced by Representatives Alan Lowenthal (D-CA), Dana Rohrabacher R-CA and Mark Meadows (R-NC) and 11 other cosponsors. We urge the Committee to carefully look at this bill and how it can fund freight.

To help plan and make sustainable investments in a national freight network, AAPA has suggested several approaches:

- 1) Provide direct funding for freight projects,
- 2) Create a freight fund that provides formula funds to states as well as a discretionary grant program so that adequate funding can be distributed; and

- 3) Provide a sustainable funding source for the freight network. AAPA recently endorsed the concept of a 1% waybill fee as an equitable approach to provide long-term funding for freight.

AAPA is happy to see that Congress and the Administration recognize the value of improving our freight network. Whether we will be successful will very much depend on the Ways and Means Committee finding increased, sustainable funding sources for the highway trust fund and other mechanisms to fund multimodal freight improvements.

AAPA believes a strong case is being made for direct funding toward our freight network and that freight starts and ends with our seaports. We look forward to working with the Committee as you move a sustainable funding package for the Highway Trust Fund and for our Freight Network forward this summer.