

**House Bill 114 (As Introduced)
Interested Party Testimony
Jack Shaner, Deputy Director, Ohio Environmental Council
Submitted to the Ohio House Finance Subcommittee on
Transportation
Columbus, Ohio
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Chairman McGregor, Ranking Minority Member Reece, and Members of the Committee-

Thank you for this opportunity to testify as an Interested Party on House Bill 114 (As Introduced), the biennial transportation budget bill.

My name is Jack Shaner, and I am Deputy Director for the Ohio Environmental Council. The OEC is a network of more than 100 local and statewide environmental-conservation organizations and several thousand individual citizens. Our mission is to secure healthy air, land, and water for all who call Ohio home.

Transportation: Major Economic Driver + Major Energy Consumer + Major Emissions Source

By any measure, our state and nation's transportation system is truly remarkable. It conveys each of us to work and school and back home again. It moves raw materials to our factories and foodstuffs to our kitchen table. It puts cops on the street and lifts astronauts into orbit. Virtually every tangible thing that we rely upon for life, itself, is moved by water, rail, highway, or airway. Our transportation network is truly an extraordinary and absolutely fundamental part of our economy, our high standard of living, and our enjoyment of life. Without it, our modern economy would grind to a halt.

The transportation sector also presents a major challenge to our nation's long-term economic security and to the immediate public health of millions of Americans from our high dependence on petroleum and the resulting harmful air emissions from petroleum combustion.

According to US Department of Energy:

- Today, over half of the oil we use is imported (57%), and our dependence will increase as we use up domestic resources.
- Most of the world's oil reserves are concentrated in the Middle East, and about two-thirds are controlled by OPEC members.

- Oil price shocks and price manipulation by OPEC have cost our economy dearly—about \$1.9 trillion from 2004 to 2008—and each major shock was followed by a recession.
- When it comes to transportation, highway transport dominates energy use by the US transportation sector. Highway modes (passenger cars and light trucks, buses, and medium and heavy trucks) account for 80.7% of all energy consumption by the transportation sector; all other modes (water, pipeline, rail, and water) account for 19.3%.

According to the US Department of Energy, the transportation sector is responsible for:

- one-fourth (27.1%) of all energy consumption in the United States; the transportation sector relies almost entirely on one fuel—petroleum—which accounts for 95.8% of all transportation energy consumption
- nearly three-quarters (73.2%) of all air emissions in the United States of carbon monoxide, a highly poisonous gas that reduces oxygen delivery to the body's organs and tissues;
- more than half (57.9%) of all air emissions in the United States of nitrogen oxides, a basic precursor to harmful ground-level ozone and particle pollution, which can cause a variety of health problems from difficulty breathing to asthma and even heart attacks;
- more than a third (37.7%) of all air emissions of volatile organic compounds, VOCs, include a variety of chemicals, some of which may have short- and long-term adverse health effects from eye, nose, and throat irritation to cancer; and
- a third (33.2%) of all carbon dioxide emissions from fossil fuel in the United States.

Public Transit = Energy Efficiency + Reduced Emissions + Reduced Congestion + Increased Mobility + Affordable Transportation + Positive Return on Investment

Sharing rides through public transportation delivers a host of public benefits. It:

- saves fuel
- reduces overall vehicle emissions
- relieves highway congestion
- increases transportation options and mobility
- decreases the need for constructing more transportation infrastructure and extracting more fossil fuels, meaning further energy savings and fewer environmental impacts

Public transit also delivers economic benefits.

According to the Federal Transit Administration, the annual benefits that transit returns to the national economy easily outpace costs (by \$26 billion in 1997). During the 1990s transit returned \$23 billion per year in affordable mobility for households that prefer not to drive, cannot afford a car, or cannot drive due to age or disability;

\$19.4 billion per year in reduced congestion delays for rush-hour passengers and motorists; \$10 billion per year in reduced auto ownership costs for residents of location efficient neighborhoods; up to \$12 billion per year in reduced auto emissions; \$2 billion savings per year in local human service agency budgets; and a 2 percent boost in property tax receipts from commercial real estate.

Petroleum use in private vehicles and growth in vehicle miles traveled are among the main drivers of the growth in energy usage in the United States. Public transportation encourages energy conservation, as the average number of passengers on a transit vehicle (10 for bus, 25 for a rail car) far exceeds that of a private automobile (1.6). Even as a single transit vehicle consumes more energy than a private vehicle, the average amount of energy utilized per passenger is far less.

In fact, a study by ICF International found that in 2004, taking transit saved 947 million gallons of fuel that would have been used if transit passengers had driven cars instead.

Congestion relief through the use of transit also saves fuel as vehicles stuck in gridlock waste fuel and generate emissions. The Texas Transportation Institute's 2007 Mobility Report estimates that if public transportation service was discontinued nationwide and the riders traveled in private vehicles instead, urban areas would have suffered an additional 541 million hours of delay and consumed on the whole 340 million more gallons of fuel in 2005. The value of the delay and fuel that would be consumed if there were no public transportation service would be an additional \$10.2 billion congestion cost, a 13 percent increase over current levels.

