

Michael W. Hancock, P.E., President  
Secretary, Kentucky Transportation Cabinet

Bud Wright, Executive Director



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Statement of Chris Smith  
Senior Program Manager for Freight  
American Association of State Highway and Transportation Officials

Quadrennial Energy Review  
Rail, Barge, Truck Transportation  
August 8, 2014  
Chicago, Illinois

Thank you for the opportunity to participate in this timely and critical Quadrennial Energy Review regarding rail, barge and truck transportation in the energy sector. AASHTO collectively represents 52 state departments of transportation.

States own and operate over 8 million miles of public roadways, including the stewardship of over 800,000 miles of Federally-aided highways. Thus, state departments of transportation must strategically plan for and program limited public resources towards the construction, maintenance and preservation of these highways.

Because total freight tonnage in the United States is expected to increase over 30% by 2040, total freight value an increase of over 55%, and over 65% of all commercial goods moving by truck, the highway system is essential to the global and domestic economic competitiveness of American citizens and industries.

This massive growth in commercial goods movement coupled with population growth and its resulting consumer demand for global and domestic energy and goods, presents significant challenges a state department of transportation's ability to increase necessary highway capacity to meet such demands.

Compounding the issue is the declining balances of adequate Federal investment, in particular the annual \$38 billion Highway Trust Fund, funded by the collection of excise taxes and fees imposed on all highway users, including commercial trucks. The Federal per gallon tax rate has remained stagnant since 1993, despite declining vehicle miles traveled, consumer preference for more fuel efficient vehicles, and increasing highway construction costs. These variables all contribute to a revenue stream unable to keep pace with the spending needed to simply keep existing highways operating at acceptable levels of service.

As state departments of transportation grapple with these mounting challenges, including the various impacts to highway infrastructure created by the recent boom in domestic energy exploration and production, more and more are looking at ways to

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evolve their respective departments' fiscal, planning, programmatic and operational methods.

Because of the unpredictability of Federal transportation investments, several states have begun to reform their own tax codes to generate revenues for much needed infrastructure projects. Virginia, for example, lowered its state gasoline tax in exchange for an increase in sales taxes dedicated to infrastructure. Pennsylvania raised gasoline taxes and user fees, tying future increases to inflation, while Maryland, Wyoming and several other states approved gasoline tax increases.

In the transportation planning arena, Congressional enactment of MAP-21 in 2012 included significant freight provisions in Federal law designed to encourage states to examine and plan for the movement of commercial goods as an interconnected system that utilizes all modes of freight transportation. The law also encourages states to engage private-sector freight users to advise this process.

Many states already have significant expertise in this arena, with some 26 having already completed multi-modal statewide freight plans prior to 2012. AASHTO notes that this prior body of work will be crucial to the USDOT's task of creating a national strategic freight plan and the freight conditions and performance report authorized in MAP-21.

Also included in MAP-21 is the requirement for the USDOT to identify a National Freight Network, consisting of several highway elements including: a primary freight network, parts of the Interstate system, and state-identified critical rural freight corridors. MAP-21 compels both the USDOT and states to include highway routes used for energy production and transportation in the National Freight Network, though no new or additional Federal funding has been appropriated for projects on this network.

Recognizing that freight moves irrespective of state boundaries, states have also engaged one another in multi-state regional and corridor-based forums. AASHTO believes that such collaboration is crucial to understanding and planning for the national movement of freight.

Many states have programmatically evolved to address freight mobility concerns. Over 30 state departments of transportation employ either a freight office, or a specific freight professional lead, tasked with the planning and programmatic functions of freight project delivery. Several states also direct public resources to all modes of freight transportation, investing in railroads and ports to enhance mobility and thus statewide economic development.

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Operationally, states look to these strategic planning and investment strategies to relieve the fiscal and capacity burdens of an already over-burdened highway system.

More and more are looking to invest in the coastal and inland waterway systems, especially as they may be utilized to move large volumes of energy commodities like coal. The recent Congressional reauthorization of the Water Resources Development Act (WRRDA) includes new opportunities for state and local government to direct public investments to improving the Army Corps of Engineers infrastructure that enables a competitive waterway system. Additionally, many states invest significant resources in loan and grant opportunities to the short line railroads doing business in their state.

States continue to monitor the rapid growth and development of global and domestic energy supply chains, especially as they impact highway infrastructure operations and safety. AASHTO is engaged in several efforts to support states in this regard, including working with the USDOT's National Response Program to aid in securing oversize and overweight truck permits for utility vehicles serving national disaster areas, as well as enabling more efficient movement of energy commodities during extreme weather events such as the propane shortage during Winter 2014.

AASHTO thanks the Secretary of Energy and the Department of Energy for the invitation to participate and submit comments to its Quadrennial Energy Review. Please do not hesitate to contact us if you have additional questions.

Sincerely,

A handwritten signature in black ink that reads "Christopher A. Smith".

Chris Smith  
Senior Program Manager for Freight