

**Statement of Mr. Chuck Baker
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United States House Committee on Transportation & Infrastructure

Hearing on “Industry and Labor Perspectives: A Further Look at North American Supply Chain Challenges”

November 17, 2021

Introduction

As president of the American Short Line and Regional Railroad Association (ASLRRA), the trade association representing the nation’s 600 Class II and III railroads, I submit this testimony for inclusion in the record of this committee’s hearing.

We appreciate the committee’s focus on supply chain challenges confronting the country and our North American neighbors. ASLRRA’s short line freight railroad members operate 24/7/365 in this ever-changing and complex, increasingly demanding economic environment. Throughout the pandemic – and just as we did before the pandemic – our members have provided service to customers from coast to coast, ensuring that businesses in small towns and rural communities that might otherwise be cut off from the freight rail network have the access they need to the global supply chain. As challenges to the economy have mounted, our members have acted as critical “shock absorbers” for the freight network, blunting the impact of supply chain headaches through our flexible, friendly, and customized service. We are proud of the service our members provide, especially during these times, and we are eager to share our insight, perspective and suggestions with this panel.

The country’s short line freight rail industry is a vital part of North American’s supply chain

ASLRRA’s members are class II and class III railroads, all of which are classified as small businesses.¹ Our members are critical links in the nation’s freight supply chain and all are vital engines of economic activity. Together, our members are tied to 478,000 jobs nationwide, \$26.1 billion in labor income and \$56.2 billion in economic value-add – providing a service that 10,000 businesses nationwide rely upon to get goods and products to market.² Our members are also environmental stewards, providing a sustainable, low-carbon logistics option that is more environmentally friendly than competing forms of surface transportation. Freight railroads are an incredibly green way to move goods. Railroads account for only 0.5 percent of total U.S. greenhouse gas emissions, according to EPA data, and just 1.9 percent of transportation-related greenhouse gas emissions. On average, U.S. freight railroads move one ton of freight 480 miles on a single gallon of diesel fuel. Altogether, short line service keeps 31.8 million heavy trucks off highways and public roads, preventing costly wear and tear, relieving congestion, and reducing the number of deadly crashes.

Short line railroads are especially integral in providing first- and last-mile service, functioning frequently as the first and/or often final link between suppliers and customers who require critical goods and freight. Our members provide this connection in many key industries critical to our country’s economic health, including the manufacturing, agricultural, mining and chemical sectors.

¹ According to the Surface Transportation Board, a Class II railroad has annual revenues between \$40,400,000 and \$900,000,000; a Class III railroad has revenues below \$40,400,000.

² The Section 45G Tax Credit and the Economic Contribution of the Short Line Railroad Industry, prepared by PWC for ASLRRA (2018).

Avoid any effort to increase the size and weight of trucks

ASLRRA cautions against any action by USDOT or other policymakers that could lead to an increase in truck size and weights. Bigger and longer trucks will divert more freight to our roadways and lead to greater wear and tear on already worn-out roads, worse roadway congestion, more air pollution and truck GHG emissions, and a litany of dangerous conditions affecting all roadway users. One train can take hundreds of truckloads off our nation's highways. Supply chain disruption should not be an excuse to allow more dangerous and unstable trucks on our roads. Moreover, some types of configurations of bigger trucks – like twin 33s – actually exacerbate supply chain bottlenecks, introducing greater inefficiencies to intermodal freight traffic, as railcars would be able to carry fewer overall trailers – meaning longer wait times for goods and freight carried by rail.

Current efficiency with 28-foot trailers:



Diminished efficiency with twin 33s:



Avoid any regulatory efforts that further exacerbate supply chain problems

ASLRRA cautions USDOT and Congress against any efforts that would make the supply chain problem even worse. USDOT should forego proceeding with efforts like crew size requirements that could force our members to make tough economic choices and sacrifice other activities they are eager to undertake, like hiring more employees for functions where they actually need more staff or neglecting to make investments in upgrades and improvements that allow more efficient movement of goods and freight. Ill-conceived regulatory efforts – especially those that aren't backed up by safety data – are misguided and exacerbate problems instead of creating solutions. USDOT requirements for increased crew size on privately-owned and maintained freight rail would be unfair, unhelpful for both safety and the supply chain, and at complete odds with other USDOT efforts to develop and incentivize driverless trucks (and on publicly-funded infrastructure, no less).

Likewise, ASLRRA cautions USDOT and Congress against any action that blocks, stifles or thwarts the advent or use of technology that promotes safer operational practices and the efficient use of track and rail infrastructure. Preventing railroads from harnessing the power of such critical technology could add bottlenecks to our freight network and impede the movement of important goods and supplies.

Advance important funding opportunities that help short line freight railroads

Short line railroading is one of the most capital-intensive industries in the country. Short lines invest on average 25 percent to 33 percent of their annual revenues in maintaining and rehabilitating their infrastructure. Short lines are also often the custodians of expensive bridges and tunnels that were originally built by much larger railroads years earlier and are now reaching the end of their useful lives. Federal funding opportunities like the Consolidated Rail Infrastructure

and Safety Improvements (CRISI) grant program provide short lines with an opportunity to meet these challenges. As the Infrastructure Investment and Jobs Act (IIJA) is implemented and its critical resources are made available, we encourage the administration to prioritize for funding the many freight rail projects that reduce supply chain bottlenecks. These projects also have enormous environmental benefits and are often the biggest “bang for the buck” available in surface transportation.

Ensuring critical resources are made available through CRISI and other important USDOT grant efforts (like the Rebuilding American Infrastructure with Sustainability and Equity (RAISE), Infrastructure for Rebuilding America (INFRA), and Railroad Crossing Elimination grant programs, among others) will allow our members to make congestion-reducing investments in track upgrades, for example upgrades through CRISI to support industry-standard 286,000-lb railcars, so they can provide more shipping solutions for customers and bring greater efficiency to the network.

Conclusion

We appreciate the committee’s close attention to our statement, and we welcome future opportunities to work together on this matter.