Freight Rail = Energy Efficiency + Reduced Air Emissions

According to the USEPA, new federal rules adopted in 2008 will:

- dramatically reduce emissions from diesel locomotives of all types -- line-haul, switch, and passenger rail
- cut Particulate Matter emissions from these engines by as much as 90 percent and NOx emissions by as much as 80 percent when fully implemented

All Class I railroads have joined the EPA's Smart Way Transport Partnership, a voluntary partnership aimed at improving fuel efficiency and reducing greenhouse gas emissions

According to the Federal Railroad Administration:

- Freight railroading efficiently transports more than 40% of the freight revenue ton-miles in the nation.
- Energy savings and reductions of air pollution can be achieved through greater use of railroads for freight transport.

According to the Association of American Railroads:

- A freight train can move one ton of freight 457 miles on a single gallon of fuel.
- The fuel efficiency of freight rail has increased by 94% since 1980.
- Railroads are, on average, nearly four times more fuel-efficient than trucks.
- If 10% of the long-haul freight currently moving on highways were diverted to rail, annual fuel savings would exceed 1 billion gallons.

Ohio Transportation Budget

With our foregoing priorities for fuel economy, air pollution control, public mobility, and economic development, the OEC offers the following brief comments on the proposed Ohio Transportation Budget:

ODOT

The Transportation Budget proposes \$5.55B for the biennium for ODOT—\$2.70B for FY 2012 and 2.85B for FY 2013. According to the LSC analysis, programs related to highway construction and maintenance account for over 90% of the proposed funding. The remaining portion is directed toward planning and research, public transit, rail, aviation, and administrative programs. From our read, the proposed budget does not appear to place much emphasis on inter-modal transportation.

Public Transportation – Total Funding

The Administration has requested \$67M (\$33.5M in each FY) for total public transportation funding. The OEC believes that local transit agencies are in need of much greater assistance. Nonetheless, we appreciate the current Administration's recognition of the need for funding. The OEC respectfully but vigorously urges the Subcommittee to at least maintain the proposed appropriation

Public Transit Assistance

The Transportation Budget designates \$20M for each FY in flexible federal highway dollars to assist local transit agencies. According to the LSC Redbook, \$6M per FY will be distributed to transit systems by formula while the remaining \$14M per year will be competitively awarded to fund replacement of transit vehicles that are beyond their useful lives, capitalized operating expenses (e.g., preventive maintenance, tires, and fuel), and facility rehabilitation and renovation.

Local public transit agencies are in need of much more funding. The budget for the current FY 2011 sets aside \$40M in such federal dollars, with \$25 million allocated to assist transit agencies with operating expenses and \$15 million going toward the purchase of environmentally friendly buses. We strongly support getting back to that level of support. We also hope that ODOT will prioritize the purchase of fuel efficient buses. Nonetheless, we appreciate the current Administration's recognition of the need for funding. The OEC respectfully but vigorously urges the Subcommittee to at least maintain the proposed \$20M per FY appropriation.

Public Transportation Highway Grants (Section 203.70)

This provision permits the Director of Transportation to use revenue from the motor fuel tax to match approved federal grants awarded to DOT, regional transit authorities, or eligible public transportation systems, for public transportation highway purposes, or to support local or state-funded projects for public transportation highway purposes. However, motor fuel tax revenues may not be used for operating assistance or for the purchase of vehicles, equipment, or maintenance facilities. This language also

appeared in the transportation budget for the FY 2010-FY 2011 biennium. The OEC supports the proposal.

Freight Rail Transportation

The Administration has requested \$34.1M for the biennium (\$17.0M in FY 2012 and \$17.1M in FY 2013.). This funding supports the Ohio Rail Development Commission's efforts for safety upgrades at rail-highway crossings; for loans and grants for rehabilitation of rail lines, the construction of rail interchanges or connections, maintenance of rail properties purchased by the state as well as the acquisition of rail transportation or rail property; Panhandle rail line reserve lease payments. The OEC very strongly supports the work of the Rail Development Commission and very enthusiastically urges the Subcommittee to support the Administration's proposed appropriation.

Ohio Public Works Commission – Clean Ohio Fund

We respectfully encourage you to include authorization for the state to issue CLEAN OHIO bonds in the Transportation Budget Bill. We understand that as a capital appropriation that the authorization would be for FY2012 only. Bond sales would support the Clean Ohio Agricultural Easement Purchase Program, Green Space Conservation Program, and the Trails Fund. CLEAN OHIO is a \$400 million state bond initiative approved by Ohio voters in 2000 and overwhelmingly renewed in all 88 counties in 2008 with strong bipartisan support from the executive and legislative leadership. A public-private partnership, the program invests in local communities by preserving green space and farmland, improving outdoor recreation, and cleaning up brownfields.

Park Roads

According to the LSC Redbook, \$5M is earmarked in each FY for work on public access. Also, about \$2.2 million in each fiscal year is slated for park drives or park roads within the boundaries of metropolitan parks. The line item may also be used to perform road reconstruction or maintenance work on behalf of the Ohio Expositions Commission at the state fairgrounds. These earmarks have also been included in recent transportation budget acts. The OEC supports the proposal.

