

# Who Moves the Freight?

## Georgia Public Policy Foundation

Georgia Legislative Policy Briefing  
September 30, 2011



# Major Questions

- What are current modal shares?
- What will they be?
- What does freight movement look like?
- What does trucking look like?
- What are issues, concerns and solutions?



# Tons of Manufactured Freight Moved in Georgia

	<u>Rail</u>	<u>Intermodal</u>	<u>Truck</u>	<u>Air</u>	<u>Water</u>
<b>Inbound</b>	23,914,889	1,072,321	135,135,279	385,728	1,129,210
<b>Outbound</b>	18,865,376	820,296	129,759,569	18,841	615,600
<b>Total</b>	42,780,265	1,892,616	264,894,848	404,569	1,744,811
<b>Modal Share</b>	13.7%	0.6%	84.9%	0.13%	0.6

More than 19,000,000 truck trips delivering freight through Georgia and to 100% of Georgia communities



Source: American Transportation Research Institute, (2008 data)

# Tons of Manufactured Freight Moved Nationwide

USA	Total	Rail	Intermodal	Truck	Air	Water
Inbound	5,699,019,691	522,244,725	18,775,032	4,853,905,923	4,954,174	299,139,837
Outbound	5,699,019,691	522,244,725	18,775,032	4,853,905,923	4,954,174	299,139,837
Total	11,398,039,383	1,044,489,450	37,550,064	9,707,811,846	9,908,349	589,279,674
Modal Share	100.0%	9.2%	0.3%	85.2%	0.1%	5.2%

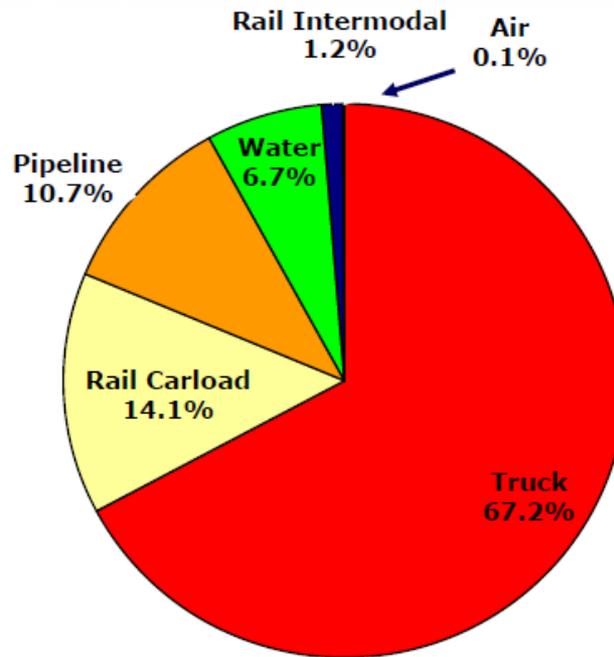


Source: American Transportation Research Institute, (2008 data)

# Total Tonnage, Not Just Manufactured Freight



## Distribution of Tonnage by Mode: 2010

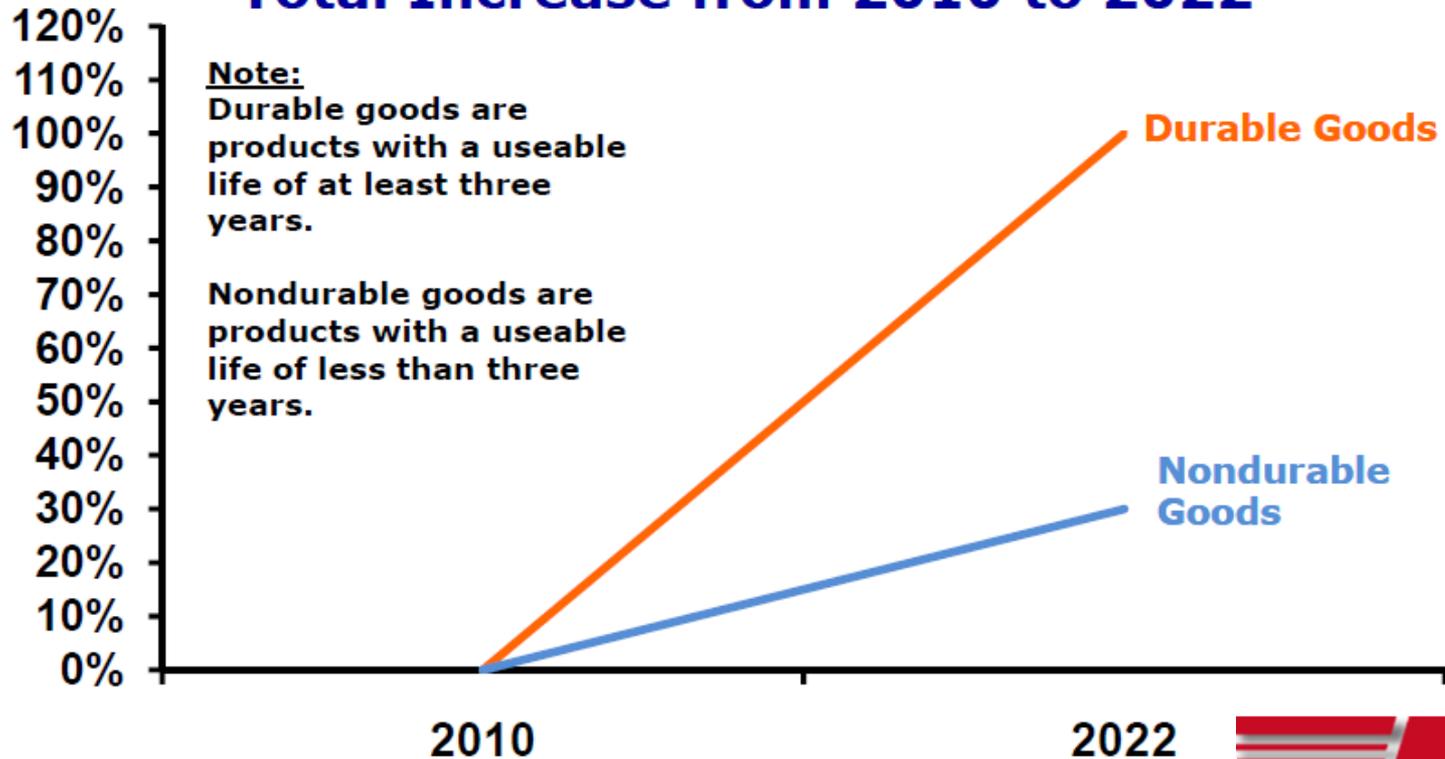


Source: *U.S. Freight Transportation Forecast to 2022*



# Growth in Manufacturing

## Total Increase from 2010 to 2022

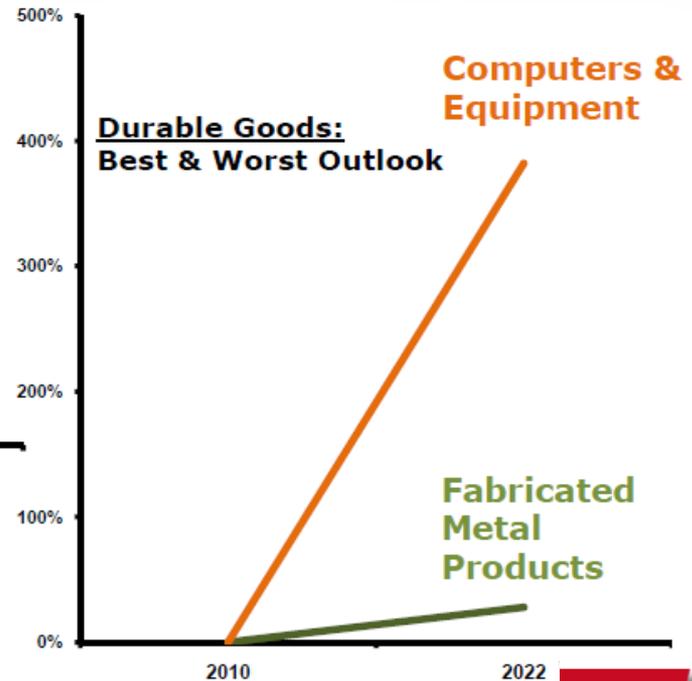
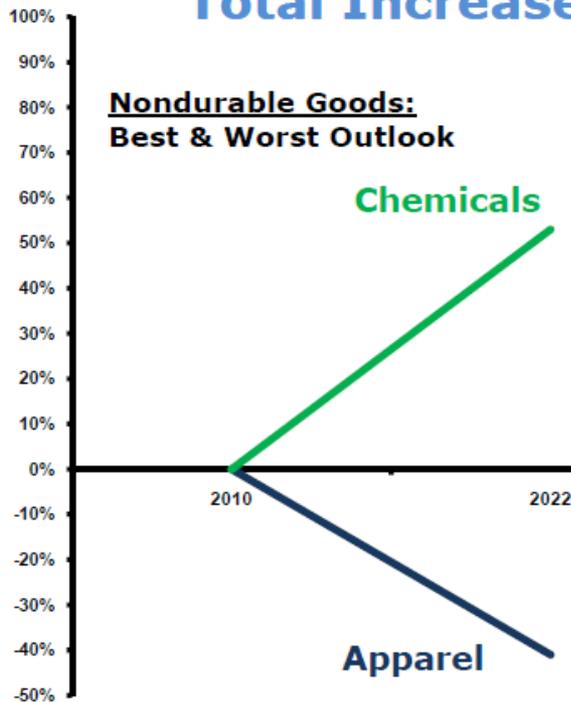


