Preserving Passenger Rail Service

By Ben Husch and Douglas Shinkle

The federal government attempted to resurrect national passenger rail service—once the primary mode of transportation across the United States—by forming Amtrak in 1971. Although Amtrak has yet to turn an annual profit and has required continual federal subsidies, the federal government and many states continue to find value in passenger rail transportation. To reduce the financial burden on Amtrak, the Passenger Rail Investment and Improvement Act of 2008 (PRIIA) required states to share costs for intercity routes of less than 750 miles by entering into new agreements with Amtrak. By October 2013, all 19 affected states entered into such cost-sharing agreements for these state-supported routes.

Congress and the states are grappling with how to balance funding popular passenger rail service in high-density areas while supporting long-distance routes that are not as cost-effective. Amtrak’s ridership grew 0.2 percent to 30.92 million riders and revenue rose 4 percent to a record $2.19 billion in 2014. However, there was a wide disparity between its Northeast Corridor (NEC), which serves the densely populated mid-Atlantic and New England regions, and its long-distance routes across the rest of the country. In the NEC, ridership grew 3.3 percent to a record 11.6 million passengers and revenue was up 8.2 percent. On the flip side, its national long-distance network saw a 4.5 percent decline in ridership and a 2.9 percent decline in revenue. Amtrak’s state-supported routes experienced little change: Ridership fell 0.6 percent while revenue increased 1.8 percent.

State Action

Given PRIIA’s expectation that states will help plan, fund, operate and maintain passenger rail, state legislatures and departments of transportation are using a variety of approaches to ensure quality passenger rail options within their boundaries. In New York, for example, the state has agreed to pay the $22 million difference between revenues and costs for four Amtrak lines that traverse the state. It also entered into an agreement with Vermont to help pay for a line the two states share.
In the Pacific Northwest, Amtrak’s Cascades carried more than 800,000 passengers in 2013 on a 467-mile route linking Portland, Ore., Seattle, Wash., and Vancouver, British Columbia. The Oregon and Washington departments of transportation jointly manage the Cascades service so they can pool resources and increase efficiencies. Due to PRIIA requirements, the two states have been responsible for about 80 percent of Amtrak’s Cascades costs since 2013. The Washington Legislature appropriated $40 million for 2013-2015 to operate and maintain the service, and authorized a pilot project with a private travel company to gauge whether such a partnership can increase ridership and stimulate private investment. Washington has received almost $800 million in federal support to improve Cascades service. Oregon’s legislature provided nearly $30 million for Cascades in 2013-2015 and also received federal funding—about $20 million for planning and capital improvements. Ticket revenues for both states cover 60 percent of operating costs.

In addition to funding short-distance service that is mostly contained within one or two states, some states also are investing in long-distance service. Colorado, Kansas and New Mexico are working together to provide capital investments in Amtrak’s Southwest Chief, which runs from Chicago to Los Angeles over tracks primarily owned by BNSF Railway. To preserve service on the current route—parts of which BNSF is not planning to maintain due to a decrease in freight traffic—each state would have to provide $40 million over 20 years. The Kansas transportation department has committed $3 million to the cause, while Kansas and Colorado recently received a $12.5 million federal TIGER grant to make needed improvements along a portion of the route. Amtrak and BNSF have also pledged funds.

Some states are operating their own routes. In the early 2000s, New Mexico started funding and operating “Rail Runner” passenger rail service between Albuquerque and Santa Fe. Two states are looking to the private sector to play an increased role in passenger rail. In Florida, a private consortium, All Aboard Florida, is set to unveil high-speed rail between Orlando and Miami beginning in late 2016. Indiana is seeking private-sector partnerships for Amtrak trains beginning in February.

**Federal Action**

With these dynamics in mind, and facing expiration of PRIIA, the U.S. House of Representatives’ Transportation and Infrastructure Committee in September approved the Passenger Rail Reform and Investment Act of 2014 (PRRIA), a bipartisan bill to reauthorize passenger rail programs. (This differs from funding for highways and mass transit, for which the Highway Trust Fund provides a dedicated source.) While it does not provide a dedicated source of funding for Amtrak, the bill authorizes general funds to pay for Amtrak operations for four years. The funding is 40 percent less than current levels, however, in order to bring it in line with congressional appropriations for rail programs. The reauthorization would also continue a state capital grant program at $300 million annually, with $150 million now dedicated to the Northeast Corridor. In addition, PRRIA would require Amtrak to provide states with cost information and additional decision-making authority for state-supported routes. The bill also includes provisions to boost private-sector involvement, such as development near train stations, and increase transparency in the national passenger rail program.

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**Additional Resource**

Passenger Rail Reform and Investment Act of 2014