

## **Urge U.S. Department of Transportation to Reject Oil Train Funding Scheme:**

### **Uinta Basin Railway developers Seek Billions in Tax-Payer Subsidies Speak at the Public Hearing on Thursday, March 9 at 10 am**

<https://jonesanddemille.zoom.us/j/81812623532>

The developers of the Uinta Basin Railway are seeking authorization from the U.S. Department of Transportation to issue \$2 billion in tax-exempt “private activity bonds” to build a railway intended to carry massive amounts of newly extracted oil by train on a perilous journey through Utah and Colorado, with gulf coast refineries as the destination.

The single purpose of the proposed 87-mile railway is to increase oil production by as much as 400% in Utah’s Uinta Basin. If built, up to 87 million gallons of waxy crude per week would move on rails to the Gulf Coast in Texas and Cance Alley refineries in Louisiana. Extracting and burning that oil could produce up to 56 million metric tons of carbon pollution a year – more than the nation’s three of the dirtiest coal plants combined—significantly worsening the climate crisis. Burning more oil will only worsen already diminishing river flows with immense consequences for all water users in the Colorado River Basin.

#### **Oil Train Risks Harm to Colorado River, Communities**

Heated oil tankers would travel over 100 miles immediately adjacent to the Colorado River—a water source relied on by over 40 million—risking toxic spills and fires. Federal analyses predicts that if this new railway is built train derailments will more than double to almost three times a year between Kyune, Utah and Denver, Colorado. Nearly once a year, according to federal projections, a fully loaded oil train will derail along the route; and roughly once every four years, that derailment would result in an oil spill.

On the heels of the East Palestine, Ohio train derailment disaster, the Department of Transportation should not be subsidizing the oil industry to add up to 180,000 more rail cars loaded with hazardous material to the interstate tracks every year.

#### **Oil Train Proponents Seek \$80 Million Per Year Subsidy from Federal Taxpayers.**

If the tax-exempt bonds are issued, it will cost taxpayers up to \$80 million per year<sup>1</sup> with US taxpayers losing out on that tax revenue annually. Over the 40 years life of the bonds, US Taxpayers will lose \$3.2 billion. The bond issuer, Wells Fargo, was one of the largest financiers of fossil fuel projects worsening the climate crisis as of 2021.<sup>2</sup>

**Private Activity Bonds Should Benefit Public Interest, Not Lock in Decades of Fossil Fuel Extraction.** Private activity bonds can be an important tool for enabling construction of infrastructure projects that benefit the traveling public, some of which will even reduce climate pollution. The vast majority of projects DOT has approved for such

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<sup>1</sup> The 4% differential multiplied by the \$2 billion bond issue is \$80 million per year.

<sup>2</sup> See Rainforest Action Network et al., [Banking on Climate Chaos](#), Fossil Fuel Finance Report (2021) at 12.

bonding does just that by supporting mass transit, building safer bridges, improving highways, or building rail links that reduce vehicle miles traveled. The Uinta Basin Railway will do none of these things. Expending the DOT's limited funds for private activity bonding authority on this oil train would reduce the amount available for worthy projects.

**Estimates of the Oil Train's Costs have Doubled, Likely Requiring More Drilling.**

The total cost of the oil railway is now estimated to be up to \$2.9 billion, more than twice the \$1.35 billion predicted by the federal agency analyzing the project in an environmental impact statement (EIS) just 18 months ago.<sup>3</sup> Increasing costs will require the railway to move more trains to recover its costs, because its revenue stream is based on fees for railway use.

**Urge U.S. DOT To Deny the Tax-Exempt Status the Oil Train Seeks.** The Secretary of Transportation, Pete Buttigieg has "maximum flexibility" to deny applications for any reason. Importantly, because the oil railway conflicts with the President's executive orders on climate change and environmental justice, and provides only private benefit to the oil industry, the Secretary has ample cause to reject the project's application for billions in subsidies.

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<sup>3</sup> Surface Transportation Board, [Final EIS on Uinta Basin Railway, Ch. 2](#), at 2-25 (Aug. 2021) (Whitmore Park alternative alignment, chosen by the Railway, will cost \$1.35 billion to construct).