



November 21, 2016

Dear Vice President-Elect Pence:

Congratulations to you, President-Elect Trump and the entire campaign team on your victory. I understand that some of the most challenging work is now underway as the transition team facilitates a seamless change of power.

A key piece of this process will be ensuring that the nation's economy grows, and paramount to this effort will be the implementation of President-Elect Trump's boldest ideas, including a robust infrastructure plan.

A critical component of our national infrastructure is the freight rail industry, which generated \$274 billion in economic activity in 2014 while supporting almost 1.5 million jobs throughout the country. This success is largely fueled by freight railroads' private investment of more than \$600 billion into the nation's network since the industry was partially deregulated in 1980. The industry spent more than \$30 billion in 2015 alone.

As the transition team begins laying the groundwork for investing in other areas of our infrastructure, freight railroads can serve as an example of how smart investments can spur huge economic impacts. With this in mind, the Association of American Railroads (AAR) offers the following policy recommendations:

- **A fully functional Surface Transportation Board respectful of sound economic principles:** In light of recent sweeping reregulation efforts that lack data-driven justification or analysis, the freight rail industry believes the Trump Administration should nominate STB board members who are committed to sound economic principles and understand that freight rail regulations impact the entire economy. Only when equipped with a full, five member board, should the STB proceed with major rule makings.
- **Forward-thinking safety regulations:** Technology is constantly making transportation safer and more efficient. Rather than layering on prescriptive rules that lock the industry into bygone practices and technologies, regulators must embrace performance-based approaches that incentivize industry to innovate in order to achieve policy goals.
- **A sustainable, user pay infrastructure funding system:** Corporate tax reform should be enacted, but any such deal pairing it with infrastructure should also create a sustainable source of funding for the Highway Trust Fund (HTF). Since 2008, policymakers have transferred \$143 billion in general funds to the HTF. The tradition in which users of freight infrastructure pay for that infrastructure should not be broken, and a Trump Administration should seriously consider solutions such as a weight distance fee to establish a truly equitable system.
- **Regulatory reform rooted in common-sense principles:** In overhauling the regulatory system, the team should ensure that (1) rules are based on current and complete data and sound science; (2) regulations are enacted only if benefits outweigh costs, and agencies analyze the cumulative effects of proposed regulations; and (3) "guidance" and "emergency orders" are limited as regulatory tools.

Sincerely,

Edward R. Hamberger
President and CEO
Association American of Railroads