Source: *U.S. Freight Transportation Forecast to 2022*



# Growth in Manufacturing

## Total Increase from 2010 to 2022

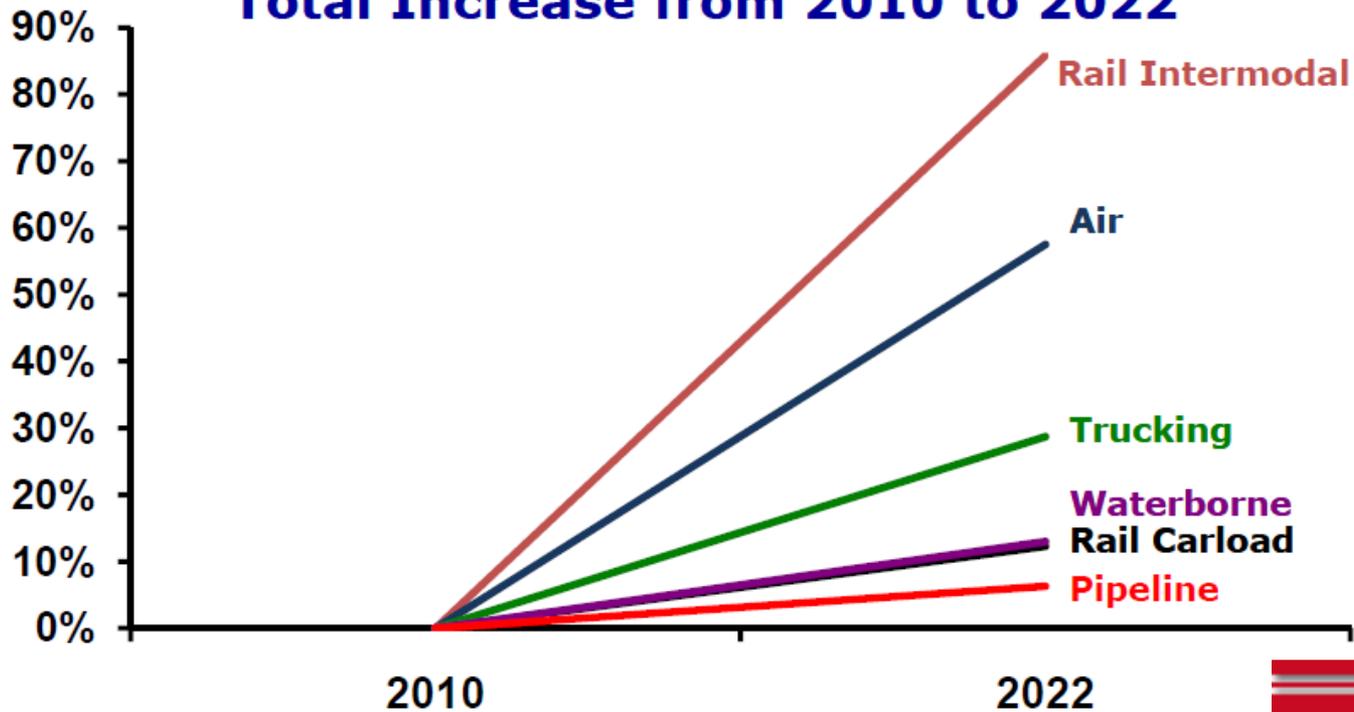


Source: *U.S. Freight Transportation Forecast to 2022*



# Growth in Tonnage

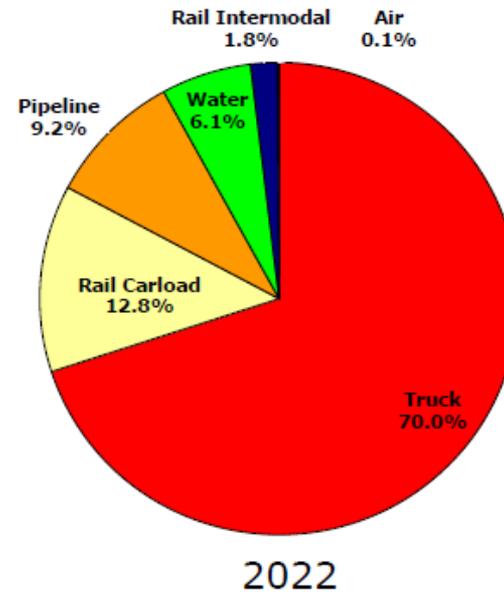
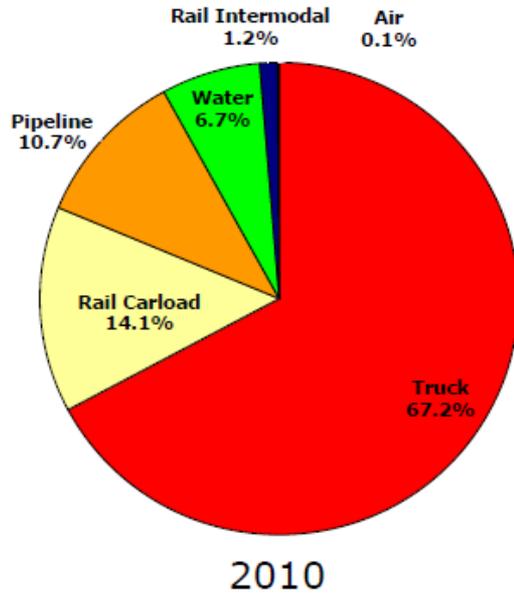
## Total Increase from 2010 to 2022



Source: U.S. Freight Transportation Forecast to 2022



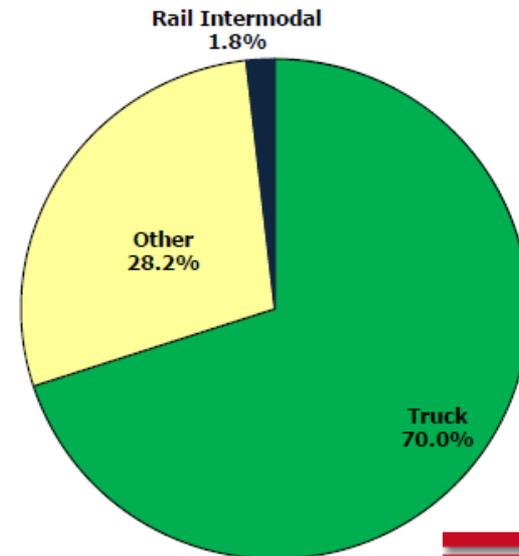
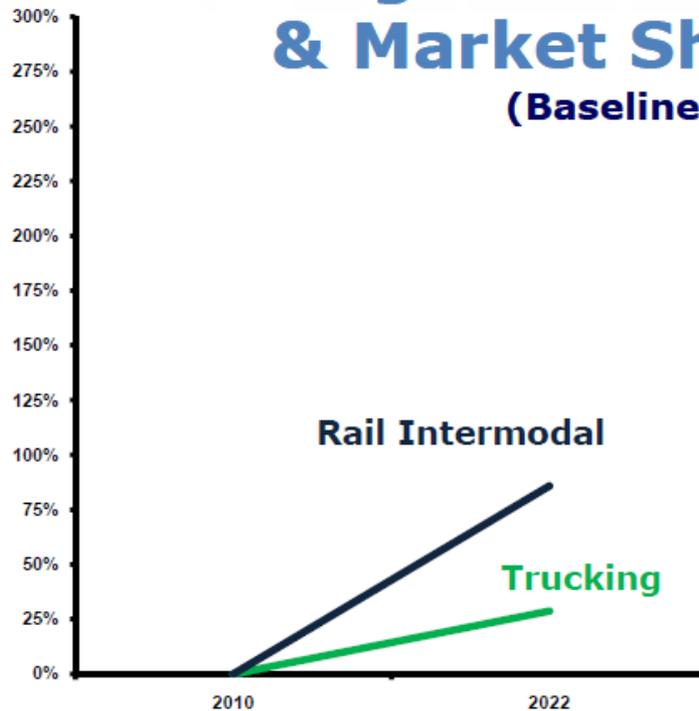
## Distribution of Tonnage by Mode: 2010 vs 2022



