Transportation Development Association

It's how we get there

So, what's the plan?

Every day elected officials in D.C. talk about the importance of **transportation ...**

*"There's **no reason** why the world's best infrastructure should lie beyond our borders. This is America. We've always had the best infrastructure ... all we need is the political will."*

President Obama, October 2010

*"As the rest of the world continues to finance new ports, highways and sophisticated rail networks to attract new commerce, we are falling far behind, and our underinvestment means that our domestic industries are operating globally at a **competitive disadvantage**."*

U.S. Senator James Inhofe, January 2011

*"We have the **worst infrastructure** of any modern nation on Earth. It's not right. It doesn't serve our businesses or communities well."*

U.S. Rep. Pete DeFazio, January 2011

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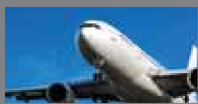
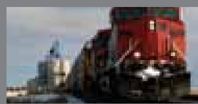

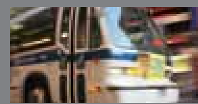
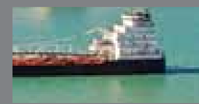

Funding is a major stumbling block to the reauthorization of the federal surface transportation program. Restoring the purchasing power of the gas tax should be part of any responsible reauthorization plan. Here's why:

• We can't keep doing what we're doing.
Transportation leaders and other policymakers agree. General fund revenues cannot continue to be used to cover the shortfall in the Highway Trust Fund. The President's Deficit Commission recommended a 15-cent per gallon gas tax increase and an end to the Highway Trust Fund bailouts.

• Ongoing revenues aren't enough for the future – they can't even cover the current program.
Given current spending and revenue projections, the Congressional Budget Office projects the Highway Trust Fund will run cash flow deficits ranging from $14 billion in FY2012 to $16-18 billion in every fiscal year from 2013 to 2021.

• A lot has changed since 1993 ... but not the gas tax.
The federal government would need to increase the gas tax from 18.4 cents to at least 28 cents per gallon just to recapture the purchasing power lost to inflation since 1993.

• A healthy Highway Trust Fund is the foundation of responsible long-term planning.
Historically, utilizing the gas tax to fund the Highway Trust Fund has provided a reliable stream of income to fund multi-year surface transportation authorizations. Advance knowledge of future funding commitments allows state transportation departments to conduct meaningful long-range planning.

• Financing options do not replace the need for increased funding.
Innovative financing options may help leverage federal funds. However, most financing options rely on a revenue stream of some sort for repayment, and the states are strapped for cash.

• Our infrastructure continues to deteriorate.
The American Society of Civil Engineers assigns a cumulative grade of D to the nation's infrastructure, with roads and transit receiving a D- and D, respectively.

• Streamlining the program only goes so far.
In this no-tax climate, there are many that propose to just fit the surface program to the dollars available – streamline the program – reduce it to its "essential" elements. With outlays exceeding revenues, cuts to the highway program would have to exceed 20 percent and transit 40 percent.

• Business and labor agree.
The U.S. Chamber of Commerce and the AFL-CIO have come together to urge Congress to increase funding for infrastructure projects, possibly through an increase to the gas tax.

• People are actually paying less in gas taxes.
Drivers of the average vehicle pay approximately 8.5 percent less in federal gas taxes than they did in 1993. According to the Bureau of Transportation Statistics, the average fuel efficiency of a U.S. passenger car increased from 20.6 mpg in 1993 to 22.5 mpg in 2007.

• The gas tax is not dead yet.
Cars have become more fuel efficient, but the gas tax is still the most efficient and effective means today of collecting highway user fees. The gas tax will continue to be the major source of funding while we consider future revenue options.

• The cost of an increase to the average family is surprisingly small.
Raising the gas tax by 10 cents would cost the average family only $9 a month. In comparison, the average household spends nearly $800 a month to own and operate vehicles.

