

A BILL

To amend (Reference Titles), United States Code, to streamline and enhance funding of domestic railroad infrastructure in the United States to expand capacity, promote efficient movement of freight, reduce congestion, connect various modal systems, and stimulate job growth and sustainable capital investment.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) Short Title- This Act may be cited as the "Enhanced Multimodal Corridors by Implementing the Steel Interstate Act", or the "Steel Interstate Act".

(b) Table of Contents- The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.

Sec. 2. Findings.

TITLE I--NATIONAL AND STATE MULTIMODAL POLICY AND PLANNING

Sec. 101. National Steel Interstate Rail System.

Sec. 102. State freight plans.

TITLE II--NATIONAL STEEL INTERSTATE INFRASTRUCTURE DEVELOPMENT AND INVESTMENT

Sec. 201. Development and financing of the Steel Interstate System.

Sec. 202. Development and financing of Prototype Steel Interstate Demonstrations.

SEC. 2. FINDINGS.

Congress finds the following:

- (1) Nationwide highway congestion continues to plague movement of freight.
- (2) Because there is insufficient revenue from the users to build and maintain highways, the transportation system is not keeping pace with demand, and non-

- transportation budgets are being tapped for the national transportation program.
- (3) Efficient movement of freight is vital to domestic commerce and international competitiveness.
 - (4) Movement of freight over mid- to long-distances by rail is far more energy efficient and less damaging to the environment.
 - (5) Rail falls short of making the contributions to capacity in multimodal corridors because of inadequate infrastructure and connectivity caused by limitations on available capital.
 - (6) A coordinated Federal "Steel Interstate" effort to improve rail, analogous to what the Eisenhower Interstate Highway System did for roads, is in the national interest.
 - (7) It is the responsibility of the Federal Government to support business by helping to ensure multimodal freight networks that will provide reliable, efficient, and safe transportation, allowing cost-effective transport of goods to both domestic and foreign markets. (This responsibility and authority is derived from the Commerce Clause, Article 1, Section 8, Clause 3 of the U.S. Constitution which gives Congress the power "to regulate commerce with foreign nations, and among the several states, and with the Indian tribes.")
 - (8) Strategic investments by the government to encourage higher levels of private investment to expand capacity and increase speeds and efficiency can circumvent the projected loss in United States productivity and decline in global competitiveness.
 - (9) It is essential that action be taken now to enhance funding of domestic railroad infrastructure in the United States to expand capacity, promote efficient movement of freight, reduce congestion, connect modal systems, and stimulate job growth and sustainable capital investment.

TITLE I--NATIONAL AND STATE FREIGHT POLICY AND PLANNING

SEC. 101. NATIONAL FREIGHT POLICY.

- (1) National Steel Interstate System Network

- (a) The National Steel Interstate System Network means a network of high capacity, grade-separated, eventually electrified rail lines based on the existing freight rail system in the United States. The system will be a part of the national intermodal freight network consisting of highways, railways, navigable waterways, seaports, and airports.
- (b) The National Steel Interstate Network shall be designated by the Secretary of Transportation in consultation with the transportation industry and stakeholders, especially the railroad, trucking, and logistics industry.
- (c) The Secretary of Transportation, in coordination with the Secretary of the Army and the Commandant of the U.S. Coast Guard, shall establish a comprehensive national freight transportation policy and designate a national, multimodal freight network incorporating the Steel Interstate Network.
- (d) The Secretary of Transportation shall provide for comprehensive planning of initiatives for freight corridors, based on best utilization of all modes of transportation. The role of all modes shall be delineated with maps of the national multimodal freight network.
- (e) As a part of the task of developing the multimodal freight network, the Secretary of Transportation shall publish a list of critical regional multimodal freight corridors based on the volume and length of the corridors for all modes of transportation in the corridors, and all regions of the country shall be represented.
- (f) As a part of understanding available resources, the Secretary of Transportation shall develop an inventory of abandoned rail lines and right-of-way, including in that inventory key data such as geographic mapping, status, and their present ownership.

