



Critical Commerce Corridors:

**A New Vision & Mission
for the Federal Surface
Transportation Program**

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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 OR 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 expressway
 - 2001: 10,000 miles of expressway
 - 2005: 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

INDIA

- **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.S. Plan?

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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



A New Vision: The “Critical Commerce Corridors” Program

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



A New Vision: The “Critical Commerce Corridors” Program

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...

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A New Vision: The “Critical Commerce Corridors” Program

- **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



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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



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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



A New Vision: The “Critical Commerce Corridors” Program

Results of the ARTBA Vision:

- Two **Equal Priority Federal Programs**
- Two **Independent** Financing Structures
- One **Cohesive National Surface Transportation Strategy!**