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BEFORE THE

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OF THE

UNITED STATES SENATE COMMITTEE ON COMMERCE, SCIENCE & TRANSPORTATION

HEARING ON

ON THE RIGHT TRACK: MODERNIZING AMERICA'S RAIL NETWORK

WEDNESDAY, JUNE 18, 2025

Thank you, Mr. Chairman, Ranking Member, and members of the Subcommittee. As Senior Advisor of Brightline Holdings, LLC and one of the people who developed the vision for this company in mid-2011, I am honored to be here to highlight the achievements of Brightline Florida and Brightline West, discuss the future of passenger rail service in the U.S., identify challenges facing the development of additional high-speed and intercity passenger rail systems in America, and potential solutions.

One of the biggest challenges of any infrastructure project is putting together the necessary rights-of-way. In my prior role as an executive at Florida East Coast Railway, we granted a perpetual passenger rail easement to a sister company that could then develop or sell rights for future commuter and intercity passenger rail systems. This sister company ultimately became Brightline Florida and initially owned the access rights to operate passenger rail from downtown Miami to Cocoa, Florida (a location proximate to Kennedy Space Center and Port Canaveral), but was missing right-of-way between Cocoa and Orlando International Airport to complete the system. These two locations are connected by a state transportation corridor. In 2012, Governor Rick Scott and the Florida Department of Transportation entered into a lease agreement with Brightline Florida to complete the 235-mile corridor. Hence, Brightline Florida was born overcoming a major challenge—a continuous right-of-way.

Over the past decade, Brightline Florida has been the only private passenger rail system in the country to construct and operate a modern, consumer-focused service that connects cities with characteristics essential for successful rail operations. Building upon important lessons from Florida, we are now developing Brightline West, which will connect Southern California and Las Vegas.

Both projects represent a model where the private sector plays a lead role in establishing a blueprint for how our nation can build intercity passenger rail, while at the same time stimulating a new industrial base that will reverberate across the country, driving economic growth, creating jobs, and setting a new standard for passenger rail travel in America.

As mentioned earlier, Brightline Florida started as an idea in 2011. As we looked at successful passenger rail systems globally it became clear that a 250- to 300-mile corridor was the ideal length. This distance connects city pairs that are too far to drive but too close to fly. In the U.S., with the notable exception of the Northeast Corridor's Acela service introduced in 2000, this model was discussed but never implemented until Brightline Florida. Miami to Orlando presented the perfect opportunity to introduce rail service in a region of the country that was experiencing a positive population shift, but continued to be challenged with a congested transportation system. With the benefit of a head start afforded by the perpetual passenger rail easement, we set a new bar for innovation in passenger rail transportation.

To date, we have invested more than $6 billion of private capital across the 235 miles from Miami to Orlando. Our initial stations are located in Miami, Aventura, Fort Lauderdale, Boca Raton, West Palm Beach and Orlando International Airport and will soon be joined by stations in Martin County and Cocoa. Our Florida system also includes two vehicle maintenance facilities, ten American-made trainsets, and employs more than 600 teammates. We represent an alternative to driving on Interstate 95, which is one of the most congested roadways in the country, especially in South Florida.[1]

In September 2023, we opened our newest station at the Orlando International Airport and began offering daily, hourly service between South Florida and Central Florida. In 2024, our first full year of service between our terminal stations, we carried nearly 3 million passengers. Our ridership continues to grow, with record monthly ridership occurring throughout 2025, and we expect to eventually carry over 600,000 monthly passengers as the business reaches its full potential.

Looking back over our history, we now recognize lessons learned from several challenges that all projects of this scale must overcome to be successful.

1. Privately developed intercity passenger rail projects would benefit from being directly eligible for USDOT and Federal Railroad Administration (FRA) discretionary grants. The industry at large would benefit from a more streamlined discretionary grant program.
2. Cost-effective access to right-of-way is essential.
3. Completion of environmental approvals in a timely manner to meet the demands of early financial investors is critical.

[1] https://siteselection.com/congestion-capitals/

4. Access to low-cost debt is required to build a financially sustainable business model for greenfield, first-of-its-kind projects.
5. Shifting people out of their car-centric mindset requires redefining the passenger rail experience in the U.S.

Given my experience guiding both Brightline Florida and Brightline West from initial concept, it is clear that this Subcommittee can make significant impacts during the upcoming transportation reauthorization process.

