

Critical Commerce Corridors:

A New Vision & Mission for the Federal Surface Transportation Program

Svision N







Ready to Meet Future Needs?

The federal government finances almost half of all U.S. capital investments in highway and bridge construction and is a major financier of mass transit and airport projects... BUT

... By any performance metric, the current federal investment in transportation infrastructure is **woefully under funded** to meet current <u>OR</u> future **national** safety, mobility, security and environmental needs... or even maintain current conditions.





The Competitive Challenge

CHINA

- "National Transportation Highway System": \$150B investment
 - 1989: 168 miles of expressway2001: 10,000 miles of expressway2005: 25,480 miles of expressway
- 12/04 announcement: "7918 Highway Network" expansion to NTHS
 - Goal: 52,000 expressway miles by 2020, connect all cities with population over 200,000
- China highway investment in 2001: 2.5% of GDP (0.3% average through 1980s)
- US highway investment: 0.65% of GDP





The Competitive Challenge

<u>INDIA</u>

- National Highway Development Project: \$50B investment
 - Improve 40,000 miles of expressway
 - 1999: Enacted national gas & diesel tax; created Central Road Fund trust fund

EUROPEAN UNION

- **"30 Priority Axes":** 2005 European Commission identified 30 critical transnational multi-modal transportation improvement projects
 - \$300B investment from EU and member states
 - More than 1/3 of projects ALREADY UNDERWAY
- **TEN-T Plan**: By 2020 expanding existing road network by 2,976 miles, rail by 7,750 miles + substantial additional highway, rail and inland waterway improvements





The Competitive Challenge

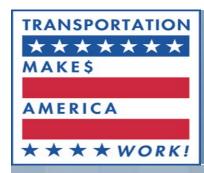
Our future economy and quality of life depends on a safe and efficient U.S. surface transportation network.

Where is the <u>U.S.</u> Plan?



A New Vision

A Two-pronged Agenda for 2009 SAFETEA-LU Reauthorization...



A New Vision

First... Boost Existing "Core Program" Highway/Transit Investments

A major federal motor fuels excise increase no later than October 2009 to meet **existing** system needs

At minimum, 10 cents per gallon... indexed annually for inflation... to keep pace with construction material price increases and maintain current physical conditions and performance levels... also addressing post-2009 funding shortfall/program cut





Second... Authorize a "Critical Commerce Corridors" (3C) Program

- National Priority Program led by federal government to develop system to ensure secure/efficient movement of freight
- Separate user fee financing mechanism, "fire walled" from core HTF and solely dedicated to 3C
- Complements existing "Core" programs





3C System Development: "Put the Best Minds to the Task"

U.S. DOT to lead **fast-track** process involving **key private and public stakeholders and state partners** to create a **"strategic business plan"** for congressional review and approval that...





- Utilizes a regional planning approach coordinated to create a seamless, multi-modal national system
- Identifies project components of 3C System
- Creates proposed strategic business plan that prioritizes project implementation
- Estimates project costs
- Recommends freight-related user fee mechanisms to finance recommended 3C program





What the 3C Might Include...

- Most—if not all—of the existing Interstate Highway
 System and a portion of the non-Interstate National Highway System
- New Multi-Modal Trade Corridors
- New capacity separated "Truck Only" Lanes allowing increased trucking productivity/vehicle mix safety





3C System Financing

- U.S. DOT, w/relevant stakeholders, recommend Freight-Based User Fee(s) to finance costs identified for 3C System
- Potential Fees might include (but not limited to)— Bill of Lading Tax, Customs Fees, Mileage Tax, Freight Transaction Fee, Segregated Diesel Fuel Fee
- Statutory "Budget Firewalls" to separate 3C and "core program" HTF revenues





Results of the ARTBA Vision:

- Two Equal Priority Federal Programs
- Two Independent Financing Structures
- One <u>Cohesive</u> National Surface Transportation Strategy!

