



American Association of
State Highway and
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Intercity Passenger Rail: Principles and Objectives (September 20, 2004)

A robust national rail transportation network that moves both passengers and freight effectively and efficiently across international borders, across state lines, and within regional and state boundaries is essential to this nation's continued economic growth and vitality, is important to America's competitiveness in world markets, and contributes to the achievement of important public benefits.

The American Association of State Highway and Transportation Officials has offered a compelling assessment of the importance of rail transportation in the 21st century in two reports issued in 2003—**Intercity Passenger Rail Transportation** and the **Freight Rail Bottom Line Report**.

These reports and the analyses of others support the proposition that rail must be part of the balanced mix of transportation alternatives available to our nation's freight shippers and travelers. An intercity passenger rail network that provides the nation's travelers with safe, convenient, reliable, and efficient transportation is an essential component of that larger rail network

AASHTO has estimated the investment needs for intercity passenger rail corridors to be approximately \$60 billion over the next 20 years--\$17 billion of this in the first six years. The investment estimates are well-justified by ridership experience and projections.

For example, at its inception in 1993, the Northwest Corridor from Eugene, Oregon, to Vancouver, British Columbia carried 92 thousand riders. By 2001 this had risen to 564 thousand and planned investment is expected to bring this to 1.5 million in the near-term and 3.4 million in the longer term. Similar pictures can be drawn for corridors in all regions of the country. Investment in the Chicago-Milwaukee-Minneapolis corridor, part of the Midwest Regional Rail Initiative, will support ridership of 3.2 million in the future compared to 321 thousand in 1996. For the Northeast Corridor, the most mature of the intercity passenger rail corridors, planned investments will maintain and expand the current annual ridership of over 13 million. Planned investment in California's three state-supported corridors will support ridership of 11.6 million in the future, compared with 4.1 million in 2003 and 2.6 million in 1996.

This expansion in rail transportation will reduce the need for investment in highways, relieve congestion, offer travel alternatives and essential mobility for many, enhance redundancy in the transportation system, and provide a more fuel efficient and cleaner transportation alternative. Yet stabilization of the intercity passenger rail network remains elusive. A clear vision and course of action to create the intercity passenger rail network of the 21st century remain largely uncharted.

Despite important changes under new leadership at Amtrak, uncertainty continues to surround Amtrak's future. Critical rail infrastructure repairs and improvements remain unaddressed, adversely affecting service

consistency and reliability. Heavy rail line congestion regularly causes travel delays and missed appointments. In the meantime, record deficits at the federal level and budget emergencies in most states have made funding decisions more problematic. Besides the economic and business costs associated with delays and service failures, today's 23 million rail passengers a year deserve better.

AASHTO has called for the enactment of long-term legislation assuring that the nation's travelers will have efficient and dependable intercity passenger rail service, including a two-year stabilization period while longer term solutions were devised (**Stability for Intercity Passenger Rail**). The dialogue has been advanced by legislative proposals offered by the Administration and by several members of Congress. But, as yet, consensus on a cohesive, meaningful and responsible course of action has not been achieved.

Additional proposals are expected. They will be weighed by a diverse set of stakeholders. New alliances will be formed, including those between the States and freight railroads, who share a common interest in preserving mobility, access and economic opportunity for their respective customers. A sound transition plan will be needed.

There is a widespread conviction that States must play a leadership role in ensuring that any intercity passenger rail solution that is ultimately adopted will meet the mobility needs of 21st century passengers and freight shippers, and contribute positively to the economic growth and vitality of this nation. Therefore, the States wish to reaffirm the principles set forth in the AASHTO **Intercity Passenger Rail report** and the **AASHTO 2004 Action Agenda**.

At the same time, this statement of criteria will refresh and update these principles for evaluating legislative alternatives that have been and will be proposed. These criteria will be used to guide the States' development of sound, responsible legislative solutions in partnership with other stakeholders for the purpose of significantly improving and sustaining intercity passenger rail transportation for our nation's travelers.

Intercity passenger rail reform legislation should:

- 1. Ensure the level of federal responsibility necessary for sustainable financing and system integrity, quality and accountability.**

In providing for a network of rail transportation service for the mobility of passengers and freight nationwide, the federal government has the responsibility for maintaining the continuity of that interconnected network in the national public interest. Federal investment in rail infrastructure must reflect a significant commitment to a national network of rail transportation. The Legislation should confirm that it is the role and responsibility of the federal government to ensure a national system of passenger and freight rail transportation that supports the economy. The legislation should also endorse active federal involvement, including substantial multi-year investment, in the improvement of intercity passenger rail.

- 2. Establish a sound foundation for passenger rail service partnerships between the States and the Federal government.**

States are willing and committed partners, but they cannot carry the burden alone. States will continue to support existing rail service, as well as take the lead in planning, prioritizing and developing new, expanded and enhanced regional passenger rail corridor services. However, there must be a federal-state funding

partnership similar to existing highway, transit and aviation programs. A collaborative, rather than consultative, relationship is envisioned.

3. Provide a stable and fiscally responsible system for funding rail passenger operating costs.

States should not be expected to pick up the full responsibility for intercity rail passenger operations. Nor is it reasonable to expect States to split operating costs among themselves through interstate compacts for national service. If funding is scarce or the mechanisms too onerous, successful partnerships will be too difficult. The parties' expected levels of investment must take into consideration their respective benefits. Multi-state, regional networks have successfully shared operating costs under certain conditions. However, federal funds will still be needed to cover the costs of long distance intercity routes. A federal operating cost contribution will also be needed for state-supported corridor routes until needed infrastructure and equipment improvements are fully implemented. Stability in funding must be accompanied by incentives for maintaining efficient operations to keep costs as low as possible and for ensuring fiscal discipline.

4. Create a dedicated, sustainable source of funding for intercity rail passenger infrastructure improvements, to maintain, in partnership with the freight railroads and other stakeholders, a world class rail transportation network fueling economic growth and development.

The value of a sound rail infrastructure to this nation requires that the system be put into a "state of good repair," and advanced to a world-class system. Federal financing for rail infrastructure and equipment capital costs should be patterned after the stable and successful financing systems for the other transportation modes, which, in the case of the highway program, provide for 80/20 federal/state matching shares for state-sponsored projects. Past state investments should be credited in future state-federal partnership investments. The States will partner with the freight railroads to seek out win-win solutions that will increase capacity and efficiency in both passenger and freight rail services to maintain a safe and efficient rail infrastructure that will promote both personal mobility and economic growth and development. The use of tax credit bonds and other creative funding solutions for both capitalization of the program and project finance should get serious consideration. Increased rail investment should increase total transportation investment and no new authorizations for passenger rail investments from the Highway Trust Fund should be enacted.

5. Incorporate sufficient flexibilities to enable the States to set their spending priorities and implementation timing based on their own unique circumstances, consistent with national rail transportation policy.

The federal government should be responsible for a national rail transportation plan and policy that addresses the needs of the country at large. However, each state must assess its own business and public priorities and make decisions that address its state's needs, while maintaining consistency with that national transportation policy. State rail planning will be increasingly important and must be integrated into a larger and longer term picture of transportation and economic development planning. As federal policy requires legislative changes at the state level, differences in state legislative calendars, and other differences in state processes and institutions, must be taken into account to guarantee a smooth transition to any new system. Any future federal action on intercity passenger rail should not delay state programs that have already been initiated.

