

February 11, 2009

Testimony of Joseph H. Gerdes III, Executive Director of the Keystone State Railroad Association before,

The Pennsylvania House Transportation Committee

Good morning Chairman Markosek, Chairman Geist, and members of the Transportation committee. Thank you for allowing me to speak today on behalf of the membership of the Keystone State Railroad Association, an association representing many of the Commonwealth's Class I, II, and III railroads, non-operating railroad owners, and numerous vendors and suppliers to the railroad industry. It is a pleasure to be with you today.

You have just heard the comments of two of my member railroads, Norfolk Southern and Genesee & Wyoming, and they have done an excellent job of describing the challenges and opportunities the railroad industry faces here in Pennsylvania and I know some of you may have some questions for them so I will be brief.

This committee knows all too well the issues facing our state's transportation infrastructure and we as an industry certainly

understand the complexity in trying to find a solution on how to fund the many vital projects out there that simply need to be done. As you and your colleagues in the House and across the rotunda in the Senate work to finalized this year's budget, I ask that you keep in mind the success' of the partnership you have already created with the rail industry in Pennsylvania. This is a partnership that is working and is helping to prepare Pennsylvania's transportation infrastructure for tomorrow. Thanks to you, Pennsylvania has been a leader in partnering with the rail industry to insure rails vital place in Pennsylvania's transportation system. I know I'm preaching to the choir but one thing is certain; the amount of freight that will be moving through the Northeast and particularly Pennsylvania will be growing at an astronomical rate over the next ten to fifteen years. This coupled with increased vehicular traffic will put a tremendous strain on our roads, bridges and highways. The Commonwealth's freight rail network will be a vital pressure relief valve to help move this freight and help to keep commerce and people moving efficiently in Pennsylvania. It's also important to highlight that the many of the areas serviced by our railroads, particularly our Class II and III railroads, are areas that might well be cut off from any future economic

expansion because of a lack of efficient and reliable transportation to get their goods to market. The funding provided by the state through the Rail Freight Assistance Program (RFAP), and the Rail Transportation Assistance Program (RTAP), and any leveraged stimulus dollars are important investments by the Commonwealth to make sure this doesn't happen. Investments as we have heard that will have an immediate and direct effect on our economy but more importantly will pay tremendous dividends in years to come.

Again, Mr. Chairman, thanks to you and to your colleagues for your leadership in helping to foster and grow our Commonwealth's rail freight infrastructure. Our Governor, and our legislature, on both sides of the aisle, have been great partners with our industry and we look forward to working with you to insure this important partnership continues.

Again, thank you for the opportunity to appear before you today and I yield the floor back to the Chairman.