Source: *U.S. Freight Transportation Forecast to 2022*



# Tonnage Growth 2010 to 2022 & Market Share in 2022 (Baseline Forecast)

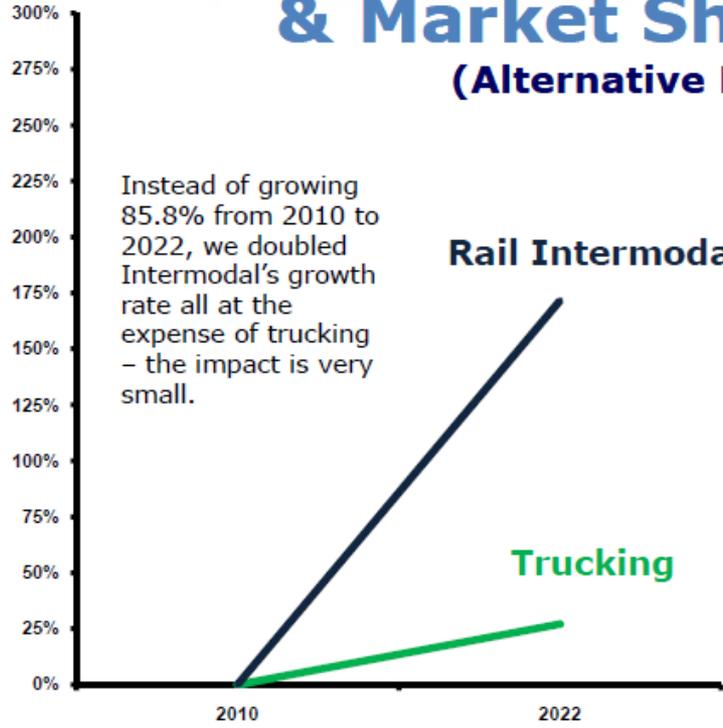


Sources: ATA & U.S. Freight Transportation Forecast to 2022

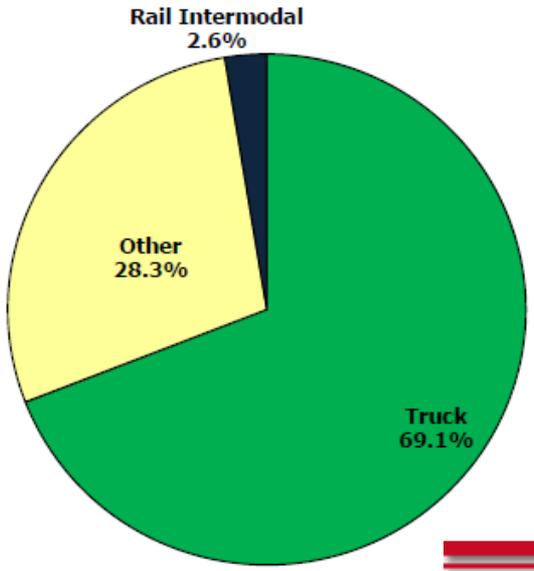


# Tonnage Growth 2010 to 2022 & Market Share in 2022

(Alternative Forecast #1)



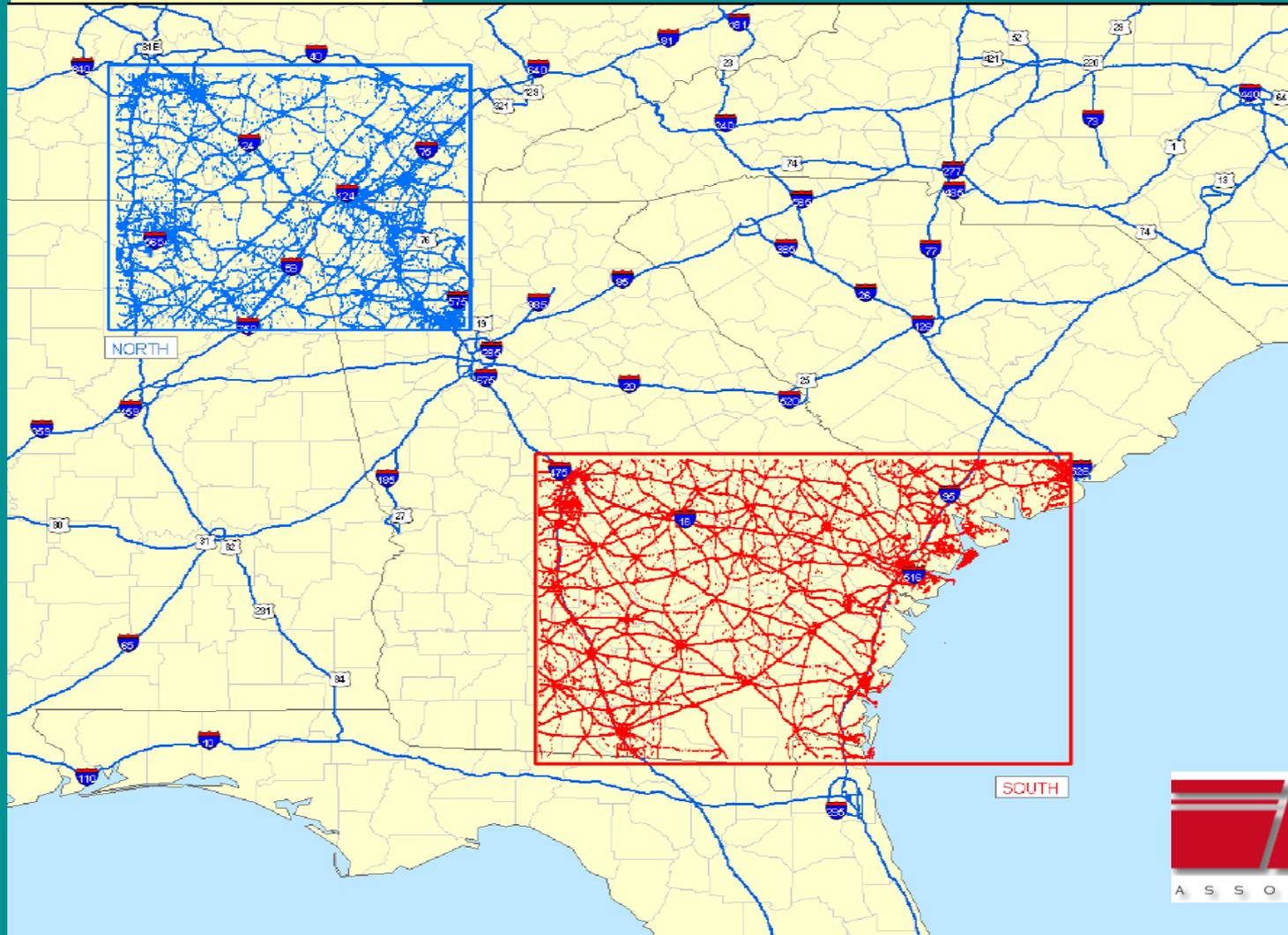
Instead of growing 85.8% from 2010 to 2022, we doubled Intermodal's growth rate all at the expense of trucking – the impact is very small.



Sources: ATA & U.S. Freight Transportation Forecast to 2022



# What does Freight Movement Look Like?

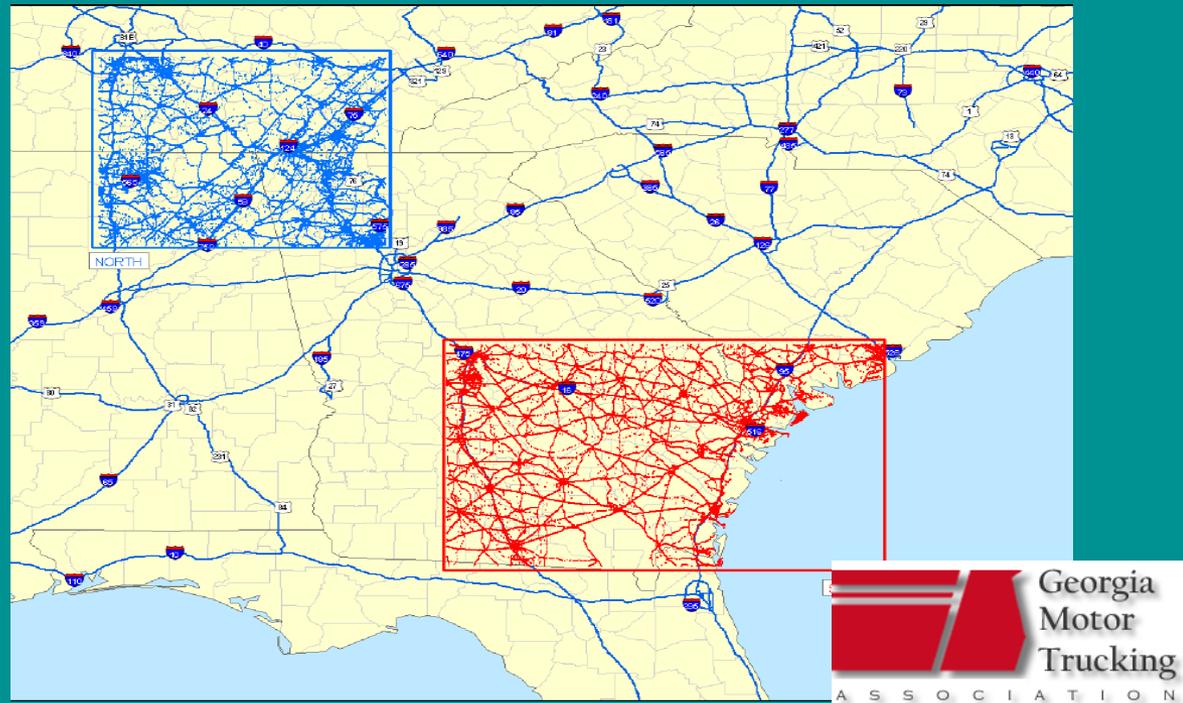




# Truck Movements

- Chart measures nearly 22,000 trucks
- 26% in both red box and blue box in a 12 hour time frame
- 30% in both red and blue in a 48 hour time frame
- 36%+ in both red and blue in a two week time frame