SEC. 102. STATE FREIGHT PLANS

- (1) State Transportation Plans for freight shall be based on the National Freight Policy in Section 101.
 - (a) State plans shall explicitly set out the approach to multimodal corridors that incorporate the Steel Interstate system.
 - (b) State planning shall encourage the development of and participation in the design and implementation of regional multimodal corridors that connect major areas of

the country and represent competitive lengths of service for transportation companies.

- (c) State planning shall allow for the participation and leadership of regional projects by Regional Transportation Planning agencies of the state.

TITLE II-- NATIONAL STEEL INTERSTATE INFRASTRUCTURE DEVELOPMENT AND INVESTMENT.

SEC. 201. DEVELOPMENT AND FINANCING OF THE STEEL INTERSTATE SYSTEM.

Design, construction, and operation of the Steel Interstate System in multimodal corridors shall be based on minimum guidelines for system design and implementation established by the Secretary of Transportation after consultation with the transportation industry, especially railroad companies, and stakeholders, especially regional and rural transportation planning entities.

- (1) The Secretary of Transportation shall develop the guidelines for the Steel Interstate System using the following minimum criteria:
 - (a) The Steel Interstate System shall accommodate all commonly used forms of freight and passenger rail traffic.
 - (b) The Steel Interstate System shall have design speeds (average system speed, including stops) of 90 mph for passenger traffic, 70 mph for intermodal traffic, and 60 mph for common freight rail. The maximum speed shall nominally be 120 mph.
 - (c) The Steel Interstate System shall have a minimum of two through tracks.
 - (d) The Steel Interstate System shall be controlled with automatic train control systems.
 - (e) The Steel Interstate System shall be grade separated from other modes of transportation by overpasses, underpasses, and tunnels.
 - (f) For Steel Interstate corridors with high traffic density, the option to electrify the motive power shall be the leading option to be considered.(In the preliminary design phase, evaluate costs/benefits of diesel-electric versus all electric.)
 - (g) For connectivity between rail companies in cities where present intermodal connections involve trucking though the city

- between rail companies, the Secretary shall propose alternative connection designs and projects that eliminate these bottlenecks.
- (h) Construction of new rail lines shall be evaluated where new rail lines are a reasonable cost effective alternative for assuring a multimodal approach to the regional prototype multimodal freight corridor.
 - (i) In instances where there are adequate market requirements, regional systems shall have the capability of serving intermediate cities through open modal provisions for freight and passenger traffic for intermediate regional cities.
 - (j) Multimodal corridors shall be integrated by providing connections and highways that complement the Steel Interstate System.
- (2) The Secretary shall implement the Steel Interstate System with the following provisions:
- (a) Take into account existing freight traffic that should be diverted from highway to rail based on analysis of the competitiveness of a high speed, highly dependable rail system.
 - (b) The government may invest in railroads with loans, loan guarantees, stock purchases or other financial vehicles so long as the benefiting private company is allowed to liquidate, repurchase or approves such instruments.
 - (c) The government shall be permitted to invest, or encourage private entities to invest, in railroad capital improvements through leasing agreements with railroads, with provisions for purchase of those improvements in future by the railroad companies.
 - (d) Funds shall be provided by the government for feasibility studies for combined multimodal rail-highway freight corridor initiatives aimed at seeking the best design for future transportation.
 - (e) Funds shall be provided to consortia of regional and rural planning agencies to conduct feasibility and engineering studies of multistate, multimodal freight corridors.
 - (f) Funds shall be provided to regional consortia planning consortia of rural and regional planning agencies for the cost of organizing the consortia and for the development of proposals for multimodal freight corridor improvements.
 - (g) The government may fund capital improvements in rail in exchange for access to rail lines for passenger traffic.
 - (h) In conduct of studies of multimodal rail-highway freight corridors, funds may be provided for study of inclusion of passenger rail, transit lines, and highway bus lines for improved service to all of America.

(3) Financing of the Steel Interstate System shall be a combination of private financing and Government financing under the following guidelines.

