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MEMORANDUM

To: CMAP Freight Committee

From: CMAP Staff

Date: November 2015

Re: Federal Update

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. At this point, both the U.S. Senate and U.S. House of Representatives have passed six-year surface transportation reauthorization bills, and the two bills will now move into a conference committee.

At the Freight Committee's September meeting, CMAP staff outlined the provisions of the Senate's Developing a Reliable and Innovative Vision for the Economy (DRIVE) Act. Since that meeting, the House passed its bill, the Surface Transportation Reauthorization and Reform Act (STRRA), which includes significant freight provisions.

Freight Planning and Funding Provisions in STRRA

STRRA would broaden MAP-21's freight policy from a highway-centric focus to a more multimodal system, for example by requiring a multimodal National Freight Strategic Plan and by defining a new National Multimodal Freight Network. STRRA would first tweak the existing National Freight Network, taking its Primary Freight Network and combining it with any remaining Interstate facilities into a new "National Highway Freight Network"; states would be allowed to make small additions to this network to close gaps or make new connections. Both U.S. DOT and state DOTs would play a role in redesignating the National Highway Freight Network every five years. Next, STRRA would direct U.S. DOT to designate a new National Multimodal Freight Network, embracing all freight modes and not constraining the network to a mileage cap. Like the highway network, the National Multimodal Freight Network would be subject to redesignation every five years.

Additionally, STRRA would create a first-ever dedicated source of funding for freight improvements. Its "Nationally Significant Freight and Highway Projects" program would be authorized for a total of $4.46 billion over the life of the bill, averaging about $745 million annually. This competitive program would be targeted to large infrastructure projects (generally projects costing at least $100 million), and a wide range of agencies -- including metropolitan planning organizations and local governments -- would be eligible to apply. Eligible activities would generally be restricted to highway projects, including highway-rail grade crossing improvements. However, a total of $500 million -- a little more than 10 percent of the program's total funding -- may be applied toward rail or intermodal projects that demonstrate a significant improvement to freight movement on the highway network. Finally, STRRA would reserve 20 percent of the Nationally Significant Freight and Highway Projects program for improvements in rural areas.

Comparison of STRRA and DRIVE Act Freight Provisions

The House's STRRA and the Senate's DRIVE Act share many similarities. Both are six-year bills that provide sufficient funding for the first three years only. Although the exact legislative language varies, both bills would require additional action by Congress to provide the necessary funds for the remaining three years. Note that the DRIVE Act contains three years' worth of funding offsets, while no offsets have yet been identified by the House Ways and Means Committee for STRRA; reportedly, the House plans to identify three years of offsets as well. The bills' funding levels are fairly similar, with both providing modest annual increases over current funding levels, although the DRIVE Act would provide larger increases.

Additionally, most of the policy changes for both bills are related to freight policy. Both build out freight provisions, redesignating MAP-21 networks into highway-only and multimodal networks, creating multimodal policy language, and creating new freight funding programs. However, there are differences in how the two bills define their freight funding programs: STRRA would provide less funding for freight and would only provide competitive funds, while the DRIVE Act would provide more funding for freight and include both competitive and formula funds. Additionally, the DRIVE Act provides more opportunities for non-highway projects to receive funding.

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. On October 27, the House passed H.R. 3819, a brief extension of MAP-21 through November 20, 2015, which was passed by the Senate on October 28 and signed by the President on October 29. This latest extension did not require a new infusion of offsets to the Highway Trust Fund, and also included language to extend the end-of-year deadline for positive train control (PTC) implementation. Railroads now have until the end of 2018 to implement PTC, with opportunities for case-by-case extensions of up to two years beyond that.

CMAP will continue to monitor federal legislative activity and to advocate its adopted reauthorization principles.