



Written Statement of David D. King
Deputy Secretary of Transportation for the
North Carolina Department of Transportation

before the

United States Senate
Committee on Commerce, Science and Transportation
Hearing on the Future of Intercity Passenger Rail Service
April 29, 2003

Chair - Deputy Secretary David King - NCDOT • Vice Chair - Rail Manager Ken Uznanski - WSDOT • SECRETARY - RAIL MANAGER RANDALL WADE - WSDOT

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States for Passenger Rail Coalition

Mr. Chairman, my name is David King, I serve as Deputy Secretary for Transit in the North Carolina Department of Transportation and Chairman of the States for Passenger Rail Coalition.

States for Passenger Rail Coalition

The States for Passenger Rail Coalition is a grass roots organization of state departments of transportation. North Carolina is one of 24 states in the coalition. Our growing membership is drawn from around the country and includes states with existing passenger rail service as well as those in the planning and development stage. Large states and small states, we span the continuum of partisanship, varied interests and geography. A map of the Coalition members is attached. We are quite a diverse group and we are a national group. Our strength is that we are a bottoms-up initiative, created and supported by the states because we share a common goal.

Included for the docket for today's hearing is a copy of the States for Passenger Rail Coalition's National Passenger Rail Policy Statement, adopted August 25, 2002 and a copy of a January 27, 2003 letter from the Coalition to the Chairman and Ranking Minority Member that included recommendations for establishing an intercity passenger rail funding program as well as recommendations for Congress to consider in determining the ongoing operating funding needs for Amtrak.

Following the tragic events of September 11, 2001, many citizens had their first travel experience with our national rail passenger system and they were glad it was available. They also have first-hand knowledge that our national rail passenger system is in need of major capital investment in order to assure reliability and to have travel times that are auto and air-competitive. Rail passenger service is now a national security issue as well as a mobility and economic development issue.

One of the lessons learned over the past few years as we have endeavored to improve rail passenger service is the value of taking incremental steps to improve existing infrastructure. Many of our nation's bold new rail passenger initiatives have fallen by the wayside as economic analysis determined that they were not the best investment of public dollars, or when they could not muster the requisite political will to succeed.

By contrast the States for Passenger Rail Coalition can now point to numerous examples of public private partnerships that yield real-world results. Progress is being made through programs of State, local and private investments in:

- California, Washington State and Oregon in partnership with Burlington Northern Santa Fe
- Wisconsin and New York in partnership with the Canadian Pacific
- New York, Florida, Virginia and North Carolina in partnership with CSX Transportation
- Delaware, Ohio and North Carolina in partnership with Norfolk Southern
- Oregon and Illinois in partnership with Union Pacific

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These are all very real projects that add capacity and reliability, and enhance the safety of our national rail network of freight and passenger services. The projects also provide employment and create jobs at a time when public investments are needed to energize our economy.

Not only are the Class I railroads now acting in their own enlightened self interest, increasingly our broader business leadership has joined the public efforts to improve the rail mode. For example, the Southeastern Economic Alliance (SEA) is formed of 15 chambers of commerce advocating for a business-oriented approach to high-speed rail development in order to accommodate our projected growth, and ensure the Southeast performs as a cohesive economic region.

The SEA has completed an independent analysis of the business case for high-speed rail development in the Southeast. Their analysis is consistent with the federal High Speed Ground Transportation for America report and numerous state studies which concluded that public investment is necessary to upgrade existing infrastructure and that reliable, high quality, travel time competitive rail passenger service connecting cities with economic interests will allow operators of such services to make a profit.

The Chicagoland Chamber of Commerce and other chambers in the nine states which have organized the Midwest Business Coalition for High-Speed Rail are leading a similar regional chamber effort.

