

FREIGHT & LANDSIDE INFRASTRUCTURE

Our nation needs a national multimodal freight network that incorporates and leverages every mode of freight transportation, whether waterside or landside, to be competitive in the 21st-century global economy. 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 Department of Transportation (DOT) programs are important to modernizing and maintaining our nation's port infrastructure. Key programs important to ports are listed below including the Port Infrastructure Development grant program, Better Utilizing Investments to Leverage Development (BUILD) grants, freight programs at the state and national level including the INFRA grants, rail financing programs, and grants, marine highway programs and other DOT financing programs that support ports.

Maritime Administration's Port Infrastructure Development grant program should be funded at \$300 million for FY 2020. After years of advocating for dedicated funding to be provided for port infrastructure grants, AAPA was pleased Congress approved first-year financing of \$293 million in FY 2019 for this program. Unfortunately for FY 2020, the House only approved \$225 million and the Senate Appropriations Committee approved \$91.6 million, which would result in a significant decrease for the program.

It is critical that the U.S. invest in its port infrastructure to address growing trade. Direct investment into our port-related infrastructure is a top AAPA priority. AAPA port members have identified more than \$20 billion in projected multimodal port, and rail access needs alone for the next decade, as outlined in the *State of Freight III, Rail Access and Port Multimodal Funding Needs Report*. One of AAPA's highest priorities is increased funding for this new program.

AAPA strongly recommends a continuation of the DOT "Multimodal BUILD-style" grants. These BUILD discretionary grants should be funded minimally \$1.5 billion.

- The 10 percent state limit on BUILD grants should be waived for port projects as not every state has a deep-draft port, but all states use ports to move their exported and imported goods.
- AAPA also advocates for a minimum of 25 percent of the funding to be dedicated to port-related infrastructure needs.
- BUILD grants are 100 percent multimodal, which is a top priority for ports.
- FY 2020 House and Senate proposed funding levels are \$1 billion, which is an increase from FY 2019.
- BUILD grants have funded important, inside-the-gate, projects that assist ports to be "big ship ready" for the 21st century and help to return existing facilities into a state of good repair.

AAPA supports robust multimodal freight programs in the FAST Act Reauthorization legislation, including increased funds for freight program. We urge Congress to pass reauthorization in early FY 2020 and remove the multimodal caps.

- The Fast Act formula freight funds at both the state and federal levels included multi-modal caps that should be waived. This includes a \$500 million limit for Infrastructure for Rebuilding America (INFRA) Grants and a 10 percent limit on state multimodal funding. The Senate's 2019 Reauthorization bill increases the multimodal cap to 30 percent.
- 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 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.

AAPA supports including and funding multimodal connectors in a national freight. Nearly 80 percent of AAPA U.S. ports anticipate a minimum of \$10 million investment being needed in their ports' intermodal connectors through 2025, and 30 percent expect needing at least \$100 million of investments in connectors.

AAPA supports stabilizing freight programs and supports increasing the gas tax; Vehicles Miles Traveled Freight Pilot Program and the concept of a waybill fee. Finding a sustainable funding source for all FAST Act programs is important. AAPA also supports language to ensure all commercial ports are included in the national multimodal freight map/network. DOT should also maintain a national multimodal freight strategic plan.

AAPA supports substantial 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.

AAPA supports continued funding for the Federal Railroad Administration's Consolidated Rail Infrastructure and Safety Improvement (CRISI) Grants Program, which provides crucial multimodal funding for port rail access projects. In the *State of Freight III* report, AAPA members identified 75 potential BUILD grant 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 specific 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,
- 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),

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

AAPA supports alternative financing mechanisms. This includes the Transportation Infrastructure Finance, and Innovation Act (TIFIA) program, the Railroad Rehabilitation and Improvement Financing Program (RRIF), the Short Line Tax Credit (45G) and bond financing. The DOT should continue its progress to make these programs more port friendly. AAPA recommends waving the finance fee for RRIF loans.

September 2019