*The Solution to Georgia's Congestion Problem Lies Outside of Atlanta*

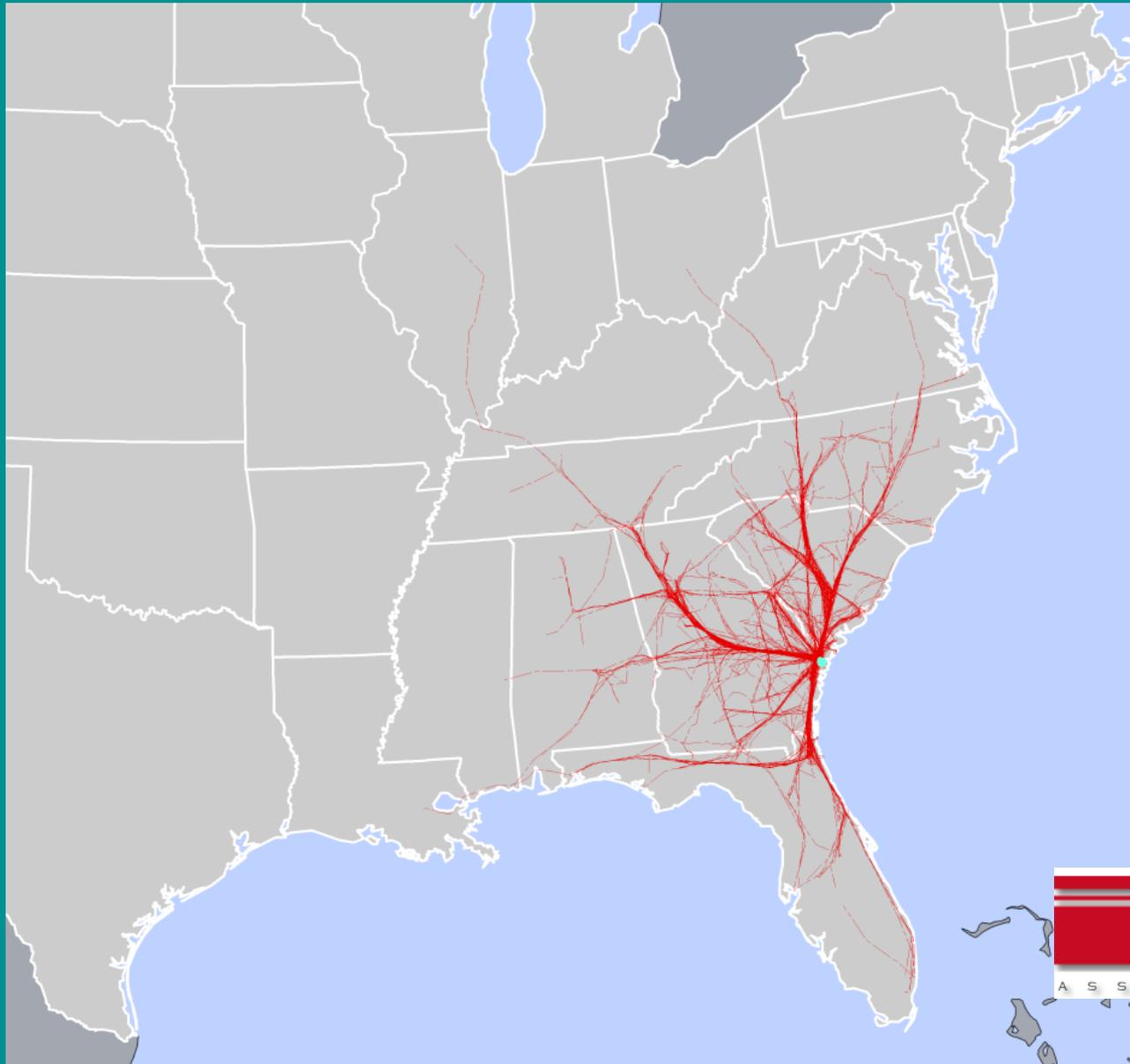


# Savannah

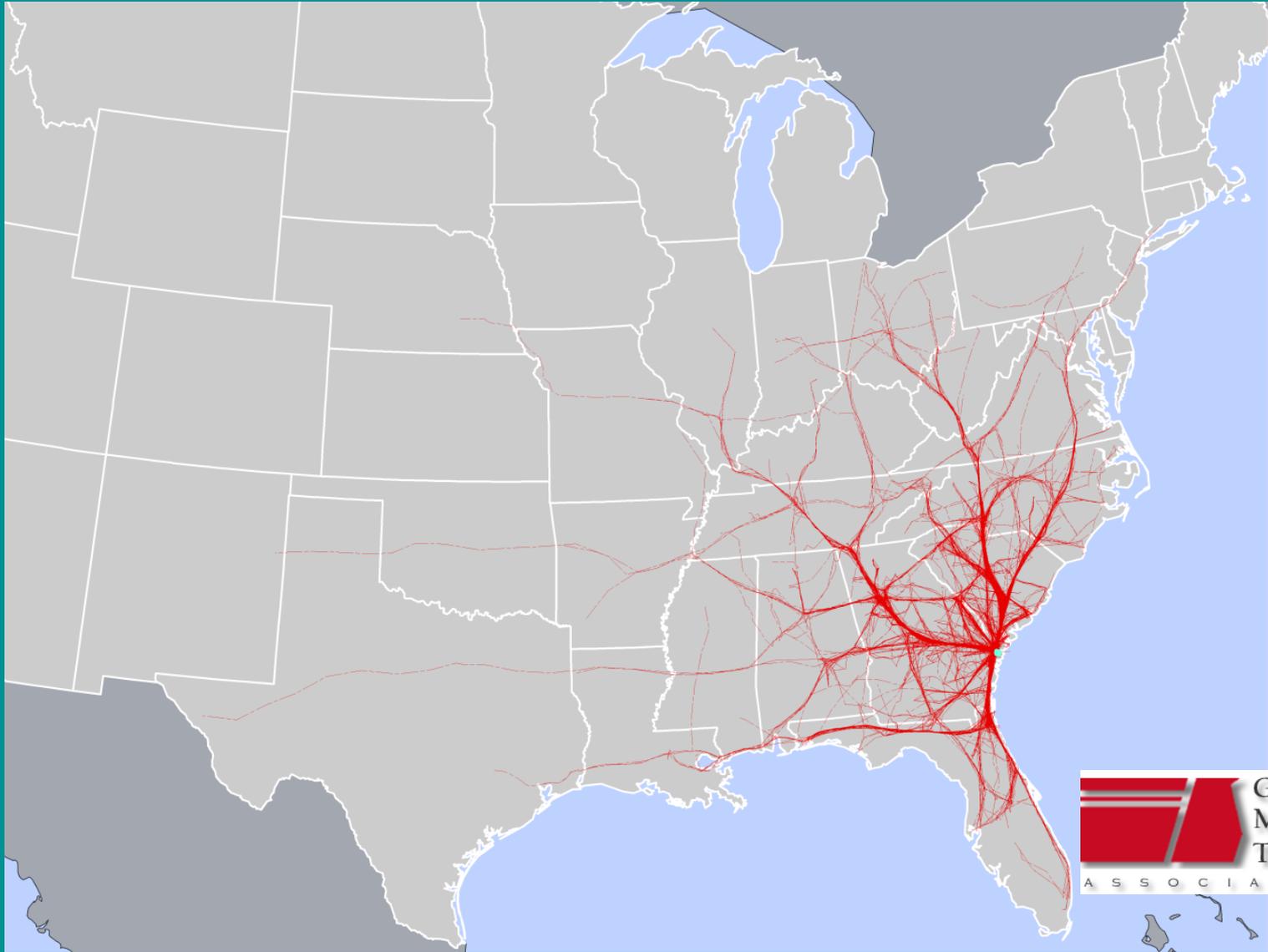
## 500 Truck Sample



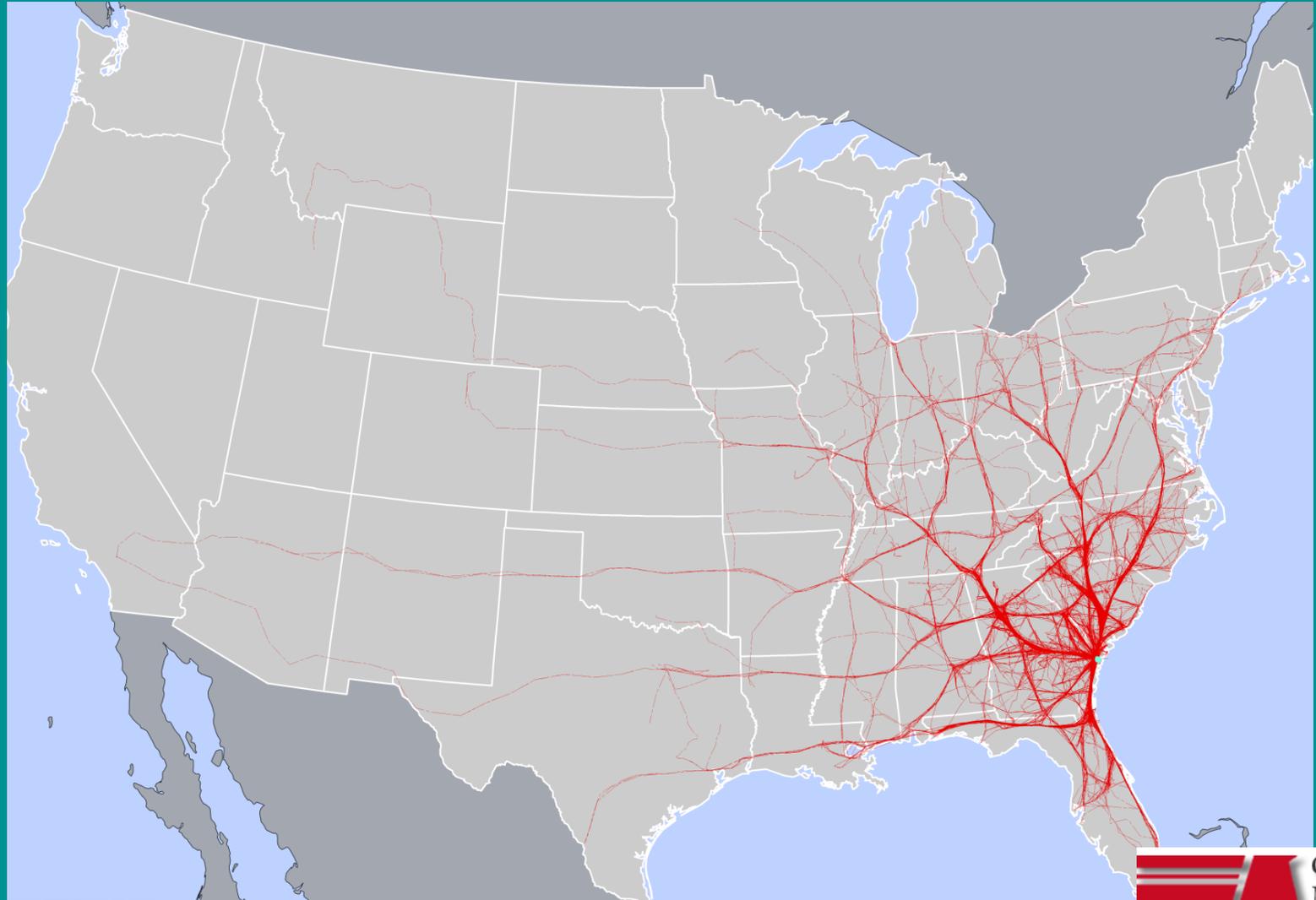
# Same 500 Trucks After 24 Hours



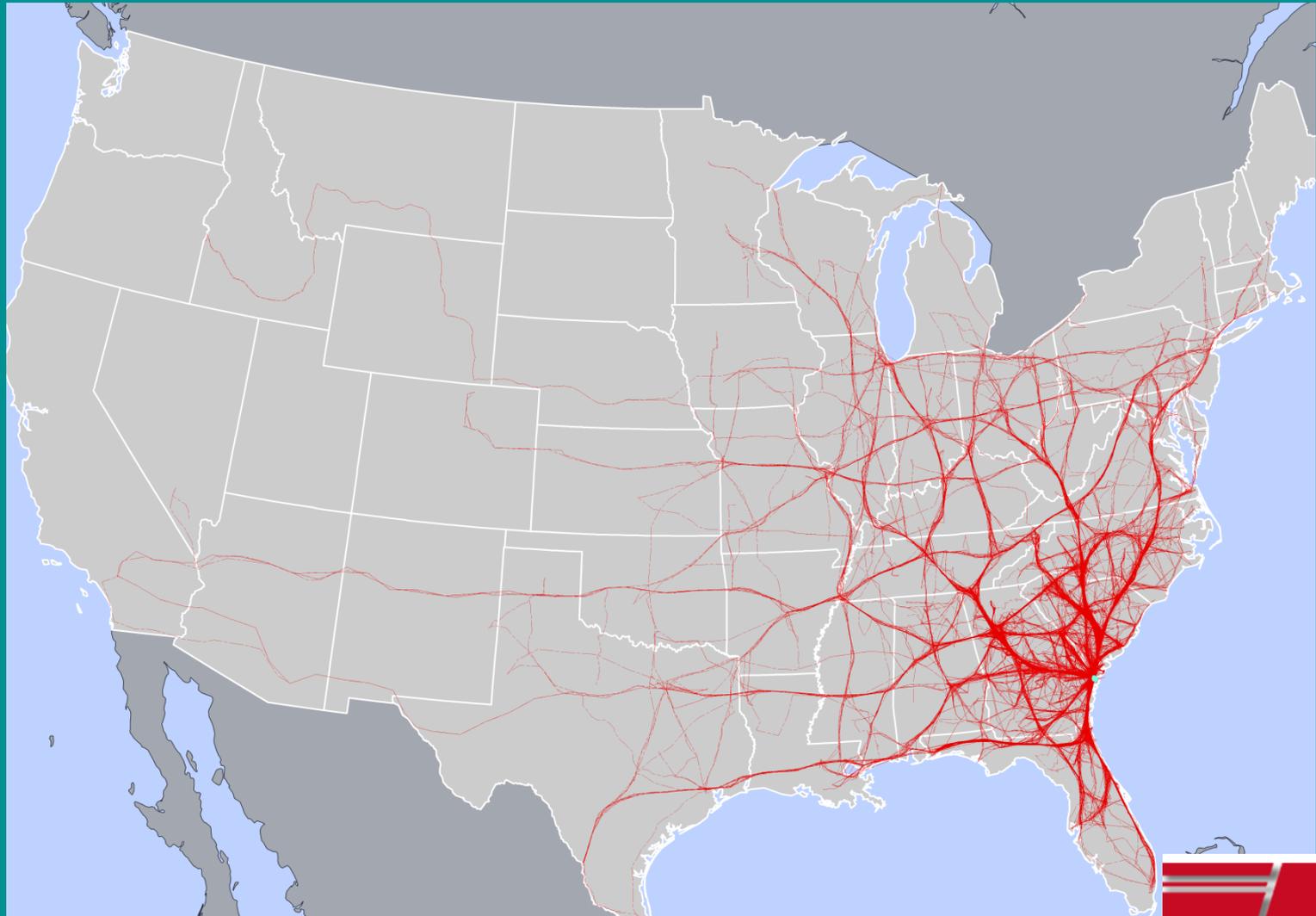
# Same 500 Trucks After 48 Hours



# Same 500 Trucks After 72 Hours



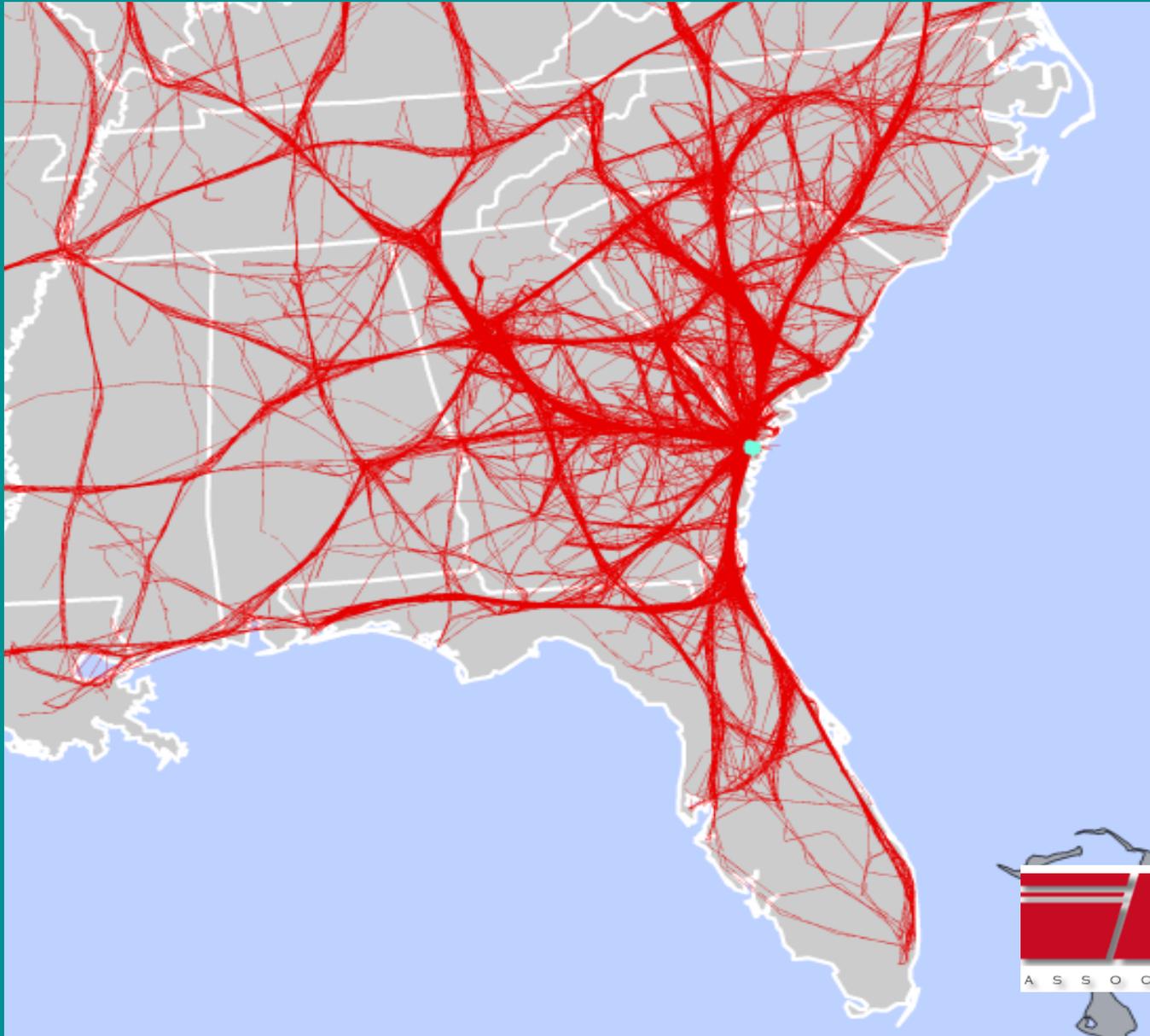
