

Testimony of the OHIO RAILROAD ASSOCIATION

Substitute HB 33

Thursday, April 20, 2023

Chairman Edwards, Vice Chair LaRe, Ranking Member Sweeney, and members of the House Finance Committee, thank you for the opportunity to present testimony on Substitute House Bill 33.

I am Art Arnold, the Executive Director of the Ohio Railroad Association. The ORA represents 28 freight railroads operating in Ohio. Our members include the two largest railroads in the eastern United States, CSX and Norfolk Southern, as well as smaller railroads of varying size. Combined, these railroads provide most of the state's freight rail services on nearly 5,200 miles of interconnected railroad track in Ohio.

Today, I'd like to address two provisions: one that was originally included in HB 33. but the Committee did not retain in the substitute bill; and another that remains in the substitute but at a reduced level of support. The former is a program that would bring as much as \$440 million in federal infrastructure dollars to Ohio communities, and the latter is the decision to reduce the recommended funding for the Ohio Rail Development Commission's economic development programs.

The first subject I want to raise is the decision to drop the Rail Safety Crossing Match (Fund 5ZP0) from the Committee substitute HB 33. This fund will provide a solution to one of the most frequently raised issues I encounter with legislators, and that is the delays their constituents encounter when train operations are occupying grade crossings in their communities. The decision not to include the Rail Safety Crossing Match proposal is a missed opportunity to leverage as much as \$550 million state and federal dollars to directly address safety and congestion issues in our state. We hope it is a decision you will reconsider.

The fund is a one-time state investment that will be directly used to provide the 20% local match for projects that win approval for federal funding via the federal infrastructure bill program. The specific federal program, the Rail Crossing Elimination Program (RCE Program) is focused on improving grade crossing safety, and one element of the program is the funding (up to 80%) of the construction of grade separations. (Grade separations are the bridges that pass over railroad tracks.) These bridges or underpasses will not only eliminate the delay for highway users, including police, fire, and emergency vehicles, when they encounter a passing train at a grade crossing, but they will completely eliminate the possibility of an accident between pedestrians, motorists, and trains. It is the right solution.

The RCE Program provides a federal funding opportunity to enhance rail safety, improve the health and safety of communities, eliminate highway-rail intersections that are frequently blocked by train operations, and reduce the impacts that freight movement and railroad operations may have on communities.

This federal program limits states to roughly \$110 million per year over the five-year life of this program. This program began accepting applications last fall, and there are only four years of opportunity remaining. The decision to strike the proposal from HB 33 means Ohio will forgo as much as \$440

million in potential federal support over the next four years. Those funds will go to other states to build these bridges. Communities struggle to find the funds for their 20% match for these relatively expensive infrastructure projects. The creation of the state fund, which mirrors similar programs in other states, means that Ohio communities who want a grade separation can seriously consider successfully applying for a construction grant.

The second issue is the GRF funding for the Ohio Rail Development Commission (ORDC). These funds are used for two general types of projects: rail infrastructure creation or improvements for businesses that want to use rail for freight shipping needs or for short line railroads that have limited resources to invest in their track structure. The ORDC grant programs make these projects better, and they do so based on the public benefits. Both project types are economic development engines.

The ORDC presented their matrix for such decisions in their presentation to the Transportation subcommittee, and there are many examples of both types of projects included in my attachment. Over the past four years, the ORDC has participated in 66 projects around the state. These projects affected more than 11,000 jobs and leveraged more than \$141,000,000 in private investment (including railroads). I think it is important to emphasize that the projects involving short line railroads are often a 50/50 cost share, and the attachment offers examples of these kinds of projects. The cut of \$4 million a year from a \$10 million a year program is significant. The ORDC had to reject almost \$7 million of requests for support in the current fiscal year.

The inflationary factors that affect all construction, as we heard about during the transportation budget debate, have affected the impact of the funds of the ORDC. Further, similarly to the previously mentioned grade crossing program, through the federal infrastructure bill there are federal programs that are available for freight rail projects, requiring local matches. These programs aren't likely to be renewed and these one-time program funds will go elsewhere if Ohio does not have the necessary funds to secure them. These dollars are specific to in-the-ground improvements to rail infrastructure, improvements that mean safer rail operations on the short lines around the state. In short, it means improved railroad track structure and safety, better service for rail customers, and a stronger Ohio economy.

In closing, I will re-emphasize the fleeting nature of this significant and immediate opportunity to participate in these federal programs that will improve public safety, rail safety, rail transportation, and the Ohio economy in general. On behalf of Ohio's freight rail industry, rail customers, and the communities where these businesses operate, I urge you to reconsider your decisions and restore these two items in full to the House substitute.

Thank you.