Grass roots organizations around the Country are beginning to coalesce in support of development of improved intercity passenger rail service. Examples include the Eugene Area Chamber of Commerce in Oregon that has developed their own report on the benefits of increase passenger rail service and its impact to the local business community. The Chamber has used this piece when visiting the Legislature and they have been active in spreading the word on the positive benefits for Eugene. The Cleveland Chamber of Commerce and other Ohio economic development groups are working with the State to analyze, in greater detail, the economic impact of constructing the Ohio & Lake Erie Regional Rail - Cleveland Hub system.

Our business leadership is not motivated because they are merely fans of rail transportation, nor do they simply advocate for more government. Rather, their impetus comes from a hard-nosed business analysis that our current transportation system has a serious weakness, and that weakness hampers our ability to compete in world markets.

States Are Ready To Move Forward, Now

I want to assure the Committee that many states are ready to begin implementing a high frequency, high-speed rail passenger network now.

States are making innovations in highway-railroad crossing safety, passenger equipment design and manufacturing, and in railroad signaling systems. States renovate existing and construct new multi-modal stations and help attract new development to our inner cities.

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States are making investments in commuter, intercity and high-speed rail systems that serve state, multi-state and national interests. States make these investments in concert with local communities and commuter agencies, with Amtrak and the freight railroads, and with adjoining states. However, the federal government should not expect the states alone to build a national high-speed rail system. States need federal leadership and a strong federal funding partner to more fully undertake this task.

Development of a high quality, high-speed intercity passenger rail network can help mitigate congestion. Development of high-speed rail transportation will help stimulate economic growth by creating new jobs and by increasing mobility. Development of a national system of high-speed rail is predicated on having a program of public-private investment that includes the active participation of states *and* the federal government.

Our State Departments of Transportation (DOTs) are experienced and capable of constructing large-scale projects. The DOTs, in partnership with the freight railroads, have the capability to plan and manage a major, new program of rail infrastructure improvements using existing relationships. No new laws would be required to implement this program.

Many of our member states have completed preliminary engineering and environmental work and are ready to begin projects now. Many States have available “shelf plans” for incremental high-speed rail development and are investing significant state and private funds now; but we need a viable federal funding partner to continue and expand such efforts.

The Intercity Passenger Rail Transportation report recently released by the American Association of State Highway and Transportation Officials’ (AASHTO) Standing Committee on Railroad Transportation (SCORT) fully documents state passenger rail development initiatives and activities. The AASHTO SCORT report identifies \$17 billion in state sponsored intercity passenger rail projects needing funding over the next 6 years and \$60 billion in needs over the next 20 years. The report also demonstrates that states are active participants in such projects, with over \$4 billion invested or currently committed to these projects.

Investments in Rail Make Economic Sense

Our needs are not without an economic argument. For example:

The Ohio and Lake Erie Regional Rail - Cleveland Hub Study suggests that the rail system could create a \$1 billion increase in Ohio property values and increase the state's annual income by \$256 million.

An economic and fiscal impact analysis conducted for North Carolina reported that the investment to develop and operate high-speed rail in North Carolina would:

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- Enhance tax revenues in an amount nearly equal to the construction cost outlay, with the majority of these enhanced tax revenues recurring.
- Operating revenues would exceed the total of operating and maintenance expenses thus providing a basis for profitable operation.
- Create 30,000 construction and 19,000 long-term jobs yielding billions in income over the useful life of the project.
- Help leverage and attract significant additional economic growth.

The Public Supports Rail Investment

While we do not recommend a program based on polling, it is instructive to consider the following recent data:

- A Washington Post survey indicated that a substantial percentage of Americans would increase federal funding for improved rail passenger service.
- In a survey of ten major cities more than sixty-five percent of the respondents felt that investment in high-speed rail passenger service was an appropriate use of public monies.
- In a recent poll of rural, suburban and urban households in North Carolina and Virginia, the majority of the respondents believed that high speed rail would help reduce air pollution and reduce traffic congestion, and be more relaxing than travel by either automobile or air. Nearly seventy percent responded that they would use a high-speed rail service.
- A majority of residents of South Carolina indicated a favorable response for development of high-speed intercity passenger rail service.
- Seventy-seven percent of Wisconsin residents surveyed in a statewide poll stated they were likely to use the train if the planned nine-state Midwest Regional Rail high-speed network becomes available to them.
- An Ohio State University poll found that eighty percent of all Ohio adults support the state's efforts to develop passenger rail service, and twice as many Ohioans favored developing high-speed rail services than expanding highways and airports.
- A public opinion poll in New York State revealed that eighty-two percent of registered voters believe that having an improved and modernized intercity passenger train service throughout New York State is just as or more important than having good highways and airports. The same poll showed that seventy-seven percent of registered voters would support or strongly support investment of State funds to improve intercity passenger train service for trips of 75 miles or more.

The States for Passenger Rail Coalition Proposal

Support for Rail Transportation Security

The States for Passenger Rail Coalition support the rail transportation security provisions of the National Defense Rail Act, Senate 104. Already states are working with the

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Transportation Security Administration, the Federal Railroad Administration, Amtrak, the freight railroads and armed forces as well as state emergency response teams to identify threats, develop training and coordinated responses to protect our national security. The States urge the Congress to expeditiously adopt legislation to help address the security needs of the rail industry.

Support Modest New Capital Investment

In light of the substantial and long term intercity passenger rail funding needs highlighted by AASHTO and others, the States for Passenger Rail Coalition proposes that initial capital funding should be provided immediately to “ready to go” state sponsored projects that will demonstrate nationally the benefits of enhanced intercity passenger rail service.

To accomplish this, the States for Passenger Rail Coalition asks that the Congress amend the Swift Rail Development Act of 1994 (49 USC 26101 *et seq.*) and extend its authorization to include a deployment category and authorize capital funding for new infrastructure, equipment and stations.

The States for Passenger Rail Coalition recommends that Congress:

- Authorize \$500,000,000 in tax credit bonds and \$100,000,000 in general funds in fiscal year 2004
- Authorize \$600,000,000 in tax credit bonds and \$200,000,000 in general funds in fiscal year 2005
- Authorize \$700,000,000 in tax credit bonds and \$250,000,000 in general funds in fiscal year 2006

The Secretary USDOT would approve tax credit bonds projects that are economically viable, have completed the requisite environmental and preliminary engineering work, have the support of the host railroad and where non-federal matching funds are available.

This re-authorization of the Swift Act would provide the means for the federal government to partner with the states and the freight railroads to make sorely needed infrastructure investments. These large-scale construction projects require contract authority to enable multi-year programming. This program will help accelerate projects in states with emerging corridors where the planning work has not been completed.

Further, the States for Passenger Rail Coalition recommends that Congress:

- Authorize the USDOT to create a pool of twenty-five, Tier I compliant, non-electric, tilt-equipped trainsets with locomotives. The equipment pool would be acquired and administered in association with the states and it would provide a significant new public-private partnership opportunity. Authorize \$500,000,000 in general funds to acquire and manage the equipment pool. States will be responsible for the on-going operations, maintenance and associated costs.

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- Increase guaranteed funding for grade crossing safety improvements under Section 1103 (c) to \$30,000,000 annually for fiscal years 2004, 2005 and 2006. These funds would be in addition to the “Section 130” grade crossing safety program over which this Committee has jurisdiction.
- Provide federal funding to fully develop mechanisms for the transfer of passenger terminals and associated rail facilities currently owned by Amtrak into shared asset areas serving intercity passenger rail, commuter rail, local transit and other uses. A federal agency such as USDOT or a consortium of federal, state and local agencies could assume ownership. This would relieve Amtrak of the non-Amtrak operating costs associated with these facilities, provide for enhanced revenue-sharing opportunities and provide a financial basis to address capacity and efficiency improvements necessary for a world-class passenger rail system.