# Same 500 Trucks After 5 Days



# Same 500 Trucks After 7 Days

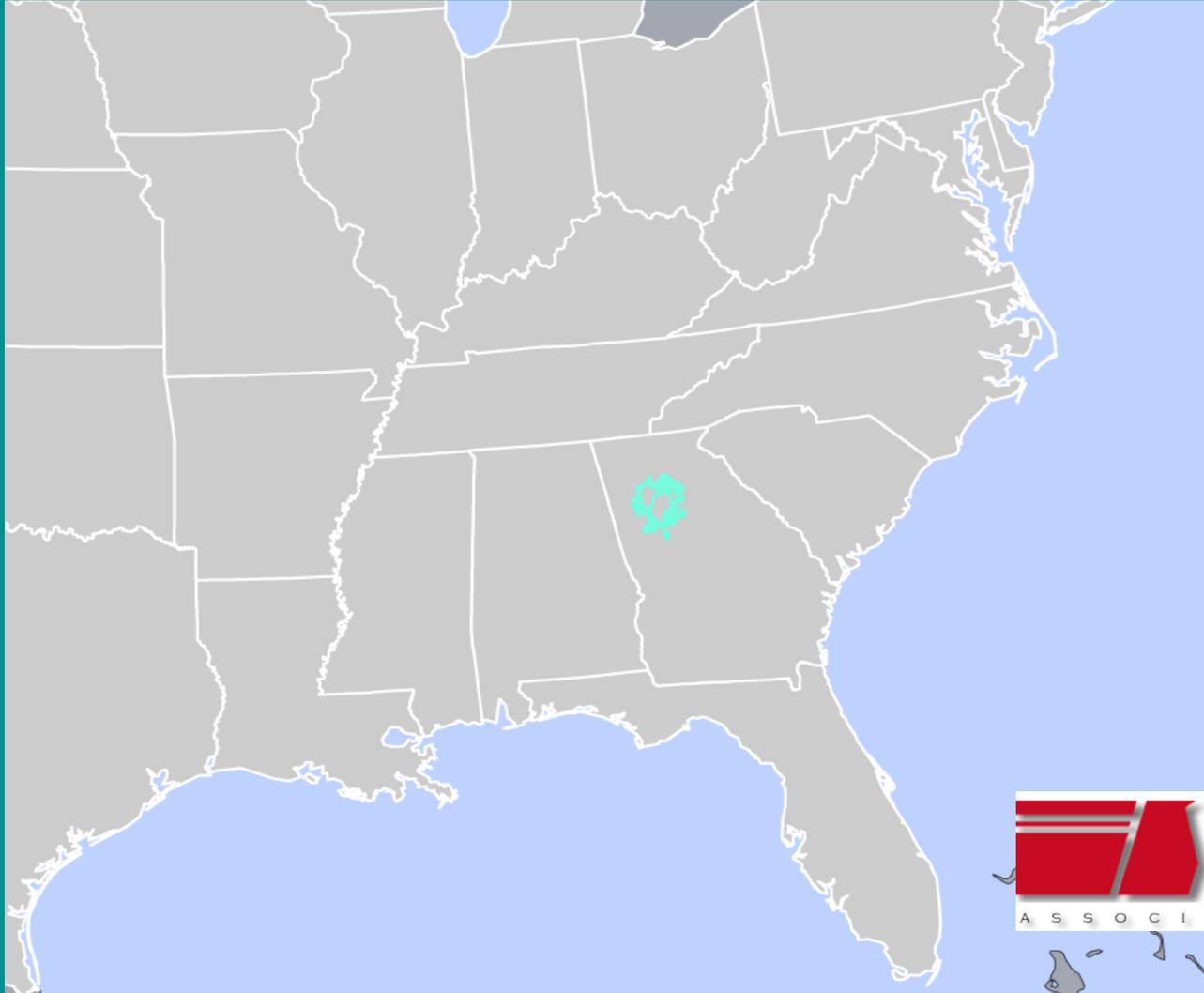


# Same 500 Trucks After 7 Days

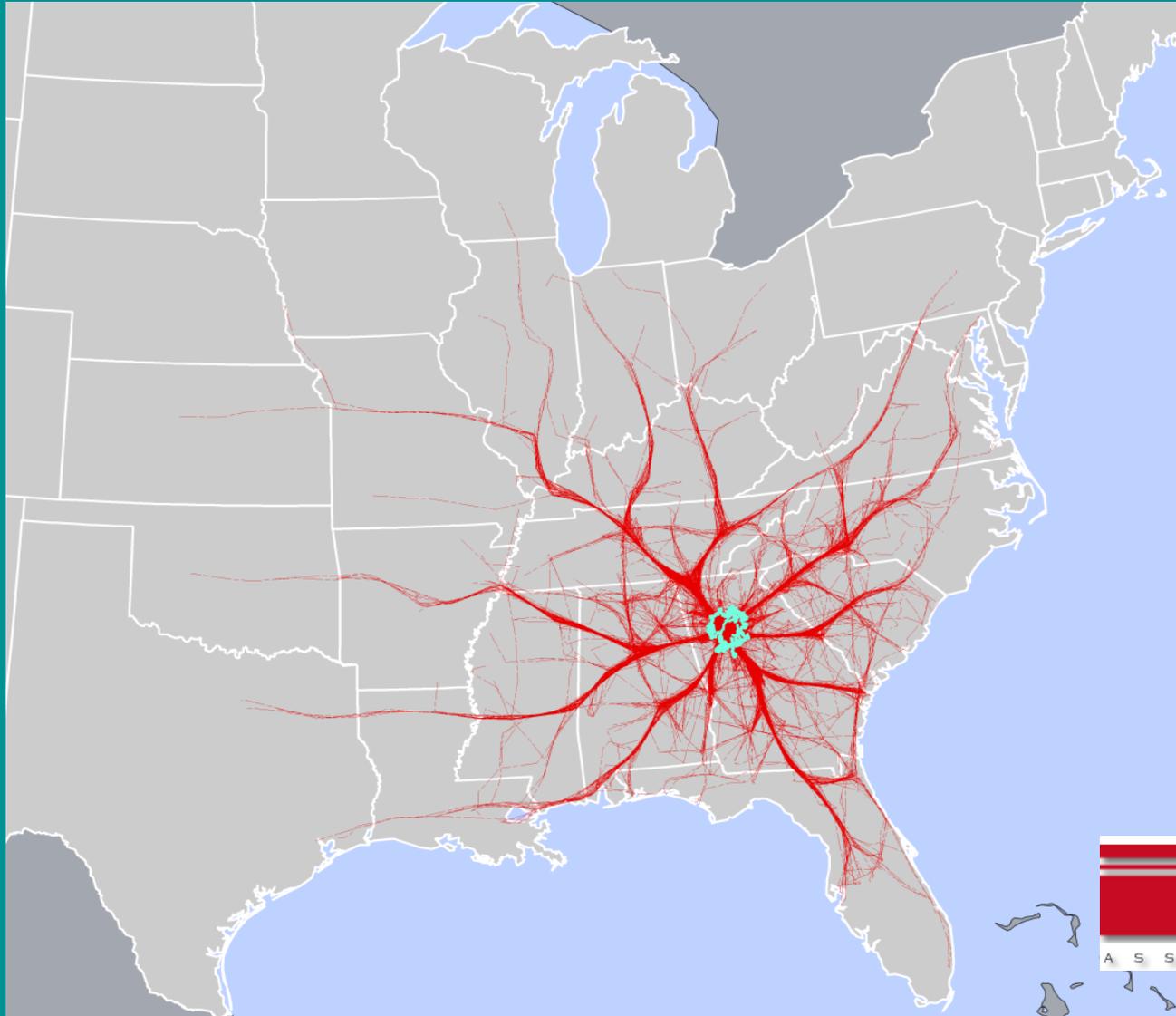


# Atlanta

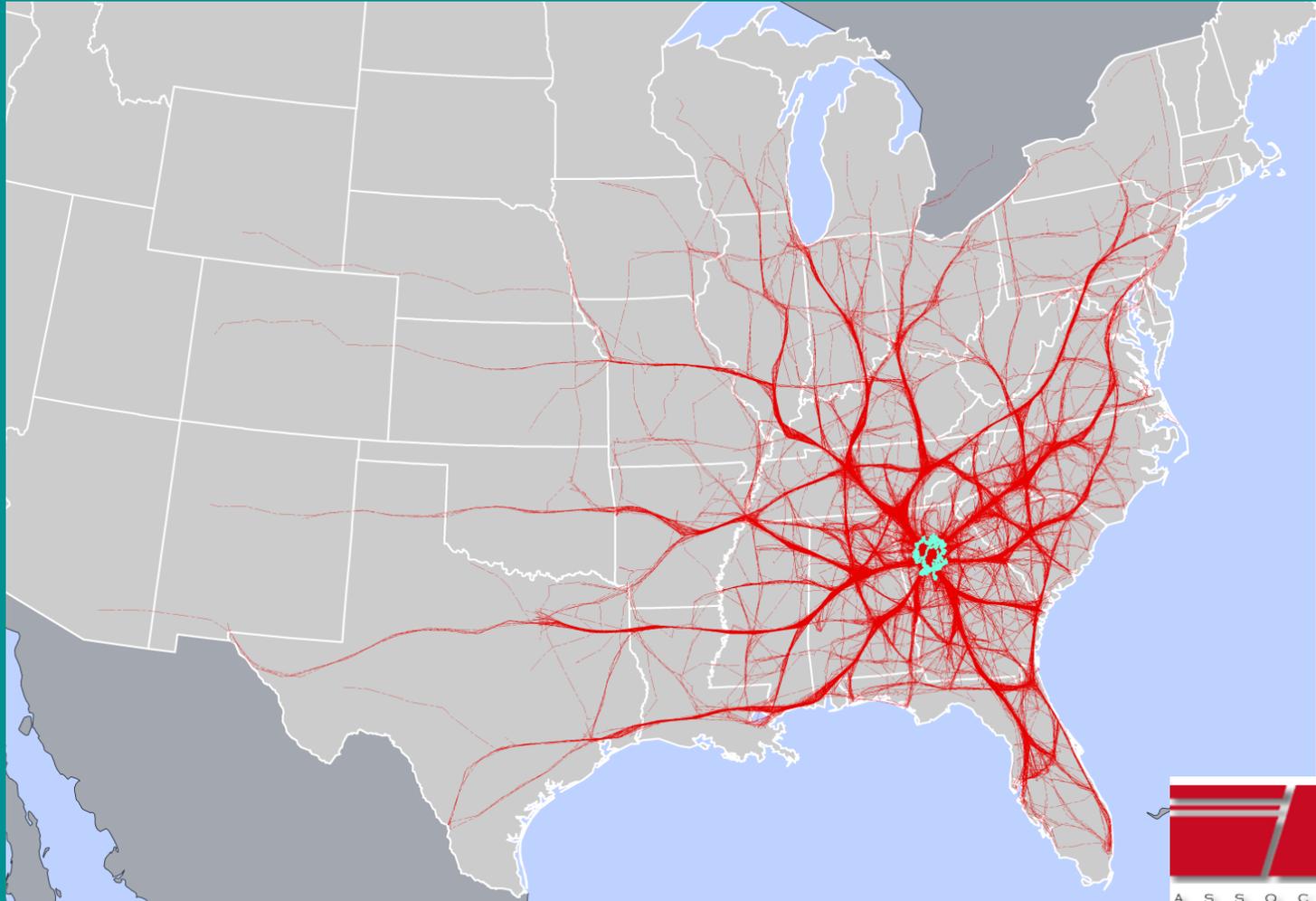
## 2,000 Truck Sample



# Same 2,000 Trucks After 24 Hours



# Same 2,000 Trucks After 48 Hours



# Same 2,000 Trucks After 72 Hours



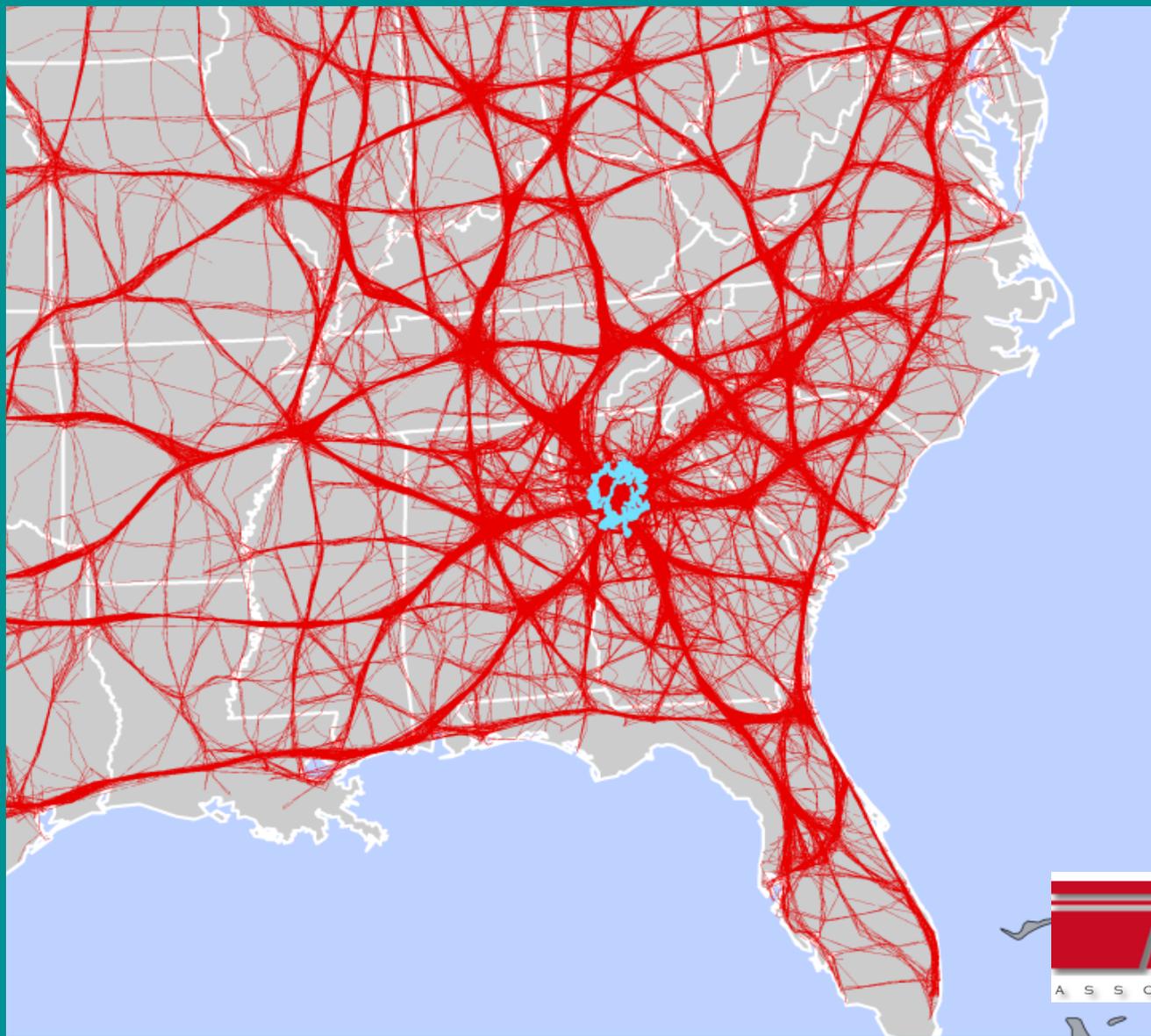
# Same 2,000 Trucks After 5 Days



# Same 2,000 Trucks After 7 Days



# Same 2,000 Trucks After 7 Days



# Georgia's Trucking Industry

- An giant industry of small businesses
  - More than 13,000 entities (Georgia-based)
  - About 1/2 are for-hire, 1/2 private
  - Roughly 75% are 20 trucks or less
  - About 4,000 are one truck firms
  - Average profit margin of less than 2%



# Georgia's Trucking Industry

- Good for Georgia
  - Employs more than 370,000
  - Pays more than \$1 Billion in taxes to GA
    - Fuel taxes
    - Property taxes
    - Income taxes
    - Registration and other fees, permits, etc.
  - Pays between 35% - 45% of total state and federal fuel taxes for GA



# Georgia's Trucking Industry

- In constant motion
- Travels to meet customer needs
  - No joy riding
  - Very price sensitive (>2% margins)
- Serves 100% of Georgia localities
- Serves nationwide from Georgia
- Incredible efficiency – +99% on time is normal!