After all the commissions and studies, the results are in. Transportation investment is important to our economy, and the United States is not doing enough to maintain its existing infrastructure, much less provide for long-term economic growth. So, **what's the plan?**

Transportation Development Association of Wisconsin

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It's how we get there

Investment (in-'ves(t)-mənt), n. The investing of money or capital for profitable returns.

Transportation Pays Big Dividends

Transportation is more than a way to move goods and people from one place to another. It's the foundation of our entire economy. Wisconsin's competitiveness is directly affected by the strength of each mode of transportation, as well as how efficiently the modes function within the state's transportation network.

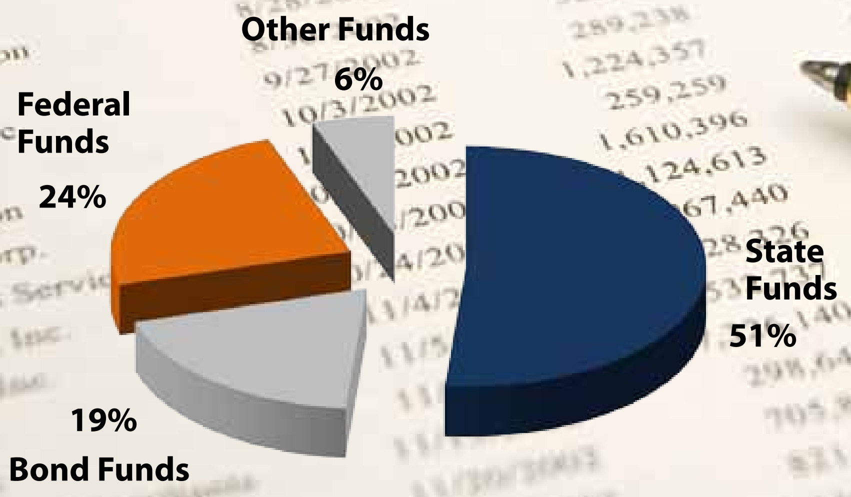
Wisconsin's Transportation Portfolio

- 71 public transit systems provide more than 70 million rides each year
- 12 railroads, including four major (Class I) railroads, carry more than 160 million tons of cargo annually
- 132 public use or general aviation airports accommodate almost 6 million passengers and move approximately 100 million pounds of cargo a year
- 20 commercial ports handle more than $8 billion of cargo annually
- 110,000 miles of interstate, state and local roads facilitate the movement of over 75 percent of commerce in the state

Partners for Progress

Wisconsin's transportation network relies upon significant federal funding.

Federal transportation programs provide approximately one quarter of Wisconsin's transportation revenue impacting ports, transit, highways, rail, aviation and bike and pedestrian infrastructure. Most of the federal revenue Wisconsin receives is generated by the federal gas tax.



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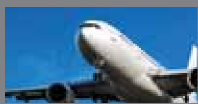
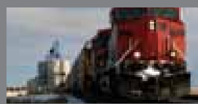

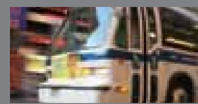
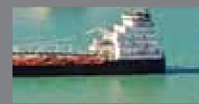

Wisconsin Transportation Needs

Highways: The Road to the Future Committee, a state joint legislative committee, noted significant shortfalls – almost $1 billion a year – in the funding necessary to meet Wisconsin's highway construction needs. The Interstate System in Wisconsin is over 50 years old and needs to be rebuilt. Reconstruction of the seven-county Southeast Wisconsin Freeway System has begun, but billions of dollars of work remains, including reconstruction of the busiest interchange in the state, the Zoo Interchange. In addition, work continues on U.S. Highway 41 and on other major highway projects around the state. Recently, the Transportation Projects Commission recommended the Governor and Legislature go forward with four new projects to address mobility needs and spur economic growth along key corridors in the state. Federal funds are a vital component of any plan to fund these projects.

Local Roads: Local roads provide a critical link between the state trunk highway system and businesses. Recent estimates suggest program funding to maintain and improve local roads is short by approximately $75 million annually. Safety on rural two-lane roads, which claim a disproportionate share of traffic deaths, continues to be a primary concern in Wisconsin.

