

New Federal Rail Funding Opportunities

It's easy to overlook the fact that freight railroads are privately-owned companies operating on their own interconnected networks spanning 140,000 miles across the country. Or the fact that they plow over 40 cents of every revenue dollar back into maintaining and upgrading those networks. Rail's rate of reinvestment is six times higher than the average American manufacturer.

Perhaps the most significant byproduct of railroad modernization and investment is the economic development opportunities brought about by efficient rail service. The 29 railroads that operate over 3,400 miles of track in Michigan are key to helping farms, factories, and manufacturers bring in raw inputs and connect Michigan goods to markets across the country and world. In fact, railroads moved 79.4 million tons of freight in Michigan in 2019 – the equivalent of 4.4 million truckloads.

There is no doubt freight rail is in demand. Often, the challenge for economic developers has been identifying funding for rail-served industrial parks, spurs, grade separations, or the other rail projects needed to facilitate new development. Enter the \$1.2 trillion Bipartisan Infrastructure Law (BIL), signed into law in November 2021. The bill reauthorized the nation's surface transportation programs for five years as well as making record public infrastructure investments.

This funding also recognized the potential of rail and its role in building a more resilient and sustainable infrastructure network. Below is an overview of the funding opportunities related to railroads and any updates stemming from the BIL.

Grade Crossing Safety & Improvement Projects

Grade Crossing Elimination Program: The newly established Grade Crossing Elimination Program will provide \$5.5 billion over five years, \$600 million annually, to state and local applicants for grade crossing projects that improve the safety and mobility of people and goods. Eligible projects include grade crossing elimination or separation, track relocation, improvement or installation of protective devices, or other means to improve safety. The program also includes a 3% set-aside for planning projects and a 0.25% set-aside for crossing safety and education programs.

Railways-Highway Crossings (Section 130 Program): Provides \$245 million per fiscal year for formula grants for grade crossing projects. Additional reforms from the BIL include: increasing the federal share for projects to 100%; increasing incentive payments for crossing closures from \$7,500 to \$100,000; enabling replacement of functionally

Rail & Multimodal

Consolidated Rail Infrastructure and Safety Improvements (CRISI): CRISI is for projects that improve the safety, efficiency, and reliability of freight and intercity passenger service. It's the only federal funding that short line railroads are directly eligible for and it's particularly helpful for them in tackling projects like track rehabilitation, repairing or replacing aging bridges, improving grade crossings, or eliminating bottlenecks. The BIL allocated \$1 billion annually for the program, up from \$360 million in FY21. It also expanded eligibility to include projects that foster rail innovation, reduce emissions, or improve pedestrian safety along railroad tracks.

Infrastructure for Rebuilding America (INFRA) : INFRA is designed to fund highway and rail projects of national significance that support jobs and local economies, including Intermodal or freight projects and rail-highway grade crossing separation. The program received \$1.64 billion for FY22-24 under the BIL and the DOT also announced that a new point of evaluation for project proposals will be how they address climate change, environmental justice and racial equity.

National Culvert Removal, Replacement, & Restoration Grant: The BIL established a culvert removal, replacement and restoration grant program for projects that improve or restore fish passage for certain fish, with priority given to species that are endangered or at risk of becoming endangered, or projects that address fresh-water runoff that impact certain marine life. The funding, \$800 million annually, is available to states, units of local government, or Indian Tribes.

National Infrastructure Project Assistance (Megaprojects or MEGA): The MEGA program will support large, complex projects that are difficult to fund by other means and likely to generate national or regional economic, mobility, or safety benefits. Freight rail projects are eligible. The BIL appropriated \$5 billion for FY22-26.

Port Infrastructure Development: This \$2 billion DOT program funds investment in the modernization and expansion of U.S. ports to remove supply chain bottlenecks, ensure long-term competitiveness, resilience, and sustainability while reducing impacts to the environment and neighboring communities. The BIL expanded the program's eligibilities to include projects that reduce or eliminate port-related criteria pollutant or greenhouse gas emissions, including the purchase of electric vehicle charge or hydrogen refueling infrastructure for locomotives that service the port and related grid upgrades.

Rebuilding American Infrastructure with Sustainability and Equity (RAISE): Formerly known as TIGER or BUILD, RAISE is one of the few DOT discretionary programs for which regional and local governments can directly compete for multimodal transportation funding. It will receive \$1.5 billion annually and fund projects judged by their impact on safety, sustainability, quality of life, economic competitiveness, state of good repair, innovation, and partnership between the public and private sectors.

Intercity Passenger Rail

Federal-State Partnership for Intercity Passenger Rail : This program, formerly known as the Federal-State Partnership for State of Good Repair, provides funding for capital projects to

repair, replace, or rehabilitate qualified railroad assets to reduce the state of good repair backlog and improve intercity passenger rail performance. The BIL broadened eligibility to include projects that expand or establish new intercity passenger rail routes, improve intercity rail service performance and efficiency, or designate NEPA-related activities an eligible use of funds. Appropriates \$7.2 billion per fiscal year and sets aside not more than \$4.8 billion per fiscal year for projects on the Northeast Corridor.

Restoration and Enhancement Grant Program: This FRA program provides operating assistance grants for initiating, restoring, or enhancing intercity passenger rail transportation to applicants including states or a group of states, public agencies, political subdivisions of a state, or any rail carrier in partnership with another described applicant. The BIL extended the amount of time the program can provide funds to support a route from three to six years.

Transportation Research & Development

Strengthening Mobility and Revolutionizing Transportation (SMART): SMART will provide competitive grants to states, local governments, and tribes for demonstration projects focused on advanced smart city or community technologies to improve transportation efficiency and safety. Grants may be used on projects related to coordinated automation, connected vehicles, intelligent/sensor-based infrastructure, systems integration, commerce delivery and logistics, drones, and smart grid technologies.

More information on federal rail grants and the grade crossing elimination program is available at the [FRA website](#) or on the [GoRail Rail Grant Hub](#). GoRail is a national non-profit that unites community leaders and organizations in support of a stronger economy, effective solutions to highway congestion, a cleaner environment, and improved quality of life by advocating increased use of freight railroad transportation. Contact Michael Gaynor at mgaynor@gorail.org with questions or if you would like to be kept up to date on these and other rail grant programs.