

Hearing Before the Senate Environment and Public Works Committee

Addressing America's Surface Transportation Infrastructure Needs

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Testimony of
American Association of Port Authorities (AAPA)

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Thank you Chairman Barrasso and Ranking Member Carper for convening this important hearing. The American Association of Port Authorities (AAPA) appreciates the opportunity to submit testimony for this hearing. AAPA will be releasing a comprehensive FAST Act reauthorization platform in the coming months. This testimony focuses on the surface transportation needs of the freight network.

AAPA is the unified voice of the seaport industry in the Americas, representing more than 130 public port authorities in the United States, Canada, the Caribbean and Latin America. This testimony is on behalf of our U.S. members. Seaports deliver vital goods and services to consumers, ship U.S. exports, create jobs and support local and national economic growth. Seaports are vital economic engines whose cargo activity supports over 23 million American jobs and accounts for over a quarter of the U.S. economy. In 2014, U.S. seaports generated nearly \$4.6 trillion in total economic activity.

Freight and specifically ports took a big step forward with the passage of the of the FAST Act. With the creation of two funding programs, Projects of Highway and Freight Significance (discretionary) and National Highway Freight Program (formula), the FAST Act provided a total of \$11 billion in dedicated freight funding over five years.

However, of the \$11 billion, only \$1.13 billion is multimodal eligible, far below what is needed to build out a 21st century multimodal freight network. Currently, only \$200 million of multimodal eligibility remains in the INFRA account. Earlier this year, the American Association of Port Authorities (AAPA) identified more than \$20 billion in multimodal needs for public port authorities alone over the next decade. A top priority for the port industry continues to be multimodal funding.

The challenges confronting the freight programs are funding levels and project eligibility. The current freight programs are funded out of the highway trust fund, which

means that eligible projects are primarily highway focused. Highways are important to our freight network, but ports are multimodal facilitators, meaning rail, trucks and ships all need access to ports. One could argue that as our supply chain becomes more sophisticated and there are more inland distribution centers with the advent of e-commerce, multimodal funding will become even more in demand.

To build off the work in the FAST Act, AAPA believes that all freight program funding should be 100 percent multimodal. A first step in accomplishing this would be to lift the multimodal cap on the INFRA program. AAPA strongly supports Ranking Member Carper's legislation (S.3587) that repeals the multimodal cap on the discretionary grant program created in the FAST Act.

The FAST Act has provided the programmatic framework for a 21st century multimodal freight network. However, to fully leverage the success of the FAST Act freight provisions, the next reauthorization bill will need to address increasing funding needs and identify a multimodal funding source or sources.

To address the funding shortfall, AAPA supports raising the gas tax as well as a waybill fee concept. We encourage the Committee to carefully consider these options. AAPA recommends dedicated funding to the freight programs.

Equally important, from a supply chain perspective, the FAST Act requires that states complete state freight plans to continue receiving their freight formula funding. The results have been telling. To date, 95 percent of the states have submitted multimodal state freight plans to the U.S. Department of Transportation. This is important because it signals that states recognize the value and have the demand for multimodal projects.

AAPA looks forward to working with the EPW Committee and Congress as we move forward on an infrastructure package and the FAST Act reauthorization bill next Congress.