Transit: As urban areas expand, much of the job growth and development is occurring on the edges of these urban centers. Transit services must continue to expand in order to connect workers to jobs and ensure mobility for an aging population. Many rural communities are underserved. Currently, 24 of Wisconsin's 72 counties have no service. The Road to the Future Committee Report highlighted a $38 million annual shortfall in operational assistance statewide. Wisconsin accounts for roughly two percent of the nation's population but receives less than one percent of federal transit funding. Federal operating assistance awarded to Wisconsin is anticipated to decline when Appleton and Green Bay urbanized areas are shown by the 2010 census to have exceeded the 200,000 population threshold for the first time. Bus Capital funding for Wisconsin has declined sharply in recent years resulting in a significant backlog of unmet capital needs.

Aviation: Over 70 percent of the funding for Wisconsin's airport improvements comes from the federal government. Therefore, a robust federal aviation program is critical if Wisconsin is to address a long list of needed improvements related to enhancing airport safety, capacity, security, and environmental concerns. The Wisconsin Department of Transportation currently estimates the cost of these projects through 2017 to be $202 million. The latest authorization bill, Vision 100 – Century of Aviation Reauthorization Act, provided $60 billion for aviation programs over four years and expired September 30, 2007. Wisconsin received, on average, over $60 million per year under this legislation.

Deepwater Ports: Wisconsin has 20 commercial ports that serve as multimodal distribution centers linking waterborne vessels and their freight with our extensive network of highways and railroads. Each year these facilities handle more than 40 million tons of cargo worth approximately $8 billion. Increased investment is vital in order to maintain and modernize these systems and to ensure affordable and efficient access to U.S. and global markets. The state's Harbor Assistance Program has a backlog of more than $100 million of projects.

Passenger Rail: Amtrak's Hiawatha service connecting Milwaukee and Chicago offers an affordable and reliable option for travelers and continues to offer one of the best on-time ratings in the country. The route had record ridership in 2010 with more than 780,000 riders, an increase of 6.1 percent. Amtrak funding is critical to this service.

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2011 TDA Fly-in

Summary of Positions

General

- Transportation is the backbone of the U.S. economy.
- Investments in strategic programs and projects will allow the nation to better compete in the global economy.
- These programs should be paid for – primarily with user fees.
- Cuts in transportation programs will lead to system inconsistencies and failures that will hinder the economic recovery today and stifle future growth.

Highways & Transit

- Authorize a robust surface transportation program. One that :
  - » Addresses documented needs.
  - » Provides short-term funding increases by reestablishing the purchasing power of the gas tax.
  - » Facilitates a rapid transition to a user fee that is not dependent on the type of fuel powering the vehicle, possibly expanded tolling or a vehicle-miles-traveled fee.
  - » Takes into account the needs of more rural states like Wisconsin.
  - » Maintains trust fund firewalls and multi-year contract authority.
  - » Allows states flexibility to fund their share of transportation investment, including tolling of publicly owned new and existing lanes, congestion pricing and public-private partnerships.
  - » Streamlines the process, significantly reducing the cost to deliver projects.
  - » Provides the kind of certainty necessary for long-term planning and investment.
  - » Recognizes the importance of bike and pedestrian travel.
  - » Maintains or restores federal transit operating assistance for small urban systems serving populations over 200,000 with fewer than 100 vehicles.
- TDA opposes the House rule change that repealed the guarantee of minimum spending levels that was established in Rule XXI by the 1998 TEA21 law and extended by the 2005 SAFETEA-LU law.

Aviation

- Pass a comprehensive, long-term (4-year) Federal Aviation Administration (FAA) authorization. One that:
  - » Increases the Airport Improvement Program (AIP) to at least $4 billion a year.
  - » Provides the kind of certainty necessary for long-term planning and investment.
  - » Maintains the current system of taxes and fees.
  - » Provides general fund support for at least 25 percent of FAA funding, acknowledging that the benefits of the air transportation system extend well beyond the direct users of the system.