Building on Existing USDOT and FRA Grant Programs

The U.S. Senate Committee on Commerce, Science & Transportation has recognized that all modes of transportation need to be supported through discretionary grant programs. Effective grant oversight requires direct engagement with the entity implementing a project. Consolidated Rail Infrastructure and Safety Improvements (CRISI) is the only grant program that allows private companies to apply for federal funding as a prime recipient (i.e., without a public sector partner). This direct eligibility for CRISI funding comes with a relationship of direct oversight from the FRA. Under other FRA and USDOT grant programs, private companies can still receive funds but must do so through an intermediary: a public entity that serves as the primary applicant. In this scenario, the public entity passes through the funds and reporting obligations. This unnecessary, additional layer can compromise the effectiveness of USDOT monitoring, reporting, and audit procedures, in addition to increasing project risk, cost, and delays.

Many public entities will simply refuse to sit between USDOT and a private company implementing a major greenfield project like high-speed rail. At minimum, the Federal-State Partnership for Intercity Passenger Rail (FSP) grant program's applicant eligibility language should match that of the CRISI program. In an ideal scenario, all USDOT discretionary grant programs should have their applicant eligibility language harmonized. Making this change will allow future intercity passenger rail projects to be implemented without putting elected officials in the difficult political situation of having their state DOTs or other public agencies take on unnecessary risk.

Additionally, the Subcommittee should look at consolidating some or all of the FRA discretionary grant programs into a combined calendar. This consolidation would streamline the entire FRA grant process by eliminating the need to continually issue Notice of Funding Opportunities (NOFO), review grant submissions, and negotiate grant agreements continuously throughout the year. The goal should be to get infrastructure dollars to grant recipients as quickly as possible so the funds can be spent. This goal is hard to achieve when the FRA must oversee multiple grant programs every year on different schedules. This change to the grant programs would also reduce the human and financial capital needed to apply for discretionary grants. For example, issue all the NOFOs in the first quarter, review the grant applications in the second quarter, make all grant announcements in the third quarter and negotiate grant agreements in the fourth quarter.

Utilization of Existing Transportation Corridors

The use of existing transportation corridors is fundamental to our business thesis. I mentioned how the first major challenge for any infrastructure project is putting together a right-of-way. The utilization of existing transportation corridors is a common-sense approach to assembling an end-to-end corridor. Assembling a greenfield right-of-way is simply too difficult, can take too long, and cost too much, typically requiring eminent domain. This process can create headwinds from the start and engender negative perceptions among the very people you want to convince to be your future customers.

Leveraging existing infrastructure dramatically reduces land acquisition costs, minimizes environmental impacts, and accelerates construction and development timelines. Moreover, many governmental entities maintain control of extensive transportation corridors across the country. The cooperation of public and private sectors to leverage these assets facilitated a significant breakthrough for us and has become one of our most important lessons learned.

In fact, Brightline West's alignment is almost entirely within the median of Interstate 15. This configuration is the result of cooperation among the Nevada Department of Transportation (NDOT), Caltrans, the San Bernardino County Transportation Authority and the Department of the Interior's Bureau of Land Management. Agreements reached through this cooperation created the approximately 220-mile rail corridor. These public entities recognized the advantage of using a highway corridor, first opened to traffic in the 1960s, as an opportunity to introduce the first true high speed rail system in America.

Permitting and Approvals

In Florida, we built our system in two phases. Initially we developed a 67-mile segment from Miami to West Palm Beach and then followed that with an additional 168-mile segment to Orlando four years later.

We made this a two-step process because of two real time challenges: (1) the complexities of the environmental approval process, and (2) the ability to raise the capital required for the development and construction phases.

Our first 67 miles existed entirely within an active freight railroad corridor allowing us to expedite the required environmental process. In the end, we received a Finding of No Significant Impact. However, because the Cocoa to Central Florida segment ran along the state highway system and was new rail construction, this segment required a more extensive, multi-year environmental process despite being an active transportation corridor.

While the South Florida system had "independent utility," the extension to Orlando was needed to guarantee long-term financial success for Brightline Florida. We were faced with the difficult decision of whether to delay advancing construction on the entire system for a protracted and unpredictable period while the environmental process for the Orlando segment progressed or take a more proactive posture and build the first operating segment immediately upon approval, and then extend the system once the second environmental process was completed.

To be sure, efficiencies in the environmental process represent enormous opportunities for time and cost savings that can change the course of the viability of these kinds of infrastructure investments. It is vital for moving passenger rail projects forward that this Subcommittee, working with colleagues on the Senate Committee on Environment and Public Works, develop a more efficient environmental approval process. Two changes that would create a more efficient process are (1) to provide additional NEPA delegation authority to states for passenger rail projects, and (2) to provide USDOT clear authority for issuing Categorical Exclusions for infrastructure projects that are constructed in an existing transportation corridor.

