

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

2023-24 TRANSPORTATION BUDGET HEARING FEBRUARY 6, 2023

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 2,600 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 2019, New York State enacted the Climate Leadership and Community Protection Act (CLCPA), an ambitious environmental initiative that is designed to drastically reduce statewide greenhouse gas emissions across all sectors of the economy, including 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, representing the largest greenhouse gas emission source by sector. Of this, freight railroads accounted for just 0.5% of total U.S. greenhouse gas emissions in 2017 and just 1.9% of transportation-related greenhouse gas emissions despite carrying approximately 40% of all U.S. freight movements. In order to help achieve the statewide emissions reduction goals as outlined in the CLCPA law, shifting long-haul freight movement from trucks to rail would significantly contribute to reducing emissions in the transportation sector.

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 480 miles per gallon of fuel 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.

Many investments in the freight rail industry are devoted to implementing new technologies that make freight rail transport safer, more fuel efficient and more environmentally-friendly. According to AAR, in 2020, U.S. freight railroads consumed 675 million fewer gallons of fuel and emitted 7.6 million fewer tons of carbon dioxide than they would have if their fuel efficiency had remained constant since 2000. Examples of new environmentally-friendly technologies that have recently been implemented by freight railroads include the following:

- Highly-advanced computer systems that are used to calculate the most fuel-efficient speed for a train on a given route, determine the most efficient spacing and timing of trains on a railroad's system and monitor locomotive performance to ensure peak efficiency;
- New, more efficient locomotives that use sensors to produce data that help railroads prioritize maintenance, minimize the impact of poor locomotive performance and lower emissions;
- Anti-idling technologies that shut down a locomotive when it is not in use and restart it when needed;
- Enhanced operating practices and rail car components that minimize fuel usage by improving aerodynamics and reducing overall weight and the total horsepower required to move the train;
- Zero-emission electric cranes that transfer goods between ships, trucks and trains in ports and rail facilities and recharge their own batteries each time they lower a load; and,
- Improved railcar designs that have helped increase the amount of freight railroads carry, with the average freight train now able to haul 3,817 tons in 2020, up from 2,923 tons in 2000.

Included in the Governor's 2023-24 Executive Budget proposal is approximately \$35.5 million for freight rail infrastructure projects and a separate \$10 million allocation for a mix of freight rail, passenger rail and port-related projects. In addition, also included in the Governor's budget proposal is a \$100M allocation for a local bridge and highway improvement fund that includes highway-railroad crossing projects as eligible.

On behalf of RONY and its members, I wish to express our support for this funding, which many of New York's freight rail companies rely on 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.

As New York continues its post-Covid economic recovery, it is important to keep our state's freight network running at its peak efficiency, which will help essential goods such as food and medical supplies reach consumers as needed and without unnecessary supply chain-related delays. Continued investment in our state's freight rail network will benefit not only consumers receiving goods, but also our state's manufacturers and agricultural producers who rely on the fast, efficient movement of goods to remain economically viable in an increasingly competitive global economy. I wish to thank our partners in the Governor's office, the Legislature and NYSDOT and reiterate RONY's support for the funding for the state's freight rail infrastructure capital program in the Governor's Executive Budget proposal. Thank you.