

RAILCET INTELLIGENCE REPORT

To: RAILCET
From: Ray Chambers
Date: June 23, 2025

Subject: Senate Commerce Hearing “On the Right Track: Modernizing America’s Rail Network.”

Witnesses:

- **Mr. Ian Jefferies**, President and Chief Executive Officer, Association of American Railroads
- **Mr. Peter Gilbertson**, President and Chief Executive Officer, Anacostia Rail Holdings Company; on behalf of the American Short Line and Regional Railroad Association
- **Mr. Husein Cumber**, Senior Advisor, Brightline Holdings
- **Mr. Clarence Anthony**, Chief Executive Officer and Executive Director, National League of Cities.

MAJOR TAKEAWAYS

Critical Hearing: On June 18, Senate Commerce held a hearing on the current and future needs of American freight and passenger rail. The hearing was favorable for rail construction and operations contractors. Three witnesses and the Committee Chairman supported the introduction of competition into the intercity passenger network.

Rail Title Victory. Since 1956, Congress has enacted transportation authorizations that included the Highway Trust Fund. Rail was not a part. Including a Rail Title in the Transportation Authorization was a primary goal of the operations contractors for decades. The FAST Act in 2015 included a Rail Title for the first time. For the past two years, AIPRO/RAILCET has advocated inclusion of a Rail Title in the upcoming transportation reauthorization. As of now, the House T&I Committee and Senate Commerce Committee have begun hearings on the rail section of the transportation reauthorization. It appears we have won on that issue.

A consensus is emerging on future funding and competition for the intercity passenger network. In previous years, House and Senate rail hearings focused on Amtrak's intercity passenger funding, ensuring its near monopoly on the network. This week, Senators expressed staunch support for competition in intercity corridors and favored continuing significant rail

grants for which states supporting passenger rail, Amtrak, and alternative operators would be eligible. This will foster a competitive environment.

SENATE TRANSPORTATION LEADER POSITIONS

Opening Statement of Subcommittee Chair Todd Young (R-Ind)

- **Economic Impact:** Emphasized the importance of railroads in supporting jobs and connecting communities nationwide.
- **Enhance rail service via the Corridor Identification and Development Program (CID)** by continuing current grant programs. The Commerce Chair's support for CID grants could unlock billions for future projects for RAILCET contractors.
- **Competitiveness:** Stressed the need for innovation and regulatory reform to keep the U.S. rail network competitive in the 21st century.
- **Rural Inclusion:** Highlighted the necessity of ensuring rural America benefits from rail modernization.
- **Safety and Reliability:** Focused on creating a safe, efficient, and reliable rail network for both freight and passenger movement.
- He supported bipartisan solutions, competition, and continuation of rail grant programs.

Opinions expressed by full Commerce Chair Senator Cruz. He expressed support for passenger rail, and especially private operations like Brightline. He has previously called for a national vision for passenger rail and supported FRA and Amtrak Board nominations. Chairman Cruz supported competition for intercity rail operations. *In response to a question from Cruz, Witness Cumber noted the pro-competition reform program put forward by AIPRO and suggested it be considered for the rail section.*

Opening Statement of Subcommittee Ranking Member Gary Peters (D-Mich) He emphasized that passenger rail is essential to economic growth and called for robust infrastructure investment. He stressed that states outside the Northeast Corridor should have equal opportunity to compete for funds to expand passenger rail services. He called for bipartisan cooperation.

Opening Statement of full Commerce Ranking Member Maria Cantwell (D-Wash)

Senator Maria Cantwell advocated robust federal investment in intercity passenger rail, emphasizing its importance for connecting communities, supporting economic growth, and providing alternatives to highway congestion. She supported streamlining project delivery.

WITNESS HIGHLIGHTS

Ian Jefferies, President AAR Summary: Freight rail is indispensable and has about 150,000 employees. Seventy percent of Amtrak trains operate on freight tracks. About fifty percent of commuter trains are on freight rights-of-way. (RBC Comment—Current law gives Amtrak forced access at below full cost. Access to freight rights of way is a key issue for the freight). Railroads should be given fair and complete reimbursement. Laws governing access should be uniform across the country. (RBC Comment - The Competitive Direct Access Model, developed by the UPRR and AIPRO as an alternative to Traditional Model for access would accomplish this objective).

He called for continued government grant programs distributed through vigorous public-private cooperative arrangements. The emphasis was grade crossing and safety, but also funding to assist mega-projects, promote innovation, bolster local and regional economies. He specifically asked for the continuation of four existing grant programs at existing or higher levels.

Jefferies asked for the transformation of the Highway Trust Fund into a true user-based system. He noted the shortfall from HTF totaled \$241 billion over two years. General taxpayer revenues fill this gap which provides a direct subsidy to the trucking industry.

Peter Gilbertson – On behalf of the ASLRRRA (short lines_ Summary: He called for continuation of robust federal infrastructure funding with CRISI at the core. These programs have been critical to short lines.

Husein Cumber – Brightline – Husein was the only witness on behalf of passenger rail. He noted Brightline is the first private passenger rail system in one hundred years to construct and operate a modern passenger rail line. More than \$6 billion has been invested across the 235 miles from Miami to Orlando. He made several recommendations: 1) Support for a large federal grant program to expand passenger rail. *He called for private operators to be equally eligible with states and Amtrak for all railroad discretionary grants.* 2) He proposed cost effective access to right-of-way and 3) Speedy regulatory approvals. 4) He seeks low-cost debt which would include RRIF reform. 5) He supports a policy that redefines the car-centric mindset to shift people to the rail experience. 6) He called for meeting the liability challenge confronting the entire passenger industry. Full Committee Chair Cruz asked Cumber about the importance of increasing competition to Amtrak across intercity corridors. *Cumber responded that there should be competition. He noted the Association for Innovative Passenger Rail Operations (AIPRO) has proposed specific reforms to increase private involvement through competition. He suggested the Committee consider those reforms in drafting the rail title.* Interestingly, both

Jefferies and Gilbertson spoke approvingly of adding competition. While questioning Cumber, Senator Bernie Moreno (R-Ohio) wondered why the federal government should own an operating passenger railroad at all. He noted there are no government owned airlines. Senator Moreno's proposal to cut Amtrak off generated unhappiness among APTA members. Moreno's position is close to that expressed previously by Elon Musk when he was running DOGE. Later this week I will draft an Intelligence Report on what I believe to be the status of the Musk/Moreno "slash and burn" proposal as opposed to the more moderate commercialization of Amtrak proposal with competition being advocated by RAILCET/AIPRO.

Clarence Anthony – National League of Cities Summary – He noted there are 19,000 cities, towns, and villages with rail traffic. He stressed safe operations with grade crossing elimination as a priority. This can only be accomplished with long-term rail funding.