# Georgia's Trucking Industry

- Freight will always try to serve the customer
  - Truck rush hours are different than car rush hours
    - Trucks generally less than 6% of rush hour traffic
  - Trucks schedules set by customer needs
- Efficiency and cost effectiveness
  - Main drivers for shippers
  - Both facilities and processes matter
- Convenience counts big!
  - It is a proxy for cost effectiveness
  - It can overcome raw distance
  - Can't overcome hard \$ cost



# Issues and Concerns of Georgia's Trucking Industry

- Inefficiencies in taxation drive business away from GA
  - Antiquated tax structure and tax bureaucracy
    - DOR needs policy support and \$ to upgrade processes and technology – that will make more money for state
- Rising congestion and proposed solutions that can't work
  - Wider roads into Atlanta
  - Transit projects that won't clear congestion

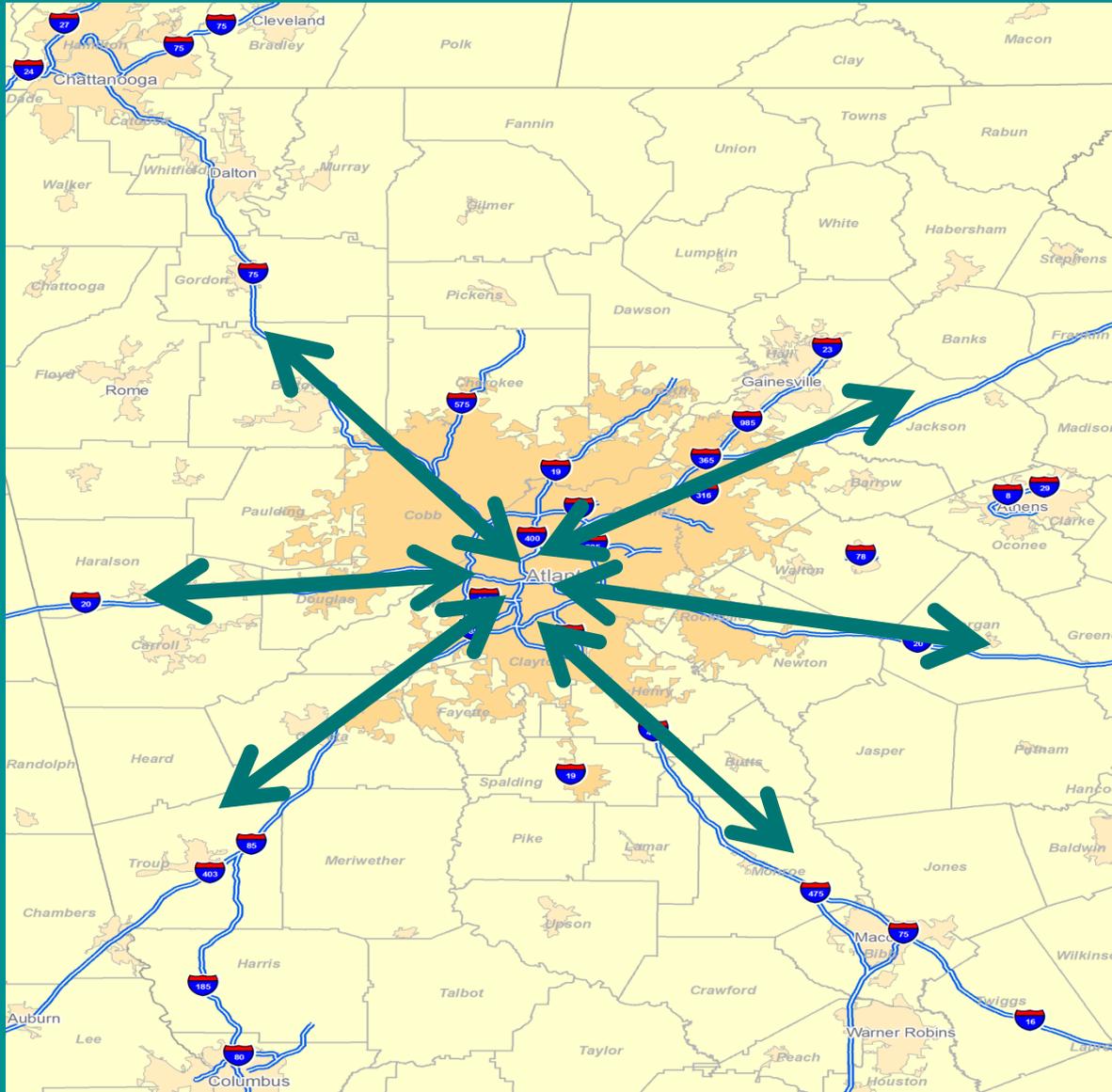
# Issues and Concerns of Georgia's Trucking Industry

- TSPLOST
  - Not a bad idea
  - Sold as congestion relief
  - Now majority of \$ for transit
    - Transit has record of failure in congestion relief
      - See New York, Chicago, Detroit, etc.
    - Transit models rarely match reality
    - Transit has record of endless subsidies
    - What is purpose of transit anyway?
  - TSPLOST in danger of failing in region that needs it most



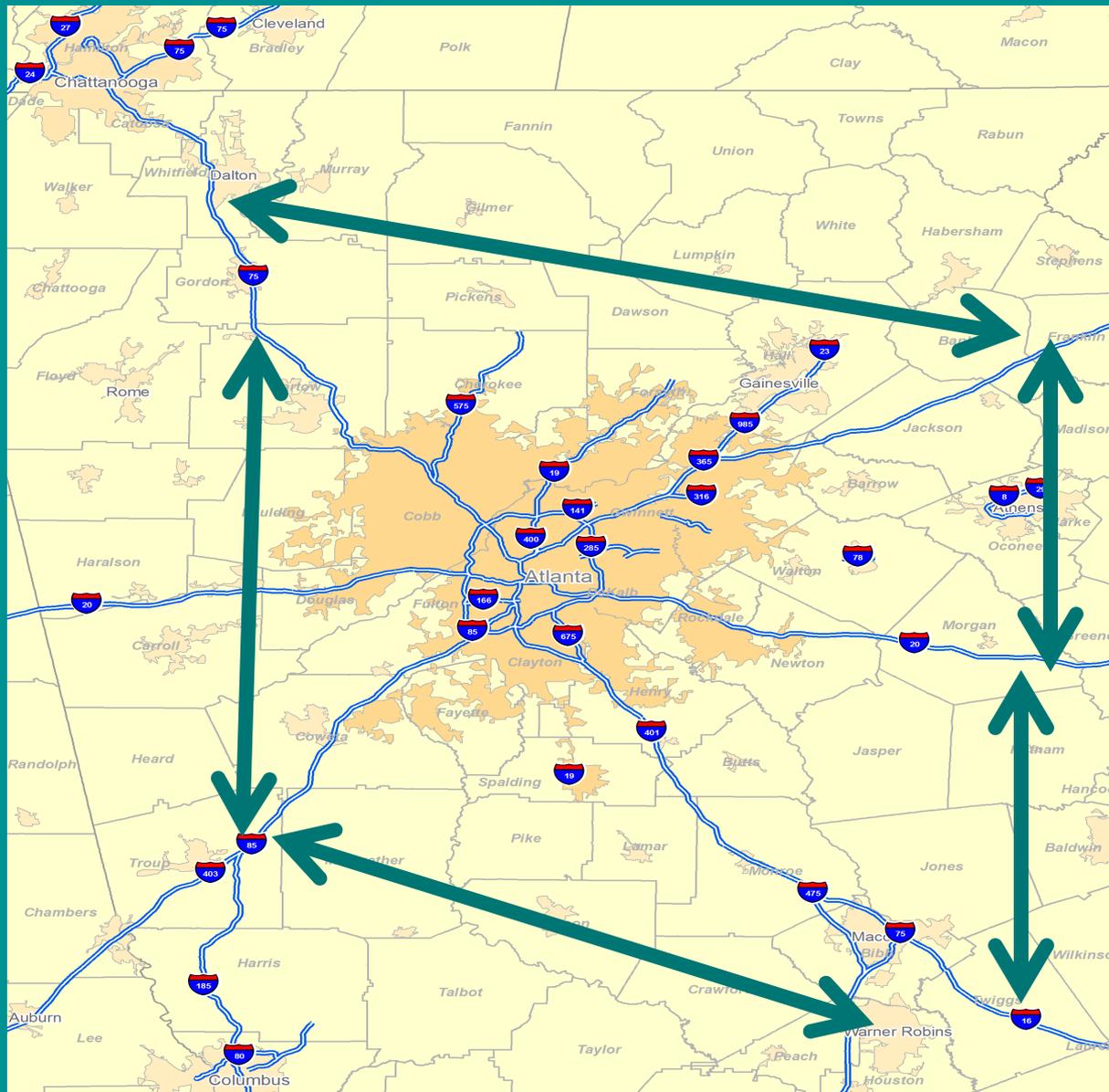


# But the solution is not...



**A wider pipeline** (e.g. wider interstates) will only send more people where they don't want to go. For both freight and commuters the emphasis should be on destination and diffusion. That is, on roads that open new directions of travel.

# The solution is clearly...



For both freight and commuters the emphasis should be on destination and diffusion. That is, roads that open new directions of travel.

Growth south of Atlanta will be stymied without a way around Atlanta.



# Real Congestion Curative

*(for freight and everyone else)*

- Provide access to choices for traffic flows
  - Destination and diffusion are key
  - Wider roads don't fix congestion
  - Transit doesn't fix congestion
  - Reversible express lanes a good concept
  - New bypasses and more east-west connectivity would do most to relieve congestion

*...both road capacity expansions and extensions to public Transit are not appropriate policies with which to combat Traffic congestion.*

University of Toronto study, 2009



# Congestion Curative

*(for freight and everyone else)*

- New roads (or newly available roads)
  - can open new economic opportunities for other parts of Georgia (for more than trucks)
  - Are opportunity oriented, not just a short term fix that ultimately leaves growth still constrained to same geography
  - Allow free flow of commerce to and from markets, creating options for shippers and enhancing Georgia's global competitiveness not for years, but for decades to come

Thank You

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