Outdoor Advertising Control by Local Zoning Authorities (R.C. 5516.11)

According to the LSC Redbook, HB 114 (As Introduced) specifically authorizes local zoning authorities to establish rules and regulations controlling the size, lighting, and spacing of outdoor advertising devices in commercial and industrial areas. The bill permits the Director of DOT to certify to the FHWA that the rules are consistent with the intent of the Highway Beautification Act of 1965 rather than equivalent and consistent with it, as under current law. The provision is intended to allow local zoning authorities greater control over outdoor advertising and to reduce compliance costs with the Highway Beautification Act. The OEC is still considering this proposal.

Public Private Partnership Authority (R.C. 5501.70 to 5501.83)

The bill provides DOT the authority to enter into public-private agreements based on solicited and unsolicited proposals from private entities relating to transportation facilities. The OEC is still considering this proposal.

DOT Environmental Reviews (Section 755.10)

The bill permits the Director of DOT to enter into agreements with an agency of the U.S. government for the purposes of dedicating staff to the review of environmentally related documents submitted by DOT that are necessary for the approval of federal permits. The OEC is still considering this proposal.

Planning and Research – Federal (772412)

This line item provides the federal dollars to support planning and research operations, in accordance with federal law. The OEC is still considering this proposal.

Warning: Strengthened Federal MPG Standards + Billions of Dollars in Transfers from the Federal General Fund to Support Federally Funded Highway Projects = Go Slow Order on New Highway Construction

One last observation: Critics of public transportation often point to the public subsidies necessary to support public transit and passenger rail systems while proudly proclaiming that highways are self-sustaining from motor fuel taxes, turnpike tolls, and motor vehicle title and registration fees. Car and truck users pay their own way through these direct “user fees and taxes,” while public transportation systems rely on public subsidies from the general treasury.

These critics have some explaining to do. The Ohio Legislative Service Commission “Redbook” analysis (p. 1) of the Transportation Budget Bill points out a pair of inconvenient truths for those who would have you believe that highways pay their own way.

First, the LSC analysis observes that, “increasingly fuel efficient vehicles on the road” is one of several factors “limiting ODOT's main source of state revenue”—the state motor fuel tax. (This trend will only continue, as the federal government announced last year that it will raise average fuel economy standards on cars and light trucks in the United States to 35.5 miles per gallon. Ohio motorists are projected to consume 419 million fewer gallons of gasoline and save \$1.1 billion in fuel costs, because of the new standard. See summary of Analysis of NOPR proposed standards from Environment America “State Leadership and the National Clean Cars Program” <http://bit.ly/fmvBil>.)

Second, the LSC analysis states that there is un-certainty regarding the level of future federal transportation funding—“the other major component of DOT's budget.” LSC plainly states that, “Sagging revenues and increasing spending from the federal Highway Trust Fund in recent years have required **billions of dollars in transfers from the federal general fund to support federally funded highway projects.**”

ODOT Director Jerry Wray pointed out a third troublesome factor: rapid inflation of basic material expenses, including concrete, steel, and asphalt. Director Wray observed that this rapid inflation that occurred in the previous decade has robbed ODOT of previous purchasing power for road construction materials. He stated in oral testimony before the Subcommittee that it takes \$158 in today's dollars to purchase

the same amount of construction materials that \$100 purchased just a decade ago. (The LSC Redbook for the FY10 – FY 11 Transportation Budget Bill also pointed out this concern.)

We also note that the critics of public transportation have lost their voice and not objected to the receipt of \$352.2M in federal stimulus funds allocated or awarded to Ohio thus far for pavement and bridge preservation projects (\$255.3M) and major/new construction projects (\$97.9M). (See pp. 15-16 of the LSC Redbook.)

NOTE: Pasted below is the excerpt from the current LSC Redbook, as referenced above:

There are several factors affecting ODOT's highway construction and maintenance operations that appear to have shaped the budget recommended by the executive. Namely, state motor fuel tax revenue, one of ODOT's two primary sources of funding, has either declined or grown slowly in recent years with persistently high unemployment and increasingly fuel efficient vehicles on the road limiting ODOT's main source of state revenue. In addition, there is un-certainty regarding the level of future federal transportation funding, which is the other major component of DOT's budget. **Sagging revenues and increasing spending from the federal Highway Trust Fund in recent years have required billions of dollars in transfers from the federal general fund to support federally funded highway projects.** Further, a number of extensions to the most recent federal highway program reauthorization bill have been required to keep the federal highway programs running, as a new reauthorization bill has yet to be enacted by Congress.

Thank you for your considering our perspective.

Sources:

US Department of Energy http://cta.ornl.gov/data/tebd29/Edition29_Chapter12.pdf

US Environmental Protection Agency <http://www.epa.gov/air/airpollutants.html>
<http://www.epa.gov/otaq/locomotives.htm>

Federal Transit Administration <http://bit.ly/hzjtXa>

Federal Railroad Administration <http://www.fra.dot.gov/rpd/freight/25.shtml>

Association of American Railroads <http://bit.ly/aES1Cw>

Ohio Legislative Service Commission <http://bit.ly/fQqmKG>