

# **RAILROADS OF NEW YORK, INC. (RONY) – TESTIMONY TO THE LEGISLATIVE FISCAL COMMITTEES**

## **2021-22 TRANSPORTATION BUDGET HEARING JANUARY 26, 2021**

Good afternoon. My name is Scott Wigger and I am the Executive Director for Railroads of New York (RONY), a statewide association that represents the freight rail industry in New York State.

RONY represents four Class I Railroads (CSX, Canadian National, Canadian Pacific and Norfolk Southern) and 36 Short Line and Regional Railroads that directly employ over 3,700 individuals in NYS. RONY's member railroads provide access to the nation's 140,000-mile freight rail network, enabling many of New York's industrial, manufacturing and agricultural businesses to reach markets across the country and throughout the world via all U.S. ports and to realize a substantial competitive advantage over other businesses that lack access to the rail network. In addition to providing considerable economic benefits to the New York-based customers our railroad members service, freight rail is also the most environmentally-friendly way to move goods and products by land, as moving goods by freight rail reduces highway gridlock, lowers greenhouse gas emissions and reduces emissions of particulate matter and nitrogen oxides.

This past year has presented unique challenges to the New York State economy due to the ongoing Covid pandemic. RONY's freight railroad operators have continued to operate and provide essential services during this time, helping to ensure the steady movement of necessary goods such as food and medical supplies to all areas of the state. As we begin to reimagine what a post-Covid world will look like, it is important to remember all of the essential businesses and employees that will continue to be instrumental going forward in these economic recovery efforts. A great opportunity exists to grow the state's economy in a thoughtful manner that will help create jobs, attract new industries and promote a greener economy that RONY and all of its members are ready, willing and able to assist with.

In 2019, New York State enacted the Climate Leadership and Community Protection Act, an ambitious environmental initiative that is designed to drastically reduce statewide greenhouse gas emissions across all sectors of the economy, including the transportation sector. In order to help achieve the statewide emissions reduction goals as outlined in the law, shifting long-haul freight movement from trucks to rail would significantly contribute to reducing emissions in the transportation sector. According to the U.S. Environmental Protection Agency (EPA), the transportation sector accounts for approximately 27% of total U.S. greenhouse gas emissions. In addition, freight railroads accounted for just 0.6% of total U.S. greenhouse gas emissions in 2015 and just 2.3% of transportation-related greenhouse gas emissions.

In the transportation sector, greenhouse gas emissions are directly related to fuel consumption, an area where freight rail transport has significant advantages over trucks. According to the Association of American Railroads (AAR), moving freight by rail instead of truck reduces greenhouse gas emissions by approximately 75%. Railroads, on average, are approximately four times more fuel efficient than trucks and can move one ton of freight more than 470 miles per gallon of fuel – a 101% improvement since 1980 - and a single freight train can replace several hundred trucks on the road. As an illustrative example, if just 10% of the freight that moves by the largest trucks moved by rail instead, fuel savings would be more than 1.5 billion gallons per year and annual greenhouse gas emissions would fall by more than 17 million tons – equivalent to removing 3.2 million cars from the highways for a year or planting 400 million trees.

Promoting the use of freight rail over trucks will help advance many of the state's clean energy and emissions reduction goals. To help further these efforts, it is important that New York State continue to

partner with the freight rail industry to help keep the state's rail network in a safe operating condition. This will help our state's freight rail carriers attract more customers which will in turn reduce the amount of truck traffic on our highways. The freight rail industry invests significant capital back into the rail network to help ensure a safe, efficient and environmentally-friendly mode of freight transportation, with the nation's Class I railroads alone investing nearly \$30 billion annually. These investments will only continue to increase as the Federal Highway Administration has recently forecasted that total U.S. freight shipments will rise from an estimated 18.1 billion tons in 2015 to 25.5 billion tons in 2040, a 41% increase.

Included in the Governor's 2021-22 Executive Budget proposal is \$17.5 million for freight rail infrastructure projects and a separate \$10 million allocation for a mix of freight rail, passenger rail and port-related projects. Many of New York's freight rail companies rely on these funds to maintain the state's rail network in a state-of-good-repair and to remain economically viable in an increasingly competitive freight-based economy. However, this important funding program has remained flat over the past six years. **Going forward, RONY supports building on the recent success of this funding program and requests that NYS continue to enhance the program, bringing it to a \$50 million annual level, the same level it was during the 2005-10 NYSDOT Bond Act period.**

It is also important to note that the last three years' worth of approved allocations for the freight rail infrastructure grant program have not yet been released for solicitation, totaling \$82.5 million. It is important that these funds are released as soon as possible so that our railroad members may commence work on essential rail network projects during the upcoming construction season. These funds are imperative to meet the Governor's goals of building bigger and better and laying the foundation for our state's economic future.

To help illustrate the needs in the state's freight rail network, the 2009 NYS Rail Plan issued by NYSDOT outlined the needed system investments by category totaling approximately \$390 million per year over a five-year period (approximately \$2 billion total), and over \$5 billion over a 20-year period as follows:

<b><u>FREIGHT RAIL NEED CATEGORY</u></b>	<b><u>5-YEAR NEEDS</u></b>	<b><u>20-YEAR NEEDS</u></b>
Maintain Existing Conditions	\$242,000,000	\$911,000,000
Develop State-of-Good Repair	\$597,000,000	\$1,235,000,000
System Enhancement	\$545,000,000	\$1,658,000,000
System Expansion/Economic Development	\$580,000,000	\$1,357,000,000
<b><u>TOTAL</u></b>	<b><u>\$1,964,000,000</u></b>	<b><u>\$5,161,000,000</u></b>

In addition, language is also included in the Governor's budget proposal that is designed to deter vehicles from striking roadway bridges, including railroad bridges, particularly with respect to commercial vehicles (Transportation, Economic Development & Environmental Conservation Article VII Bill, Part A). RONY supports this legislation as such incidents pose a significant risk to driver safety and can potentially threaten the structural integrity of these bridges, in addition to the millions of dollars such incidents can potentially cost to repair any damage that is caused.

RONY and its members look forward to continuing this dialogue with our partners in the Legislature and in the Cuomo Administration to enhance our state's freight rail network so that the many environmental and economic benefits our state's freight rail operators provide can be realized by customers all across the state as we move towards a cleaner, greener, post-Covid future. Thank you.