

Transportation Committee

JOINT FAVORABLE REPORT

Bill No.: HB-6742

AN ACT AUTHORIZING BONDS OF THE STATE FOR COMMERCIAL RAIL

Title: FREIGHT LINE IMPROVEMENTS.

Vote Date: 3/10/2023

Joint Favorable Substitute Change of Reference to Finance, Revenue and

Vote Action: Bonding

PH Date: 2/27/2023

File No.:

***Disclaimer:** The following JOINT FAVORABLE Report is prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and does not represent the intent of the General Assembly or either chamber thereof for any purpose.*

SPONSORS OF BILL:

Transportation Committee

REASONS FOR BILL:

Many of the state's commercial rail lines are outdated and are in dire need of maintenance and repairs; with many of the rail lines and bridges being over 100 years old. Many small businesses depend on commercial rail services to transport goods and would be devastated if the railroads broke down due to a lack of care. This bill would provide bond funding so much-needed improvements and updates can be made to the state's commercial rail lines.

SUBSTITUTE LANGUAGE:

In order provide more much needed funding and avoid redundancy within the bill substitute language was added increasing the aggregate amount of these bonds to no more than twenty million dollars and references to expired federal programs were removed.

RESPONSE FROM ADMINISTRATION/AGENCY:

None Expressed.

NATURE AND SOURCES OF SUPPORT:

Amedee Belliveau, President of the Central New England Railroad

Supports this bill stating that should it pass; they will continue to improve and provide important upgrades on the Central New England Railroad. They stated the money could be used to improve their bridges (which are over 100 years old) and rail line

maintenance/renewal. On top of this, they say rails, ballast, ties, and bridges need constant inspection and are required to be periodically replaced which is expensive. They have 4 new potential customers who are looking for rail service as soon as possible for which this funding will be critically needed to begin service. The Central New England railroad expressed the important economic benefits of rail service saying that every rail car added is the equivalent of taking 4 tractor trailers off the already congested highways.

Charles Hunter, President of the CT Railroad Association

Supports this bill saying that railroads are extremely capital-intensive. According to the Association of American Railroads, on average, freight railroads spend six times more on capital expenditures as a percentage of revenue than the average U.S. manufacturer. He says Connecticut has some of the oldest railroad infrastructure in the U.S. With just under 600 miles of rail in CT some of the infrastructure, including rail and bridges are now over 100 years old and in need of replacement, upgrades, or state of good repair work. Much of that older infrastructure was not constructed to accommodate modern railcar loads of up to 286,000 lbs. in gross weight. He says public railroad crossings require a lot of maintenance and while there has been tremendous investment in Connecticut's passenger rail systems, freight rail infrastructure should not be overlooked or forgotten. He outlines how inflation has impacted the railroad industry as the cost of all materials has dramatically increased. The cost of replacing a mile of rail has increased by \$121,651 more per track mile, plus labor for installation since 2021. The rise in the price of wooden crosses alone with around 3,249 needed per track mile has gone up \$48,735 since 2021, not including labor. He states surrounding states in the region— MA, PA, NY, and ME all have similar state rail freight programs that have been, for the most part, annual in nature for many years but CT has not kept up with rail freight investments despite the demand for freight rail shipping going up in CT. He says CT businesses will continue to need rail freight shipments to meet their supply chain needs as Connecticut's railroad transported commodities such as aggregates, steel, food, lumber, construction debris, heating fuels, rock salt, and animal feed. He adds that rail freight shipping can help CT achieve its climate goals as it is more fuel efficient than trucking emitting 75% fewer greenhouse gasses.

Edmond Mone, First Selectman of Thomaston

Supports this bill saying 30,000 people annually visit the town to take rides on historic railroad cars through the Litchfield County countryside. He is aware that NAUG has an active freight operation along the 20 miles of track through Thomaston, Plymouth, Harwinton, Litchfield, and Torrington and this bill would allow them to make improvements to the state-owned line so it can become safer and more economically viable. Stating increased freight rail traffic will help the industry of the valley remain competitive and have the added benefit of reducing highway traffic.

Perry Todd, General Manager of Frost Bridge Transfer Facility

Supports this bill in favor of the Naugatuck railroad to help improve the state-owned line from Torrington to Waterbury. He says each of their rail cars is equivalent to 5 trucks removed from the highway infrastructure, with 1,500 rail cars that are the equivalent of 7,500 long haul trucks. He shares that some of the bridges that these rail cars cross are in desperate need of structural upgrades and have been in operation for more than 100 years. He says if we fail to recognize the value of our rail infrastructure in Connecticut, we could see significant truck traffic increases on our highways in the future. Sharing further that the Naugatuck railroad has been a staple in our growth and continues to be a great partner for FrontBridge and that

Naugatuck freight as well as the Railroad Museum of New England take great pride in maintaining this line.

Howard Pincus, President of the Naugatuck Railroad Company

Supports this bill as they operate over the state-owned rail line between Waterbury and Torrington. They move over 1,000 cars of freight each year amounting to over 100,000 tons of materials, taking over 4,000 heavy truck trips off the state's roads annually, and they are one of 7 freight railroads in the State. He says rail freight enables many businesses in the state to move materials more efficiently and employs hundreds of people in Connecticut. Stating that the state-owned freight rail lines have been perpetually lacking in capital investments with overall funding for all freight operations being less than a million dollars per year over the last 20 years. He says Connecticut must change this to attract businesses needing rail services and neighboring states like Massachusetts and New York provide significant funding on a regular basis to support and improve their rail freight infrastructure. He says there are three 120-year-old bridges over the Naugatuck River that need work, and many miles of 100-year-old rails which are long past their useful life and are expensive to replace.

Parker Rodriguez, Associate General Counsel of the Housatonic Railroad Company Inc.

Supports this bill saying Housatonic Railroad services freight customers over 90 miles of track in western Connecticut, including over 35 miles of state-owned track. The commodities they carry include lumber, wood pulp, plastics, fertilizer, limestone, alcohol, and construction and demolition debris. Currently, Housatonic Railroad transports over 1.4 million gross tons of freight per year in the State of Connecticut. He says if this infrastructure were to fail, nearly all that traffic would likely be transported by truck, but some of the railroad's customers may choose to stop doing business in the state entirely due to an inability to keep up with trucking costs. He says that the state used to make competitive grants available to Connecticut's freight railroads recognizing the economic importance of railed freight and these grants issued under the auspices of the Rail Freight Infrastructure Program (RFIP) were used to improve rail infrastructure, some of which is over 100 years old and much of which is owned by the state and leased to freight rail operators. He says these grants will support economic development by providing construction jobs and supporting the supply chain and that freight is more efficient than trucking with respect to fuel, carbon emissions, and impact on the roads and local communities.

Carmen Romeo, President of Fiasa's Chocolate Inc.

Supports this bill as they work closely with the Naugatuck Railroad. They are also an Executive Board member of the Smaller Manufacturing Organization, an organization with 140 members representing thousands of workers in businesses that on average have less than 50 employees and many of these members utilize this railway to transport goods. Further stating that these railroads are outdated and in need of repair.

Zell Steeler

Supports this bill as it would provide for the general improvement of commercial rail lines, many of which in past decades supported passenger rail service in Connecticut and Southern New England and could be reconsidered for such service in the future.

NATURE AND SOURCES OF OPPOSITION:

None Expressed.

Reported by: Nathan Vieira

Date: 3/16/2023