Washington Union Station provides a good example where this approach makes sense. USDOT would be authorized \$300,000 in general funds to fully develop mechanisms and future costs to implement this section.

- Direct the USDOT to conduct such studies as may be necessary to develop a method to assess and allocate the relative costs, impacts and public and private benefits, including those accruing to freight railroads, resulting from this program of infrastructure investments.
- Direct the USDOT to conduct such studies as may be necessary to develop a method to assess and allocate the costs of public access to privately owned freight rail facilities, taking into consideration the value of both the public and private investments in and use of the facilities.
- Liability is a major concern of all parties, and an equitable and fair solution is needed. Amend the Amtrak Reform and Accountability Act of 1997 (P.L. 105-134, Chapter 281, Section 28103) to cover all defendants. This action will protect the public while also significantly reducing insurance costs to the operators of commuter and intercity passenger rail services.

The States for Passenger Rail Proposal Brings Together the Interests of Many Diverse Groups

A new federal program, in partnership with the States, of investment in improved passenger rail passenger service is consistent with:

- Secretary Mineta’s principles to create an intercity passenger rail system that is driven by sound economics, fosters competition, and establishes a long-term partnership between states and the Federal government to sustain an economically viable system.
- The National Governor’s Association Rail Transportation Policy (EDC-16) which states that ...“the most critical need is a new, separate, stable, and dedicated federal funding program to fund capital investments—infrastructure and equipment—to maintain and enhance regional passenger rail service....”
- The American Association of State Highway and Transportation Officials (AASHTO) Standing Committee on Railroad Transportation (SCORT) Intercity

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Passenger Rail Transportation report findings that investment in rail is justified, especially in corridors, and that ...“most importantly, what is needed is a strong federal-funding partnership”

- The American Public Transportation Association’s principles for funding rail passenger service which state, in part, ...“a similar commitment [to that made by the federal government in aviation and highways] is necessary in the rail passenger service industry, especially given national security needs, and the growing need to complement air and roadway service....”
- The Association of American Railroads by partnering to make grade crossing safety improvements, advocating for liability reform, and calling for an independent and objective assessment of reasonable and customary fees in exchange for public access.
- The Coalition of Northeastern Governors (CONEG) policy statements on the need for a strong and consistent federal partner in providing policy leadership and sustained funding for intercity passenger rail, and its report entitled The Northeast and Mid-Atlantic States: Investors in Intercity Passenger Rail That Serves the Region and the Nation.
- The U.S. Conference of Mayors, which has identified development of high-speed passenger rail service as a top priority.
- Amtrak President David Gunn’s recent assertion that he planned to present the administration and the Congress with a five-year capital plan that brings the railroad up to a state of good repair and which includes an appendix of state-led capital investments in improved intercity passenger rail.
- The High-Speed Ground Transportation Association’s Principles for High-Speed Train Development to provide federal financial support by ...“preserving the existing network of passenger rail service and developing new services in partnership with state and local government, the private sector and Amtrak as appropriate in each corridor....”

Taken together these legislative proposals form the basis for a new future for intercity passenger rail. We are proposing to achieve this future on an incremental basis, creating the pre-conditions for a competitive marketplace, allowing Amtrak to accelerate its transition to a true operating company, and strengthening the national transportation system.

Thank you for the opportunity to present these proposals.

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Supplemental Information Sheet

