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**TESTIMONY BEFORE THE
HOUSE TRANSPORTATION COMMITTEE**

**REGARDING HOUSE BILL 2335
CONCERNING TRANSPORTATION; RELATING TO THE RAIL SERVICE
IMPROVEMENT PROGRAM
February 10, 2023**

Mr. Chairman and Committee Members:

I am Cory Davis, and I am the Director of Multimodal Transportation and Innovation for the Kansas Department of Transportation (KDOT). I am here today to provide testimony on House Bill 2335. I would like to thank you for the opportunity to meet with you and to provide comments.

The Eisenhower Legacy Transportation Program included a new rail program for the fiscal years 2021, 2022, and 2023 titled the Short Line Rail Improvement Fund (SLRIF). The fund provided \$5M per year for improvements and upgrades to rail infrastructure statewide. This program was put in place in addition to our existing Rail Service Improvement Program (RSIF) which is funded at \$5M annually.

The programs were oversubscribed annually and have been extremely popular for the short line railroads in the state and local shippers adjacent to the aforementioned short line railroads. Eligible projects include maintenance of existing rail infrastructure, construction or rehab of rail spurs or sidings, and major rehabilitation projects. The Short Line Rail Improvement Fund had unchosen applications over the three-year period totaling \$29.5M. The Rail Service Improvement Fund had unchosen applications totaling \$16.1M over the last two years.

Key to our support of this bill is the combining of the programs into one single program. The existing Rail Service Improvement Program and the newer Short Line Rail Improvement Fund programs are extremely similar and support almost the exact same infrastructure improvements. The key differences, which are included in the bill language, is the eligibility of any track owners that are adjacent to active short line railroads and qualified track maintenance. In short, shippers along short lines are eligible for the funds which has been important to our local shippers, especially in the ag industry. In the past, we were unable to approve maintenance projects, but this program would allow them to be funded.

Over the past three years, KDOT staff has administered two calls for projects per year to meet statutory requirements. This meant KDOT staff would open a call for projects for the SLRIF, collect applications, review applications, select projects, award projects, and administer each project through our internal processes. The same exact process was then done for the RSIF. There are many internal efficiencies gained by combining the programs. Not only is it an improved process for KDOT, but it also provides clarity for project sponsors on when and how to apply.

Over the past three years, KDOT's two rail programs have been extremely successful in awarding quality projects that improve our rail network and improve transportation efficiency at the local, state, and national level with

the ultimate benefit to Kansans. However, due to limited funding amounts we have not been able to meet the demand that exists. The additional funds added to the existing program along with the other technical adjustments will allow us to continue to support our rail industry. The administrative efficiency of combining the programs saves KDOT time and effort while allowing us to select the best projects that support the state’s multimodal transportation system.

Thank you for the opportunity to provide testimony on House Bill 2335. I am happy to answer any questions at the appropriate time.

Short Line Projects

- Major rehabilitation projects that upgrade rail to be able to carry heavier rail cars
- These projects improve operating speeds which will allow the railroads to:
 - o Become more reliable to their existing customers
 - o Add additional customers and expand markets
 - o Increase the throughput of overall carloads
- These projects support the long-term viability of the short line industry which is critical to Kansas’ agriculture industry.

Shipper Projects

- Projects awarded to shippers will have a local and regional economic impact that is anticipated to provide additional development opportunities.
- Increased capacity or new sidings creates the opportunity to serve additional markets.
- Shippers will find operational efficiencies and cost-savings due to expanded and rehabilitated infrastructure.

Annual Program Applications

Short Line Rail Improvement Fund					
SFY	Applications Submitted	Funds Requested	Awarded Projects	Funds Awarded	Unfunded Project Amount
2021	17	\$10.9M	13	\$5M	\$5.9M
2022	19	\$15.2M	10	\$5M	\$10.2M
2023	18	\$18.4M	9	\$5M	\$13.4M
Rail Service Improvement Fund					
SFY	Applications Submitted	Funds Requested	Awarded Projects	Funds Awarded	Unfunded Project Amount
2021	16	\$23.3M	9	\$11.5M	\$11.8M
2022	19	\$15.7M	17	\$11.4M	\$4.3M
2023	Call for Projects Spring of 2023				