Access to Capital

Accessing significant capital to support the cost and the lengthy construction schedule of new infrastructure projects remains a key challenge. As a privately funded project, and the first of its kind in over a century, Brightline Florida had to finance the project in increments as opposed to fully capitalizing the company upfront. This was a strategy based on necessity rather than cost-efficiency. We successfully utilized the Private Activity Bond market as our primary capital source, and it proved to be successful. The availability and lower cost of tax-exempt debt was essential to our ability to succeed.

In addition to Private Activity Bonds, the Railroad Rehabilitation and Infrastructure Financing (RRIF) program has tremendous potential to unlock private sector capital for major infrastructure projects. RRIF today can fund up to 100% of a project's cost. There should be a process whereby the RRIF loan process is more streamlined if an equal amount of the capital stack includes private sector equity and debt from qualified financial institutions. We look forward to working with the Subcommittee during the transportation reauthorization process to improve the RRIF loan program.

Customer Focus

Our ultimate success is due to our teammates delivering an experience that resonates with modern travelers. Our customer satisfaction ratings show that people are embracing the product. On time performance and train frequency have been key metrics in our ramp-up period. And through data-driven marketing strategies, including social media and partnerships across multiple verticals such as airlines, hotels, sports and entertainment, real estate, fintech, and cruise lines, Brightline has built strong consumer engagement.

Brightline Florida is a success and provides a roadmap for the future. That future is Brightline West, America's first true high-speed rail system.

Let me emphasize that point. Today, the United States has ZERO miles of true high-speed rail, which is commonly defined as systems traveling over 186 mph. By comparison, China has approximately 29,000 miles of high-speed rail, making it by far the world's largest network. Japan has about 1,800 miles of high-speed rail, primarily through its Shinkansen system which began operation in 1964 and Europe's network totals roughly 7,500 miles across 11 linked countries.

Brightline West will connect Las Vegas and Southern California with the first passenger train in the country operating at over 200 miles per hour. This all-electric rail service will include a flagship station in Las Vegas, with additional California stations in Apple Valley, Hesperia, and Rancho Cucamonga. Trains will take passengers from Las Vegas to Southern California in approximately 2 hours, twice as fast as the normal drive-time. The Southern California station will connect to Los Angeles' Metrolink service, creating a network for seamless rail connectivity into LA's Union Station.

Today, nearly 50 million annual trips occur between Los Angeles and Las Vegas – over 85% of them by car – a trip which is unpredictable, unreliable, and challenged by congestion.

Brightline West expects to serve nearly 9 million one-way passengers annually. As noted, this project, which is in the final stages of contracting, has fully assembled right-of way, and full environmental clearance. The project has a four-year construction timeline.

The project is one of the largest in the nation and will be constructed entirely as a Buy America initiative, built and operated by union labor. In 2023 we announced a landmark partnership with 13 rail unions representing more than 160,000 railroad workers in the United States. This agreement represents a historic milestone establishing a commitment for the use of highly skilled union labor to operate our business. In addition, the State Building and Construction Trades Council of California (SBCTC), and the Southern Nevada Building Trades Union signed an agreement with our team to ensure their participation in the project's construction.

Independent economic studies estimate that the project will create 35,000 indirect jobs and 10,000 direct jobs during construction.

The trains will be manufactured by Siemens Mobility in a new purpose-built factory. This facility alone will create 300 new jobs and is a tremendous example of the economic impact that will be felt all around the country as the ripple effect of a new supply chain will include more than 120 vendors from 28 states.

For Brightline West, the introduction of new high-speed technology and an entirely new infrastructure base comes with higher capital costs than our Florida system and is therefore proud to be supported with federal grant assistance to offset some of the upfront capital costs of the project. This federal grant will be supported by private activity bonds, debt, and additional private equity.

As for what can be done to continue to encourage growth in this sector, let me return to the challenges discussed earlier.

Re-examination of the permitting and approval process is an opportunity for improvement. We would encourage this Subcommittee and the FRA to identify ways to streamline and reduce the amount of time and investment it takes to proceed within existing laws and regulatory frameworks. Simply put, the environmental process takes too long, costs too much, and involves a series of hurdles and a wide range of approvals at every level of government. While we appreciate the diligence of officials in protecting the public, we must refine the process for this industry to thrive. Ensuring a robust environmental process does not have to come at the expense of efficiency. The process can be both efficient and sufficient to ensure the public is protected.

