



## MEMORANDUM

**To:** CMAP Freight Committee  
**From:** CMAP Staff  
**Date:** September 2015  
**Re:** Federal Update

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The Chicago region is the nation's freight hub, and as such federal regulations and legislation related to freight have an outsized impact on our economy and quality of life. Several freight-related topics have received significant attention at the federal level in recent months, mainly via the larger transportation reauthorization process. On July 30, 2015, the U.S. Senate passed its six-year reauthorization bill, the [Developing a Reliable and Innovative Vision for the Economy \(DRIVE\) Act](#). Between FY 2016-21, the DRIVE Act would [authorize](#) a total of \$361 billion for the nation's highway, transit, rail, and other surface transportation programs. While it authorizes expenditures for six years, the DRIVE Act only provides three years' worth of guaranteed funding, instead relying on future action to provide the remaining funds.

The DRIVE Act also includes the text of the [Railroad Reform, Enhancement, and Efficiency \(RREE\) Act](#), a \$9 billion, four-year Amtrak reauthorization bill, previously marked up by the Senate Commerce Committee. On the whole, the RREEA would increase funding for intercity passenger rail service. It also includes numerous policy reforms, including a new approach to Amtrak's budgeting system, provisions to encourage private investment in intercity passenger rail, and various safety provisions.

### **Freight Planning and Funding Provisions in the DRIVE Act**

The DRIVE Act largely continues the programs in MAP-21 but builds upon MAP-21's [freight policy](#) in significant ways. The bill takes a multimodal view of freight policy and planning, and for the first time establishes dedicated formula and competitive funding for freight projects. In fact, much of the DRIVE Act's overall increase in funding levels is steered to the new freight program. The following two subsections describe the DRIVE Act's freight provisions in more detail.

### ***Freight Planning***

The DRIVE Act would require U.S. DOT to establish and regularly update a National Multimodal Freight Network, expanding upon the highway-centric National Freight Network in MAP-21, and to develop a multimodal National Freight Strategic Plan. The U.S. DOT would also designate a Primary Freight System for planning purposes, considering several data-driven factors. States may propose additional facilities to be included in the Primary Freight System, and those that choose to do so must consider nominations from MPOs and state freight advisory committees. The DRIVE Act places no cap on the mileage or number of facilities that can be included in the Primary Freight System. Additionally, the DRIVE Act would require states to establish state freight advisory committees and to state develop freight plans. These state freight plans would be required to identify critical urban and rural freight corridors, as well as an investment plan.

In addition to the above planning requirements, the DRIVE Act would establish and require regular updates of a new National Highway Freight Network (NHFN). The intent of the NHFN is to focus investments in the new National Freight Program, described in the next subsection below. The NHFN would consist of four components:

- Primary Highway Freight System – The FHWA Administrator may designate up to 30,000 miles of highways for the PHFS. Additionally, all NHS intermodal connectors would be included in the PHFS. After the designation of this network, states would have the flexibility to increase their PHFS mileage by 10 percent to fill gaps or establish other connections.
- Critical Urban Freight Corridors – For urban areas of more than 500,000 residents, MPOs may designate any public road in this category if it provides intermodal connections, is located in a PHFS corridor, serves major trip generators, and or determined to be important to the movement of freight. States would designate critical urban freight corridors in smaller metropolitan areas.
- Critical Rural Freight Corridors – States may designate any public road in this category if it meets certain performance requirements or provides connections to certain types of facilities.
- Remaining components of the Interstate System

States that contain more than 3 percent of the nation’s Primary Highway Freight System mileage would be required to spend their new freight formula funds on the Primary Highway Freight System, Critical Urban Freight Corridors, and Critical Rural Freight Corridors only. States that contain less than 3 percent of the nation’s Primary Highway Freight System mileage would be allowed to spend their freight formula funds on any component of the National Highway Freight Network.

### ***Freight Funding***

The DRIVE Act would create a new freight formula program, the National Highway Freight Program, along with two new competitive grant programs, the Assistance for Major Projects Program and the Assistance for Freight Projects Program.

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The **National Highway Freight Program** would be initially funded at \$1 billion in FY2016 and then grow over time to a level of \$2.5 billion in FY2021. The apportionment formula would be based on states' current shares of the national transportation program, rather than measures of freight activity. The DRIVE Act would require states to establish state freight advisory committees and adopt state freight plans in order to be eligible to receive these new formula funds. A broad array of highway projects would be eligible under the new National Highway Freight Program, and states may spend up to 10 percent of these funds to freight rail, water, or intermodal projects that promote connections between freight modes.

Similar to the former Projects of National and Regional Significance program, the new **Assistance for Major Project Program** (AMPP) would be competitive and focused on an array of large highway projects, including the credit subsidy necessary for TIFIA assistance, with up to 20 percent of the funds permitted for transit or multimodal freight projects. The minimum size of a project applying for assistance is \$350 million, and the minimum project award from AMPP would be \$50 million. Rural projects would face a lower threshold, and 20 percent of the program would be reserved for rural projects. No state would be permitted to receive more than 20 percent of AMPP funds. AMPP would initially be funded at \$250 million in FY2016, growing over time to \$400 million in FY2021.

The **Assistance for Freight Projects** (AFP) program would be a competitive, multimodal program specifically targeted to freight improvements. The DRIVE Act authorizes \$200 million annually for the AFP, although this funding would not come from the Highway Trust Fund and would therefore be subject to the annual appropriations process. Grants would be between \$10 million and \$100 million, and 25 percent of the AFP would be reserved for rural projects.

### Looking Ahead

The federal transportation reauthorization discussion will continue into the fall. Congress passed the current [three-month extension](#) of MAP-21 on July 31, 2015, authorizing the federal transportation program through October 29, 2015 and [transferring](#) \$8 billion from the General Fund to the Highway Trust Fund to provide funding offsets. CMAP will continue to monitor federal legislative activity and to advocate its adopted reauthorization principles.