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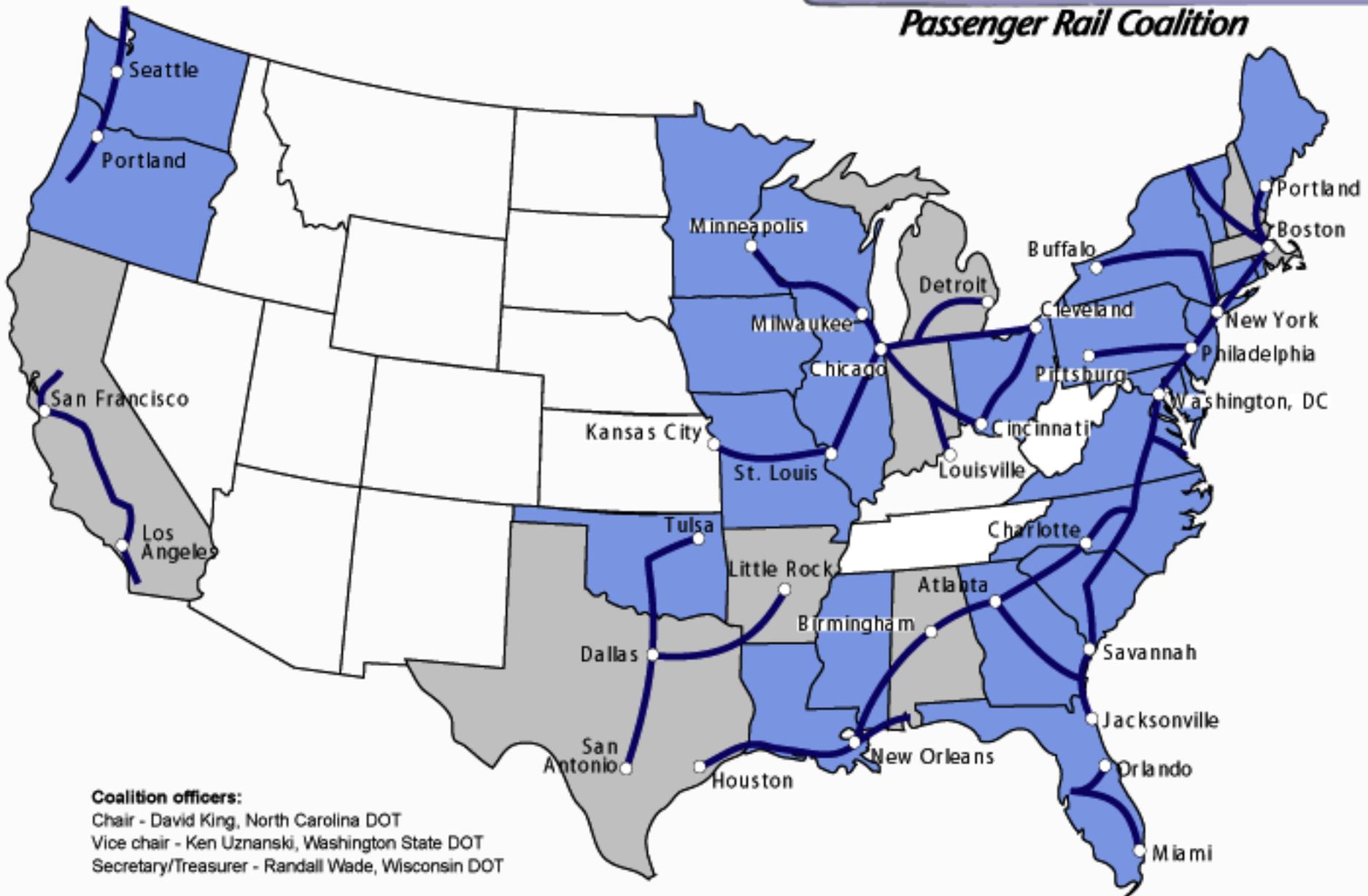
NCDOT-Rail Division web site: www.bytrain.org

Southeast High Speed Rail web site: www.sehsr.org

States for Passenger Rail Coalition web site: www.s4prc.org



Passenger Rail Coalition



Coalition officers:

Chair - David King, North Carolina DOT

Vice chair - Ken Uznanski, Washington State DOT

Secretary/Treasurer - Randall Wade, Wisconsin DOT

Member states (24)

Other high-speed rail corridor states

Federally designated high-speed rail corridors