

**STATEMENT OF**  
**FRANK TURNER, PRESIDENT**  
**AMERICAN SHORT LINE AND REGIONAL RAILROAD ASSOCIATION**

**BEFORE THE**  
**SUBCOMMITTEE ON SURFACE TRANSPORTATION AND MERCHANT MARINE**  
**SENATE COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION**

**ON S. 1530**

**THE RAILROAD ADVANCEMENT AND INFRASTRUCTURE LAW OF THE 21<sup>ST</sup>**  
**CENTURY**

**NOVEMBER 1, 2001**

Mr. Chairman and Members of the Committee, my name is Frank Turner and I am President of the American Short Line and Regional Railroad Association. I appreciate the opportunity to appear here today. ASLRRRA represents approximately 500 Class II and III railroads that together operate approximately 50,000 miles of track, or just under one third of America's railroad route mileage.

Mr. Chairman, I want to start by thanking you for introducing this legislation and for making rail transportation a subject of conversation as Congress considers the options for economic stimulus. As Mr. Hamberger has said, our railroad system is a tremendous national asset. Railroads played a critical role in our nation's transportation system before September 11<sup>th</sup> and may become even more important as we address transportation issues in the future.

Because my primary interests are those of the short line and regional railroads I would like to concentrate on the portions of S. 1530 that relate to that portion of the industry. S. 1530 includes legislation previously introduced by Senator Breaux and co-sponsored by a strong bipartisan group of Senators including Senators Brownback, Durbin, Grassley, Schumer, Smith, Specter and Wyden. The legislation provides \$350 million per year for three years to rehabilitate short line infrastructure.

The short line industry is what keeps thousands of small shippers connected to the national railroad main line network. It does so over track that was very marginal in the Class I system because it never generated enough traffic to justify sufficient investment. With a lower cost structure and more flexible service, short line companies that purchased this track have been able to keep the lines going. However, the revenue is still not high enough to make up for past years of neglect. Today, small railroads operate just under one third of the nation's total railroad miles, but these miles generate only 9 percent of the railroad industry's gross revenues.

Today, two factors have combined to bring this situation to a head. First, the advent of the heavier 286,000-pound cars that are becoming the standard of the Class I industry require substantially higher investment in the track. Second, as the Class I industry puts a greater premium on speed and precisely scheduled operations, the short line railroads must meet these higher standards or be cut off from the national system.

Over a year ago, ASLRRRA commissioned an assessment by the highly respected rail analytical firm Zeta-Tech. That study found that our 550 short line and regional railroads need \$6.86 billion to upgrade their physical plant to allow for safe and effective long term operation under the new generation of heavier freight cars. According to that study 22 percent of all short line rail must be replaced and over half of all short line bridges must either be replaced or receive heavy repairs.

The requested funding does not create a long-term program to fix this problem, but instead creates a one-time fix for this problem. In combination with the RRIF loan program, the funding provides the capital needed to bring our infrastructure up to a level that reduces operating costs and helps short lines win back the traffic needed to generate private investment in the future.

Keeping America's rural shippers connected to the national railroad system is important under any circumstances. Today it is even more important. The events of September 11<sup>th</sup> have caused major disruptions in all our transportation systems. As we sit here today, truckers are lined up for miles waiting for additional inspections and the federal government is surveying all of America's railroads to determine the location of critical infrastructure assets such as bridges and tunnels and how and where we move hazardous materials near large population centers. Today, America's entire transportation infrastructure is under duress and we should be concerned that America's entire transportation infrastructure is up to the task. In the short line industry, for instance, 20 percent of all of our customers ship hazardous materials over our lines. That number may well go up, as the nation's short lines become a way for hazardous material shippers to transport their product around heavily populated areas.

Because the likely legislative vehicle for this funding is the economic stimulus package, I want to emphasize two points. First, money spent on railroad capital programs can be spent immediately. Replacing rails and ties and rebuilding equipment is an on-going process for railroads. The engineering and the planning were done long ago. Unlike highways, we control our right-of-way and the timing of our traffic. To double or triple the number of rails and ties we install requires virtually no additional lead-time. Over the last two weeks we have surveyed our entire membership and found that together the short line railroads could spend over \$400 million on infrastructure improvements in the next three months and over \$1.2 billion in the next six months. Over 6,000 workers would be employed for the three-month period and nearly 9,500 workers would be employed for the six-month period. These jobs would be in addition to the railroad's in-house work forces.

Second, a large portion of this investment involves the purchase of rail and the short line members have agreed that they will purchase only US made rail with this money.

The money we are seeking in this legislation supplements the RRIF loan program. We applaud both the increased RRIF loan authority proposed in S. 1530 and the provisions that attempt to improve the program's regulatory regime. Those improvements will make the RRIF program easier to use and will speed up the infrastructure investment this program was intended to facilitate.

Finally, I want to make mention of S. 948, which provides financial assistance for moving rail lines out of city centers. This legislation was introduced by Senator Lott and Senator Kerry in May and the ASLRRA strongly endorses this legislation. Like the other items I have touched on today, this legislation addressed an important issue even before September 11<sup>th</sup>. Railroad traffic mixes poorly with automobile traffic in many city centers, creating congestion problems and raising safety issues. Since September 11<sup>th</sup>, there is increasing emphasis on how we move traffic, particularly hazardous materials away from highly populated areas. Senator Lott's legislation would be an appropriate and important step in addressing that issue, and I would urge the Committee to include that legislation in the final stimulus package.