Continued on back

Executive Director Craig Thompson

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Aviation (continued)

- Pass a comprehensive, long-term (4-year) FAA authorization. One that:
  - » Raises the Passenger Facility Charge to $7.50 and provides airports more flexibility in the use of these funds.
  - » Changes the apportionment formula for general aviation airports – disconnecting Non-Primary Entitlements from State Apportionment funds. Under current law, the State Apportionment formula provides $5 million annually, which only allows the state to address two significant general aviation projects per year.
  - » Continues the Essential Air Service (EAS) Program which provides funding for rural commercial service in all 50 states, including Eau Claire in Wisconsin.

Ports, Harbors & Waterways

- Provide adequate funds to address the backlog of dredging projects at Wisconsin ports.
- Support the following projects authorized by the Water Resource Development Act of 2007:
  - » <u>Soo Lock Reconstruction</u>: This approximately $350 million project will provide a second 1,000-foot lock to ensure a reliable link between Lake Superior and the lower Great Lakes.
  - » <u>Upper Mississippi River and Illinois Waterway</u>: Congress has authorized $3.72 billion for improved navigation and ecosystem restoration for the Upper Mississippi River System.
- Support national standards for the treatment of ships' ballast water to prevent the introduction and spread of aquatic invasive species.
- Support legislation exempting the movement of certain cargo from the U.S. Harbor Maintenance Tax as a means of encouraging the movement of freight from congested surface transportation systems to marine alternatives.
- Support legislation (H.R. 104 / S. 412) to ensure that funds collected for harbor maintenance are spent for their intended purpose.

Freight Rail

- Support legislation that would provide tax incentives for rail investment. For example, the Freight Rail Infrastructure Capacity Expansion Act of 2009 (H.R. 1806) proposed a 25 percent tax incentive to any company (not just railroads) investing in new track, terminals or other projects that increase the capacity of the freight rail network.
- TDA supports a strong freight rail industry and encourages Congress to carefully consider any legislation that might jeopardize the growth of the industry and the role it plays in the economy.

Passenger Rail

- Oppose any cuts to Amtrak that might jeopardize the future of the successful Hiawatha line.

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2011 TDA Fly-in

Highways & Transit

Background

Wisconsin relies on federal funding for approximately 25 percent of the state's transportation budget. The current multi-year surface transportation authorizing legislation, the Safe, Accountable, Flexible and Efficient Transportation Equity Act – A Legacy for Users (SAFETEA-LU), provided Wisconsin approximately $700 million annually for highways and $65 million for transit. SAFETEA-LU expired on September 30, 2009 and has been extended through September 30, 2011.

President Obama has put forward the broad outline of a $556 billion front-loaded six-year surface transportation plan – including highways, transit, highway safety, passenger rail, and a National Infrastructure Bank. According to the administration, the plan would "modernize the country's surface transportation infrastructure, create jobs, and pave the way for long-term economic growth." However, the president did not recommend a way to raise the more than $230 billion in additional revenue needed to cover the cost.

In contrast, many House Republicans, including House Transportation & Infrastructure Chairman John Mica, are proposing that the program should fit the revenue. There would be no new revenue and no additional general fund transfers to the Highway Trust Fund. At the current level of expected trust fund revenue, it is estimated that new highway and mass transit funding commitments would have to be reduced by more than 20 percent and 40 percent, respectively, from current levels.