(a) The responsibilities for funding the \$1 Trillion Program over the 20-year period of the program shall be as tabulated below for the various components of a multimodal corridor:

Total Cost of the total Multimodal Corridor with Steel Interstate

	\$Billions	Funding Responsibility
Rail Trackage	411	Private Investment
Added Railroad Right of Way	45	Private Investment with some government grants
Buildings and Stations	15	Government Grants with some Private Investment
Grade Crossing Elimination	52	Government Investment
Electrification (Optional)	172	Private and Government Investment
Engineering and Project Management	105	Private Investment and Government Grants or Expense
Corridor Highway and Intermodal Connectors	200	Government Investment
Total	1000	

(b) The division of funding among the responsible entities shall be as follows for the total 20 year period of performance of the program, but the actual expenditure will be based on the revenues defined in Section (5) immediately following.

Anticipated Distribution of funding for the total period.

	Percent	\$Billions
Private Investment	50.0	500
Fed. Gov. Investment	5.0	50
Fed. Gov. Grants	43.5	435
State Government Grants	1.0	10
Local Government Grants	0.5	5
Total	100	1000

(4) The Steel Interstate System with the complementary highway improvements making up multimodal corridors will be financed through a set of initiatives utilizing incentives such as loan guarantees, tax abatement, tax reductions for investment of unrepatriated foreign profits of American corporations, and public-private partnerships, and public funding for some features. Provisions for financing follow:

- (a) For provision of government funding, a tariff of 1.5 percent on all imports except for food products, pharmaceuticals, and medical devices, shall be implemented on January 1, 2015, which would be expected to yield up to \$35 billion per year, all of which would be dedicated to funding the Steel Interstate system, the supporting highway system, and multimodal interconnections.
- (b) For provision of additional private funding to develop the Steel Interstate System, the following shall be effective January 1, 2015:
 - (i) Profits held in overseas accounts by American corporations, businesses, and individuals on which income tax has not been paid, shall be eligible for investment in the Steel Interstate System, and provided that investment is maintained for a minimum of 10 years, no income taxes shall be assessed on the amount of those profits that have been invested in the Steel Interstate or in multimodal components of corridors in which there is a Steel Interstate System designated by the Secretary of Transportation. (This provision is expected to raise as much as \$25 Billion per year.)
 - (ii) Income tax credits equal to 50 percent of the amount invested in the Steel Interstate System shall be issued to investors in the Steel Interstate System or in components of the multimodal transportation corridor of which the Steel Interstate is a part. (This provision is expected to raise as much as \$10 Billion per year.)

SEC. 202. DEVELOPMENT AND FINANCING OF THE STEEL INTERSTATE PROTOTYPE DEMONSTRATIONS.

- (1) Four prototype demonstrations, incorporating all features of the Steel Interstate System in multimodal freight corridors, shall be conducted to develop methods and approaches to design, construction, and operation that can be applied to the overall Steel Interstate system as it is developed.
- (2) The Secretary of Transportation shall implement the demonstration program with this guidance:
 - (a) The Secretary of Transportation shall implement work on the demonstrations of the Steel Interstate prototypes in multimodal freight corridors as early as funding is available from the designated revenue sources.

