RAILROADS OF NEW YORK

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

2020-21 TRANSPORTATION BUDGET HEARING
JANUARY 28, 2020

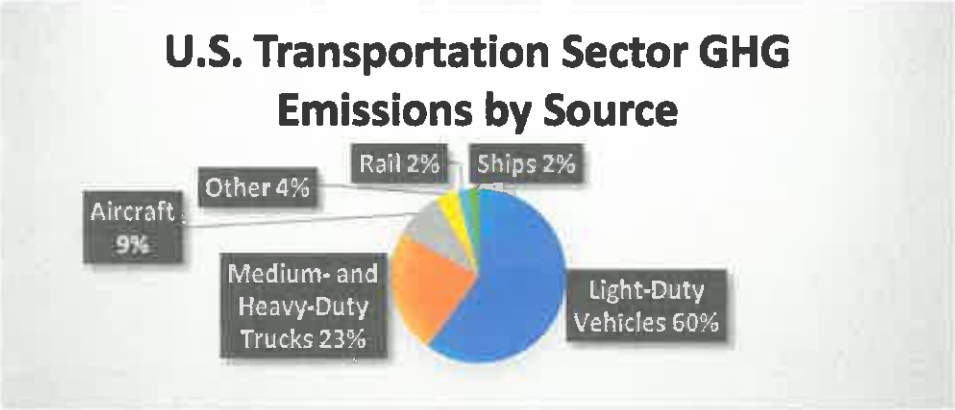
Good afternoon. My name is Scott Wigger and I am the Executive Director for Railroads of New York (RONY), a statewide association that represents the freight rail industry in New York State.

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. In addition, freight rail is also the safest way to move freight by land, including transporting hazardous materials that are required by Federal law to be shipped by rail because of the safety benefits freight rail provides over other land-based modes of transportation.

Last year, New York State enacted the Climate Change 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. As detailed in the law, an initial Scoping Plan will be developed over the next couple of years that will make recommendations on regulatory measures and other state actions that could be taken to help attain the established emissions limits. Specific to transportation, this includes the following:

- Performance-based standards for sources of greenhouse gas emissions
- Land-use and transportation planning measures aimed at reducing emissions from motor vehicles
- Measures designed to promote the beneficial electrification of personal and freight transport

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. EPA stats also show that from 2005 to 2015, greenhouse gas emissions from the freight rail sector decreased by 8.2%, while they increased in the trucking sector by 4% over that same time period. Many of these emissions improvements in the freight rail industry are due to technological advances that help cut fuel consumption, including putting into service more efficient locomotives, improved freight car designs that allow for increased amounts of freight on trains, implementing advanced computer software systems that calculate the most fuel-efficient speed for a train over a given route and monitor locomotive functions to ensure peak efficiency and installing technologies that reduce train idling.



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. In 2018 alone, U.S. freight railroads consumed 710 million fewer gallons of fuel and emitted 7.9 million fewer tons of carbon dioxide that they would have if their fuel efficiency had remained constant since 2000. 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.

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. One growing sector of freight transport that will especially impact New York State is the state's rapidly growing renewable energy sector. As the state looks to greatly expand its renewable energy portfolio, the freight rail system provides one of the best ways to transport components such as wind turbine parts and biofuels.

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.

Included in the Governor's 2020-21 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 five 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.**

In addition, RONY also welcomes the opportunity to work with our state leaders in the Legislature and Cuomo Administration to explore innovative approaches to help incentivize shippers to move goods by rail instead of truck. Together, these programs can provide distinct benefits to the many industrial, commercial and agricultural businesses across the state that rely on, or would like to use, the NYS freight rail network to ship and receive goods in a safe, economical and environmentally-friendly manner.

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:

FREIGHT RAIL NEED CATEGORY	5-YEAR NEEDS	20-YEAR NEEDS
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
TOTAL	**$1,964,000,000**	**$5,161,000,000**

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 future. Thank you.