TDA Position

- Authorize a robust surface transportation program. One that :
  - Addresses documented needs.
  - Provides short-term funding increases by reestablishing the purchasing power of the gas tax.
  - Facilitates a rapid transition to a user fee that is not dependent on the type of fuel powering the vehicle, possibly expanded tolling or a vehicle-miles-traveled fee.
  - Takes into account the needs of more rural states like Wisconsin.
  - Maintains trust fund firewalls and multi-year contract authority.
  - Allows states flexibility to fund their share of transportation investment, including tolling of publicly owned new and existing lanes, congestion pricing and public-private partnerships.
  - Streamlines the process, significantly reducing the cost to deliver projects.
  - Provides the kind of certainty necessary for long-term planning and investment.
  - Recognizes the importance of bike and pedestrian travel.
  - Maintains or restores federal transit operating assistance for small urban systems serving populations over 200,000 with fewer than 100 vehicles.
- TDA opposes the House rule change that repealed the guarantee of minimum spending levels that was established in Rule XXI by the 1998 TEA21 law and extended by the 2005 SAFETEA-LU law.

TDA

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2011 TDA Fly-in

Aviation

Background

Airports, aviation and related industries in Wisconsin account for $2.1 billion of economic activity, supporting over 41,000 jobs with a payroll of $775 million. The economic impact is even greater if the income produced by existing businesses that depend on air cargo shipments is taken into account. Between 1997 and 2001, 85 percent of all new and expanding manufacturing firms located within 15 miles of Wisconsin's 49 jet-capable airports.

Federal funds make up approximately 70 percent of Wisconsin's aviation capital improvement program and are allocated to both commercial passenger service and general aviation airports, producing hundreds of construction jobs in the state annually. Wisconsin received on average more than $60 million per year under the four-year aviation authorization (Vision-100), which expired September 30, 2007. Funding for the Federal Aviation Administration (FAA) and the Airport Improvement Program (AIP), along with the related taxes, continues under yet another short-term extension.

Congress has recently made some progress on the reauthorization of aviation programs. The Senate passed the Airport and Airway Trust Fund Reauthorization Act of 2011 (S. 223), while the House Transportation and Infrastructure Committee approved the FAA Reauthorization and Reform Act (H.R. 658). The two-year, $35 billion Senate bill is very similar to the bill passed by the Senate in the last session. The House bill, on the other hand, is significantly different than the House version passed in 2009. The four-year, $60 billion bill is approximately $15 billion per year, which is $2 billion a year less than the Senate bill and approximately $1 billion less than the amount spent in FY 2010. Neither bill proposes to lift the maximum $4.50 Passenger Facilities Charge cap, which has been in place for more than a decade.

TDA Position

- Pass a comprehensive, long-term (4-year) FAA authorization. One that:
  - » Increases the Airport Improvement Program (AIP) to at least $4 billion a year.
  - » Provides the kind of certainty necessary for long-term planning and investment.
  - » Maintains the current system of taxes and fees.
  - » Provides general fund support for at least 25 percent of FAA funding, acknowledging that the benefits of the air transportation system extend well beyond the direct users of the system.
  - » Raises the Passenger Facility Charge to $7.50 and provides airports more flexibility in the use of these funds.
  - » Changes the apportionment formula for general aviation airports – disconnecting Non-Primary Entitlements from State Apportionment funds. Under current law, the State Apportionment formula provides $5 million annually, which only allows the state to address two significant general aviation projects per year.
  - » Continues the Essential Air Service (EAS) Program which provides funding for rural commercial service in all 50 states, including Eau Claire in Wisconsin.

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2011 TDA Fly-in

Ports, Harbors & Waterways

Background

Wisconsin's 20 commercial ports offer manufacturers and shippers a major transportation alternative many states cannot provide. Each year, Wisconsin ports handle over 40 million tons of cargo valued at over $8 billion. According to a 2010 economic overview of Wisconsin's commercial ports published by the Wisconsin Department of Transportation, our state's ports support almost ten thousand jobs and annually generate more than $1.6 billion in economic output and nearly $462 million in personal income.

Increased federal investment is vital to maintaining and modernizing the U.S. water transport system. When the Water Resource Development Act of 2007 (WRDA) was enacted, it became the first such authorizing legislation since 2000. The act authorized $23 billion and hundreds of water projects, including seven 1,200-foot locks on the Upper Mississippi and Illinois rivers and Soo Lock reconstruction. Funding still needs to be provided during the annual appropriations process.