- (b) The locations of the four prototype demonstrations shall be selected competitively using criteria developed by the Secretary of Transportation, but those criteria shall meet these minimum requirements:
- (i) Each demonstration shall be regional in scope and sufficient in length to demonstrate the total commercial practice in terms of length of hauls and traffic density.
 - (ii) Each demonstration shall be a minimum of 600 miles in length.
 - (iii) Each demonstration shall be conducted in freight corridors with existing parallel interstate (or primary) highways and rail lines, such that there is ability to switch modes of freight transportation and yet still serve substantially the same geographic markets.
 - (iv) The demonstrations selected shall be distributed throughout the country geographically.
 - (v) Each demonstration shall be conducted in a freight corridor that exhibits concentrations of freight traffic, counting all modes, that are among the highest in the country.
 - (vi) Each demonstration shall have provisions for accommodating passenger traffic, and shall have potential for regional passenger transportation and connection to other systems, such as airports and high speed rail.
 - (vii) Planning for the prototype demonstrations must incorporate system integration with all freight transportation modes in the corridor, with optimized use of each mode in the integrated system, and with rail systems based on the Steel Interstate concepts.
 - (viii) Before proceeding with detailed engineering and construction activities, all stakeholders, including the general public shall have opportunity to review plans and comment on them, and the results of those reviews shall be resolved to the maximum reasonable extent.
 - (ix) The prototype demonstration project shall have a plan for publishing designs, engineering analyses, construction experience, and operational experience, along with evaluations and suggestions for improvements based on experience with the prototype system.
- (c) The design, construction, and operation of the prototype demonstrations of the Steel Interstate demonstrations shall be based on all the requirements given in Sec. 201 for the Steel Interstate system in a multimodal corridor.

- (3) The Secretary of Transportation shall implement the four prototype demonstrations with this guidance for financing and management:
 - (a) The Secretary shall provide a formula for the allocation of costs of the demonstration and determination of the basis for proceeding with final design and construction, with provisions to go ahead with construction of such prototype demonstrations of the Steel Interstate to be based on favorable outcomes of design and financial analysis that meet pre-established baseline performance requirements.
 - (b) The Federal government shall provide 80% financing for conduct of feasibility and engineering studies of a prototype demonstration of the Steel Interstate in a multimodal freight corridor, including any improvements required for all modes of transportation, by consortia of regional and rural planning agencies, or by other agencies authorized by Federal Law to receive transportation funds.
 - (c) Direct funding of 100 percent by the Federal Government of above studies to multi-state consortia of regional and rural planning agencies shall be provided in instances where the participation of private entities is not feasible.
 - (d) The Federal Government will underwrite 100 percent of the costs of organizing regional consortia and for development of proposals for any regional multimodal freight corridor containing highways and a Steel Interstate prototype system, based on criteria for the awards to be promulgated by the Secretary of Transportation.
 - (e) Within 60 days of enactment, the Secretary of Transportation shall publish the guidelines and limits and basis for the financial support of the various stages of the prototype Steel Interstate System in a multimodal freight corridor.
 - (f) Within 120 days of enactment, the Secretary of Transportation shall publish the draft guidelines and required content for proposals to undertake a demonstration, and the final of such guidelines and content shall be published within 180 days of enactment of this legislation.
- (4) Financing of the prototype demonstrations of the Steel Interstate in multimodal corridors shall be a combination of private financing and Government financing under the following guidelines.
 - (a) Because of the risk involved in the implementation the first instances of a new design, the Federal Government shall either invest in or provide grants to the demonstration project participants amounting to 80 percent of the cost of each project. The remainder is to be financed by private funds.

- (b) The expected cost of the any one demonstration shall not exceed \$35 Billion, and the amount of Federal funds for any one demonstration shall be limited to 80 percent of that value, or a maximum of \$28 Billion.
- (c) The level of funding for the feasibility study and preliminary engineering of each prototype demonstration of the Steel Interstate in a multimodal corridor shall not exceed \$300 Million, with a split 80 percent Federal funds, 20% private funds.
- (d) Multi-state consortia of regional and rural transportation planning agencies will be eligible for funds for all of the activities required to study, design, and manage a demonstration project.
- (e) The Secretary of Transportation shall provide 100 percent of the funds required to organize regional consortia, and organizations eligible for such funds shall be any governmental agency or organization that deals with transportation, including regional planning organizations.
- (f) The Federal Government may invest in rail infrastructure as necessary for the demonstration project.
- (g) The Secretary of Transportation shall promulgate rules for the government investing in the demonstrations.
- (5) The demonstrations of the Steel Interstate in multimodal corridors shall be financed from the proceeds of the funding provisions for the multimodal corridors incorporating the Steel Interstate system, as established by Section 201 (Paragraph 4) of this act.

-----End of draft-----