Statement of the Honorable Ken Calvert
Committee on Transportation and Infrastructure
Hearing on "Financing Infrastructure Investments"
June 10, 2008

Chairman Oberstar, Ranking Member Mica and members of the Committee, thank you for giving me the opportunity to testify before you at the hearing today.

As you know, I represent a Congressional District in southern California that encompasses some of the fastest growing communities in the nation. As is often the case, population growth has been closely followed by increased demands on transportation infrastructure. The Inland Empire region, which consists of Riverside and San Bernardino Counties, was recently bestowed the dubious distinction of having the highest commuting cost in the nation. Just last year, another study determined that residents of the city of Riverside had the unhealthiest commute in America.

While the region I represent faces infrastructure challenges on a number of fronts, I would like to focus my comments today solely on the emerging goods movement challenge. My congressional district is more than 40 miles from the Ports of Los Angeles and Long Beach, yet my constituents see and feel their impact everyday. Freight moving to and from the ports on our highways, along our rail lines, and at the various places where our roads, rail lines, and warehouses intersect results in overwhelming congestion. In addition, the growing interaction between commuters and freight affects them both in an equally negative manner.

As many of you know all too well, the goods movement challenge is not exclusive to southern California. Gateway communities all over the nation are experiencing increased burdens on freight infrastructure surrounding air, land and sea ports.

During most of last year, I met and discussed goods movement issues with a variety of stakeholders including industry leaders and think tanks which represent truckers, railroads, port operators, retailers, and transportation planners.

In a proactive attempt to address the freight challenges I introduced, along with my colleague Jesse Jackson Jr., the "Our Nation's Trade Infrastructure, Mobility, and Efficiency Act" or the ON TIME Act. The bill, H.R. 5102, which was introduced on January 23rd of this year, will fund the construction of high priority transportation projects which alleviate congestion in our nation's trade gateway corridors through a dedicated trade-based funding stream.

Let me briefly explain in more detail what the ON TIME Act would do.

The bill directs the U.S. Department of Transportation to designate key trade transportation corridors, or National Trade Gateway Corridors, extending out from every official air, land and sea port of entry in the United States.

Project eligibility under the ON TIME Act is limited to transportation projects located within a National Trade Gateway Corridor. Furthermore, the legislation limits funding to surface transportation projects, such as highway improvements, truck climbing lanes, truck bypasses, grade separations, and interchanges on key freight routes. Publicly-owned intermodal freight transfer facilities and improvements to the transportation linkages out of port facilities also qualify as eligible projects within the boundaries of a port terminal.

The bill grants states with the project selection authority, not the U.S. Department of Transportation or Congress. To ensure all interested parties have an opportunity to engage in the project selection process, the legislation requires states to seek the input from local governments, transportation agencies, port authorities, regional planning organizations, as well as public and private freight stakeholders. The ON TIME Act also requires each state to establish a process for rating proposed projects that clearly identifies the basis for rating projects in accordance with the purposes of the legislation.

The ON TIME Act derives its trade-based dedicated funding stream through the establishment of a capped and nominal ad valorem fee on all goods entering and exiting through official ports of entry. The ad valorem fee shall be equal to .075 percent of the stated value of the shipment, with a cap or maximum fee of $500, whichever is less. The proceeds generated by the establishment of the fee will be deposited into the "National Trade Gateway Corridor Fund," which the ON TIME Act establishes as a separate "trust fund" account within the U.S. Treasury.

The fee established by the ON TIME Act is designed to ensure that it is paid by the beneficial cargo owner, rather than transportation service providers, such as steamship, trucking, or railroad companies. Additionally, the fee is designed to be collected and administered by existing federal government agencies through the use of existing forms and processes to the fullest extent possible.

The bill apportions the funds collected by the newly established fee to transportation improvement projects within the National Trade Gateway Corridor in which it was collected. Therefore, all funds generated from the application of the fee on goods imported and exported at the Port of Charleston, for example, would be apportioned to transportation projects within the National Trade Gateway Corridor designated for the Port of Charleston.

While I remain strongly committed to a number of the core principles contained in the bill, such as ensuring the collected funds are spent where and how they are intended and preventing the creation of any new bureaucracies, I welcome the insight and expertise many of you have on our nation's freight infrastructure. I am confident that if we work together, we can create real solutions to ease the congestion bogging down the freight and commuters in our gateway communities.

Thank you again for allowing me to testify and I look forward to your questions.