TDA Position

- Provide adequate funds to address the backlog of dredging projects at Wisconsin ports.
- Support the following projects authorized by WRDA of 2007:
  - » Soo Lock Reconstruction: This approximately $350 million project will provide a second 1,000-foot lock to ensure a reliable link between Lake Superior and the lower Great Lakes.
  - » Upper Mississippi River and Illinois Waterway: Congress has authorized $3.72 billion for improved navigation and ecosystem restoration for the Upper Mississippi River System.
- Support national standards for the treatment of ships' ballast water to prevent the introduction and spread of aquatic invasive species.
- Support legislation exempting the movement of certain cargo from the U.S. Harbor Maintenance Tax as a means of encouraging the movement of freight from congested surface transportation systems to marine alternatives.
- Support legislation (H.R. 104 / S. 412) to ensure that funds collected for harbor maintenance are spent for their intended purpose.

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2011 TDA Fly-in

Freight Rail

Background

The nation's freight rail network, with more than 140,000 miles of track, moves more than 2.2 billion pounds of commodities each year. Unlike roads, which are primarily publicly funded, most rail infrastructure is privately operated and maintained.

Wisconsin is served by 12 railroads including four major (Class I) railroads. Each year these railroads haul more than 160 million tons of cargo valued at over $4 billion. Freight volumes in Wisconsin increased 26 percent from 1991 to 2000 and are projected to increase another 51 percent by 2020.

Since the 1980s and the Staggers Act, which significantly reduced government regulation of the industry, freight rail is:

1. More affordable. Average rail rates have dropped by half, resulting in billions of dollars of savings yearly for consumers.
2. Safer. Accident rates and employee injury rates have fallen by 75 percent. Rail's casualty rate is now the lowest in the transportation industry.
3. More productive. Rail's market share increased for the first time in decades. More and more shippers have chosen to ship by rail.
4. Growing. Railroads have invested more than $460 billion in their own systems, to maintain and renew the nation's 140,000 miles of tracks.

Rail service provides a low-cost transportation alternative for the high volume, lower value commodities that are essential to many of Wisconsin's industries. The availability of rail service can be an important factor in retaining and attracting certain businesses.

Rail is an environmentally friendly, fuel-efficient form of ground transportation. Freight rail eases highway congestion as one intermodal train can carry 280 truck trailers – the equivalent of more than 1,000 automobiles on the roads. In addition, rail moves a ton of freight on average 480 miles on just one gallon of fuel and emits fewer pollutants than transportation by truck.

TDA Position

- Support legislation that would provide tax incentives for rail investment. For example, the Freight Rail Infrastructure Capacity Expansion Act of 2009 (H.R. 1806) proposed a 25 percent tax incentive to any company (not just railroads) investing in new track, terminals or other projects that increase the capacity of the freight rail network.
- TDA supports a strong freight rail industry and encourages Congress to carefully consider any legislation that might jeopardize the growth of the industry and the role it plays in the economy.

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Passenger Rail

Background

In Wisconsin, Amtrak's Hiawatha route offers an affordable and reliable option for those traveling the 85 miles between Milwaukee and Chicago. The Hiawatha has strong ridership and continues to earn one of the best on-time ratings among the Amtrak routes.

The route had record ridership in 2010, with more than 780,000 riders, an increase of 6.1 percent. The previous ridership record for the Hiawatha was in 2008, when it served 749,000 riders. In recent years, additional cars were added to alleviate standing-room-only capacity issues. The Hiawatha service is the ninth-most popular corridor for Amtrak.

Wisconsin has supported the service financially since 1989 and currently funds approximately 75 percent of the non-federal subsidy. Illinois funds the remaining 25 percent of the non-federal subsidy.

TDA Position

- Oppose any cuts to Amtrak that might jeopardize the future of the successful Hiawatha line.