Massive investments needed for high-speed rail projects require cost-efficient, long-term capital, and there are ways this subcommittee may be able to assist with overcoming this challenge. Continued support of Private Activity Bonds is critical to the capital needs of these projects. Private Activity Bonds attract private lenders willing to accept lower rates on bonds because of their tax-exempt status and those lower rates reduce the cost of capital to the developer. The savings on interest expense can be redirected into hard assets. Any deferred tax revenue is made up many times over as the invested money is put to work in the economy. We have proven the markets are receptive to these investments, and future projects will need access to lower debt costs from this program.

Previously, the Bipartisan Infrastructure Law increased the Private Activity Bond volume cap from $15 billion to $30 billion. Unfortunately, the USDOT has nearly reached that cap necessitating an increase to the cap of up to $45 billion. While this issue falls under the jurisdiction of the Senate Finance Committee, this Subcommittee and its staff can effectively advocate to increase the surface transportation Private Activity Bond volume cap.

LIABILITY CHALLENGE FACING THE PASSENGER RAIL INDUSTRY

One of the biggest challenges currently facing the passenger rail industry is the proposed increase in the amount of the limitation (or cap) on rail passenger liability which was initially enacted as part of the 1997 Amtrak Reform and Accountability Act. This cap was incorporated into the Fixing America's Surface Transportation ("FAST Act"), the five-year surface transportation bill, in December 2015. The cap increased from $200 million (the

original cap in 1997) to approximately $295 million. The cap was also indexed to inflation and is to be adjusted every five years.

The index methodology ensures that the aggregate allowable awards to all rail passengers, against all defendants, for all claims, including punitive damages, arising from a single accident or incident is based on current dollars adjusted for inflation. Today the cap is $323,000,000. The cap is scheduled to be adjusted again in the first quarter of 2026. With the consumer price index as the sole determinant of the adjustment, it is anticipated there will be a very significant increase in the cap. The cap is likely to rise to approximately $400 million.

There is a timeframe mandated in law that provides for an adjustment to the federal cap on liability and, historically, the time frame for the increase to become effective was 30 days from the date the law was amended. The 30-day period is insufficient for all passenger railroads nationwide to secure additional coverage. The industry is asking for a legislative change that will adjust the effective date from 30 to up to 365 days. It will also reduce the review period from every five years to every four years, thus maintaining a five-year cycle for the adjustment.

The process of securing all liability insurance coverage is quite complex and requires a period far more than 30 days to complete. It is customarily a process that requires a minimum of six months. Currently all passenger rail agencies, including Amtrak and Brightline, are required, due to the availability of coverage, to procure the majority of their coverage from overseas insurers. There is no single insurance company that is willing to fully insure a passenger railroad for a potentially catastrophic event.

Passenger rail systems like Brightline have renewal dates spread across the calendar, so everyone is not seeking coverage simultaneously. The proposed increase in the passenger liability cap, and the 30-day implementation date, will create a set of circumstances that will be very detrimental to passenger railroads and only benefit the excess rail liability insurers. Passenger railroads will be beholden to the pricing and terms set forth by the insurers.

There should also be a conversation about resetting the cap since it has not been adjusted since positive train control was mandated by the U.S. Congress. This technology has had a significant positive effect on safety across the rail system. The safety benefits should be reflected in the cap being adjusted downward. This would be a one-time reduction, then the adjustment would continue every five years as mandated today.

At Minimum Maintain Discretionary Grant Funding Levels for Rail

I would be remiss if I did not reinforce the importance of maintaining, if not increasing, the funding levels for rail discretionary grant programs. I have already mentioned reasons why through the Brightline examples. I want to also mention my involvement with Transtar, the

short line rail network that was a former subsidiary of U.S. Steel and continues to provide freight rail service to many of their plants. Given the news this past week regarding the Trump Administration facilitating a final agreement between U.S. Steel and Nippon Steel, our attention will now focus on ensuring that the necessary rail infrastructure exists to support the direct foreign investments that will be made in steel plants across America. Transtar stands ready to meet the needs of America's steel industry and the FRA discretionary grant programs will be vital to making sure that our short line railroads are in a state of good repair.

The importance of the timing of today's hearing is not lost on anyone in the passenger and freight rail industry. The current transportation reauthorization bill ends on September 30, 2026. I am hopeful that this hearing will lay the groundwork for a bipartisanship spirit that will lead to an infrastructure bill by the time the current bill expires. Because, simply put, infrastructure built today is cheaper than infrastructure built tomorrow.

To conclude, I invite you all to come to Florida and take a ride to see what we have built! I am proud of the more than 600 teammates at Brightline Florida that have built a product that is leading a passenger rail renaissance in America. They have redefined train travel. And each one of them is up to the challenge of unlocking the full potential of high-speed rail in America.

Thank you, and I look forward to your questions.