

Congress of the United States
Washington, DC 20515

October 14, 2021

The Honorable Pete Buttigieg
Secretary
Department of Transportation
1200 New Jersey Avenue SE
Washington, DC 20590

Morteza Farajian, Ph.D.
Executive Director
Build America Bureau
1200 New Jersey Avenue SE
Room W12-426
Washington, DC 20590

Dear Secretary Buttigieg and Dr. Farajian:

We write to you today to express our concern about Texas Central Railroad's (TCRR) intention to access \$12 billion in federal loans for their high-speed rail (HSR) project from Dallas to Houston. On September 6, 2021, Texas Central's CEO Carlos Aguilar expressed interest in federal aid through the Infrastructure Investment and Jobs Act and specifically the Department of Transportation's Railroad Rehabilitation & Improvement Financing (RRIF) program.¹

The \$12 billion loan they are seeking would not only be the largest RRIF loan in the program's history, but would consume more than one third of the total sum allocated to the program. **We are concerned with Texas Central's ability to skirt Buy America requirements, inflate ridership projections, and obtain federal loans without authority to construct, which will leave the American taxpayer on the hook.** Should Texas Central pursue federal assistance, I encourage DOT to consider the alarming facts of this project.

Texas Central must determine how they will comply with the Federal Railroad Administration (FRA) while meeting Buy America requirements. As you know, to qualify for a RRIF loan, a recipient must meet the Buy America policy to align with the goal of promoting U.S. economic development and competition among international markets.² However, Texas Central is committed to using Japanese technology, Tokaido Shinkansen system, which uses Japanese manufacturers.³ Additionally, because the technology does not meet the safety standards and regulations set by the FRA, Texas Central successfully petitioned the FRA for a Rule of Particular Applicability (RPA). In its final ruling, the FRA requires Texas Central to build to the same specifications as the Tokaido Shinkansen system.⁴ Texas Central must determine how they will build foreign technology while promoting domestic manufacturers. Nonetheless, the use of Japanese designed and built components would undermine efforts to develop high-speed rail technology in America and challenge President Biden's commitment to expand American-made products and services.⁵

¹ Jason Whitely. *Building Texas Bullet Train Hinges on Congress Passing Bipartisan Infrastructure Bill, CEO says*. WFAA. 6 September 2021.

² U.S. Department of Transportation. Build America Bureau. <https://www.transportation.gov/buildamerica/financing/trif/trif-domestic-preference-information-and-notice-waiver-requests>. 29 September 2021.

³ *Low Impact Design*. Texas Central. <https://www.texascentral.com/low-impact-design/>. 29 September 2021.

⁴ *Texas Central Railroad High-Speed Rail Safety Standards*. 85 *Federal Register* 213 (November 3, 2020), pp. 69700-69776.

⁵ *FACT SHEET: Biden-Harris Administration Issues Proposed Buy American Rule, Advancing the President's Commitment to Ensuring the Future of America is Made in America by All of America's Workers*. The White House. 28 July 2021.

Texas Central will not meet their ridership projections, which challenges how they intend to recover costs and pay for their \$24 billion project. Texas Central claims they will have 6 million passengers in 2029 that will increase to 13 million passengers in 2050.⁶ However, the Texas Department of Transportation (TxDOT) concluded that annual ridership between Dallas and Houston in 2035 will range between 0.7 million and 2.7 million riders.⁷ Even in the best-case scenario, Texas Central will fall severely short of their forecasted ridership, which challenges the accuracy of Texas Central's plan to generate positive revenue. Without a full understanding of their financial standing, we caution subjecting the American taxpayer to such a loan.

Currently, Texas Central does not have approval from the Surface Transportation Board (STB) to begin construction, nor have they begun the months-to-year long approval process to obtain a permit. The application process requires Texas Central to submit information about their financing, ridership, and feasibility. It has been over a year since STB asserted jurisdiction over the project and Texas Central has not yet submitted an application. It would be a misuse of taxpayer dollars to provide a federal loan to Texas Central without approval from the STB.

Although Texas Central claims it is in "execution phase," many critical steps have not been taken and important questions about the financial feasibility of this project remain unanswered. Texas Central claimed they would never ask the public to subsidize their project, and now it is essential.⁸ They said the cost was \$10 billion, and now that number has tripled.⁹ It would be irresponsible to award taxpayer dollars to a project that has been fraught with inconsistencies from the start. We urge you to consider the facts we have presented should Texas Central request a loan from the Department of Transportation.

Sincerely,



Kevin Brady
Member of Congress
Eighth District of Texas



Jake Ellzey
Member of Congress
Sixth District of Texas

<https://www.whitehouse.gov/briefing-room/statements-releases/2021/07/28/fact-sheet-biden-harris-administration-issues-proposed-buy-american-rule-advancing-the-presidents-commitment-to-ensuring-the-future-of-america-is-made-in-america-by-all-of-americas/>. 12 October 2021. Press Release.

⁶ *Ridership by the Millions*. Texas Central. <https://www.texascentral.com/ridership/>. 29 September 2021.

⁷ Texas Department of Transportation. *Statewide Ridership Analysis Report*. December 2013. <https://ftp.dot.state.tx.us/pub/txdot-info/rail/rail-ridership-report-1213.pdf>. 28 September 2021.

⁸ Peter LeCody. *CEO: High-speed rail, moving Texas forward without taxpayer grants or bailouts*.

<https://texasrailadvocates.org/2016/04/09/ceo-high-speed-rail-moving-texas-forward-without-taxpayer-grants-or-bailouts/>. Texas Rail Advocates. 9 April 2016.

⁹ Sofia Krusmark. *Will Stimulus Money Help Put Texas Central's High-Speed Rail Back on Track?*

<https://www.dmagazine.com/business-economy/2020/06/will-stimulus-money-help-put-texas-centrals-high-speed-rail-back-on-track/>. D Magazine. 10 June 2020.