



May 28, 2015

Legislation

Congress passes two month highway funding extension. On May 23rd, the Senate passed a two month extension of surface transportation funding by voice vote – avoiding an abrupt suspension of highway and bridge projects during the busy summer construction period. On Tuesday, May 19th, the House of Representatives passed an identical two month extension by a vote of 387-35. The legislation proceeds to President Obama, who is expected to sign the extension prior to the May 31st deadline. The U.S. Department of Transportation estimates that – as long as authorizing legislation is passed – the Highway Trust Fund has sufficient revenue to provide funding until the middle of the summer.

The United States Highway Trust fund is a transportation fund comprised of three accounts: the Highway Fund, the Mass Transit Account, and the Leaking Underground Storage Tank Trust Fund. The Highway Trust Fund is financed via a federal fuel tax of 18.4 cents per gallon of gasoline and 24.4 cents per gallon of diesel fuel. The taxes are distributed as follows:

Gasoline:

- 15.44 cents – Highway Fund
- 2.86 cents – Mass Transit Account
- 0.1 cents – Leaking Underground Storage Tank Trust Fund

Diesel:

- 21.44 cents – Highway Fund
- 2.86 cents – Mass Transit Account
- 0.1 cents – Leaking Underground Storage Tank Trust Fund

The Highway Trust Fund annually generates approximately \$35 billion. It is estimated the nation needs approximately \$50 billion to keep the system in a state of good repair.

The federal tax on gasoline and diesel fuel has not been adjusted since 1993. According to research funded by the Soy Transportation Coalition, if Congress had indexed the fuel tax to inflation in 1993 – the last time it was adjusted – an additional \$133 billion would have been available for improving our nation’s roads and bridges.

Port transparency bill introduced in Washington, D.C. Senator John Thune (R-SD), Senator Lamar Alexander (R-TN), Senator Deb Fischer (R-NE) and Senator Cory Gardner (R-CO) introduced a port transparency bill as part of S. 1298 to assist with early identification of port disruptions before they inflict damage on businesses and the U.S. economy.

Recent labor disputes on the West Coast have reportedly cost the U.S. economy upwards of \$2.5 billion per day as well as been a major contributor to the slight growth rate of the economy during the first quarter of 2015. The legislation is designed to provide greater transparency to maritime shipping and gain insight into developments at the nation's ports before service disruptions occur.

The U.S. Department of Transportation reports that more than fifty percent of all containerized imports enter the U.S. via the West Coast ports. The U.S. Maritime Administration (MARAD) produces an annual Statistical Snapshot and further acknowledges "the lack of a reporting process has stymied its attempts to measure the efficiency of major U.S. ports."

S. 1298 creates a new level of transparency and accountability for ports, many of which are government owned, by requiring:

- The director of the Bureau of Transportation Statistics (BTS) to establish a port performance statistics program and report annually to Congress on the performance and capacity of the nation's key ports.
- U.S. port authorities that are subject to federal regulation or that receive federal assistance to report annually to BTS.
- The Secretary of Transportation, in consultation with the Secretaries of Labor and Commerce, to report to Congress on a port's performance before and after the expiration of maritime labor agreements to help indicate whether labor discussions have impacted operations, the estimated economic impact of such disputes and roughly how long it will take for shipments to return to normal.

Legislation introduced to improve hazmat-by-rail safety. Congressman Donald Norcross (D-NJ) introduced H.R. 2074 – "The Toxics by Rail Accountability and Community Knowledge (TRACK) Act". The legislation calls for implementing recommendations made by the National Transportation Safety Board (NTSB) following a 2012 train derailment in Paulsboro, New Jersey.

TRACK Act would establish the following:

- Penalties for railroads that violate safety standards
- Require up-to-date, accurate and standardized hazardous materials information to support first responders and emergency management officials
- Establish new safety procedures and qualifications to improve moveable bridge crossing safety
- Improve risk assessment tools for railroads
- Enhance public education along routes that carry hazardous materials

Senator Bob Menendez (D-NJ) introduced a companion bill in the Senate.

Administration

DOT Secretary designates Marine Highway projects. U.S. Secretary of Transportation Anthony Foxx recently designated three Marine Highway projects: 1.) An expanded container-on-barge operation in the Port of New York and New Jersey, 2.) The development of a container-on-barge service along the Mississippi and Illinois River, and 3.) A new commuter ferry on the Potomac, Occoquan and Anacostia Rivers.

No funding accompanies the designation of a Marine Highway Project, and there is not currently a presidential request for funding of a marine highway. However, the TIGER (“Transportation Investment Generates Economic Recovery”) grant program, as well as state departments of transportation, could potentially be used to fund marine highway projects.

The expanded container-on-barge operation in the Port of New York and New Jersey is scheduled to begin operating around July 1. The expansion allows the Port Newark Container Terminal to start offering eastbound service from New Jersey to Brooklyn. The designation could be useful for seeking funding to expand or improve in the future.

The second project designated is known as the M-55/M-35 Container on Barge Project. The project is supported by a group that includes mayors from 68 cities along the river who desire to restore container movement on the waterway. Having the designation of Marine Highway Project allows the effort to qualify for grant money if it becomes available from Congress.

Surface Transportation Board

STB to review rates and revenue adequacy of railroads. The Surface Transportation Board (STB) will hold two public hearings to review rate regulation of rail transportation of grain and railroad revenue adequacy. The hearing on rail rate regulation will be held on June 10. The second hearing to examine railroad revenue adequacy will be held on July 22-23. Both hearings will be at the STB headquarters in Washington, D.C.

The STB will explore making the board’s rate case process more accessible to grain shippers and how it should regulate rail carriers that are revenue adequate. The STB presently determines annually whether a railroad is earning sufficient revenue to cover costs as well as earn a reasonable return to attract capital.

Certain portions of the copy for the STC Washington Report are obtained from media reports, trade publications, government sources and industry stakeholders.

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