June 11, 2010

Legislation

Braley, Hare urge Obama and Allen to evaluate impact on Mississippi River shipping. Congressmen Bruce Braley (D-Iowa) and Phil Hare (D-Ill.) sent a letter on June 10th to President Barack Obama and Coast Guard Admiral Thad Allen, urging them to fully evaluate the impact of the BP Oil Spill on Mississippi River shipping lanes. As oil continues to drift closer to the Southwest Passage, a critical shipping lane for farmers who rely on barge traffic to ship their crops overseas, Braley and Hare are concerned about the impact a slowdown in Mississippi River traffic could have on prices for farmers, producers and distributors.

"While current reports indicate that the major ports and shipping lanes are unaffected by the oil slick, and that there are precautions in place to remove oil from any affected vessels, past experience has shown that delays in traffic have had a drastic economic impact on regions beyond the Gulf of Mexico," the letter states. "Following Hurricane Katrina in 2005, the agricultural industry suffered sharp declines in the prices of commodities as a result of a traffic slowdown. Access to the Mississippi is crucial to many of the businesses in our districts, and is critical to the agricultural industry that depends on barge shipping to get their products to the rest of the world at competitive costs."

Braley and Hare requested that the Obama Administration perform a full analysis on the potential economic impact that the Gulf oil spill could have on barge traffic along the Mississippi River, and the further effect on commerce and local economies along the Mississippi. Braley and Hare hope that an efficient and thorough study of the impact could help mitigate the cost of the spill for the agricultural industry in Iowa, Illinois and the rest of the Midwest.

"Green Railcar Enhancement Act" is introduced. U.S. Representatives Earl Blumenauer (D-Ore.), Kevin Brady (R-Texas), Bill Shuster (R-Pa.) and John Tanner (D-Tenn.) introduced on June 8th the "Green Railcar Enhancement Act of 2010" (H.R. 5478), which would provide a 25 percent tax credit for replacing or rebuilding old rail cars. The bill has been referred to the House Committee on Ways and Means.

The tax credit will be limited to cars built in 2010 and 2011 and would require a minimum of 8 percent increase in capacity or fuel efficiency.

"The railcar industry faces two challenges: they have lost 54,000 jobs in the last eighteen months, and they are saddled with an aging fleet that will have to be replaced," said Congressman Blumenauer. "The legislation we introduced will help manufacturers weather the downturn while spurring the production of railcars that use less fuel."

The legislation aims to shift a portion of rail-car demand projected for between 2012 and 2014 to 2010 and 2011 – helping the rail-car supply industry survive during the next couple years while ensuring a domestic supply of rail cars when the market rebounds.

The legislation could generate the building or rebuilding of an additional 50,000 cars in 2010 and 2011 at an estimated tax-credit cost of about $800 million. The cost would be reduced by tax revenues generated from the additional economic activity. The bill also is expected to support 30,000 to 50,000 jobs, and enhance railroads' fuel efficiency and emission-reduction efforts by replacing old cars with new.

The rail-car industry — which includes six car builders and 250 component suppliers — has lost 54,000 jobs during the past 18 months, according to American Railcar Industries Inc. In addition, rail-car deliveries have dropped from 75,000 units in 2006 to a projected total of less than 10,000 units for 2010.

Department of Transportation (DOT)

DOT Secretary LaHood urges for "innovative" transportation funding. The U.S. must find more "innovative" ways to fund infrastructure projects, Transportation Secretary Ray LaHood said during a speech on June 10th.

"In Washington, we all know what needs to be done in transportation," LaHood said. "We need to find $500 billion."
That's the amount of surface transportation spending proposed by Rep. James L. Oberstar, D-Mich., last year in his multi-year infrastructure bill.
There's no consensus in Washington on how to raise that money, however, and LaHood said the federal government needs to look beyond traditional means — depending on the fuel taxes that support the Highway Trust Fund.

"The surface transportation bill is inadequate to fund all our needs," he told shippers and carriers at the National Industrial Transportation League's (NITL) transportation freight policy forum in Arlington, Va.

At the NITL forum, LaHood outlined an emerging infrastructure funding policy that cuts across modal lines established decades ago and perpetuated in federal spending laws such as the highway bill.

That policy includes greater reliance on federal TIGER grants and an infrastructure bank focused on "significant" multimodal projects.

That means the Department of Transportation would decide where and how that money is spent, rather than Congress or the states.

"The value of the TIGER grants is that there are no filters," LaHood said. "The money goes straight to the people who applied for it. They don't have to go through a state transportation department."

DOT awarded more than $600 million in TIGER grants to freight projects last year, and is preparing a second round of grants authorized by Congress. "If Congress continues to provide this opportunity, we'll go for it," said LaHood.

With the surface transportation bill likely to remain stalled in Congress until at least next year, "We need creative, innovative thinking, rather than just thinking about the Highway Trust Fund," LaHood said.

That's a view that makes many shippers and carriers nervous — especially those who rely on the road network supported by the Highway Trust Fund.

LaHood told them not to worry. When it comes to the importance of freight transportation, including trucking, to the economy, “We get it,” he said.

“Goods movement is part of a larger system,” said LaHood, and “The better connected the parts, the better the system as a whole will be.”

That includes trucks, rail, ships, barges and planes, he said. “This administration is committed to investing in multimodal transportation.” *(Source: Journal of Commerce)*

Surface Transportation Board

STB to hold public hearing on BNSF coal dust. The Surface Transportation Board (STB) will hold a public hearing on Thursday, July 29, on a case that centers on whether a railroad may deny service to coal shippers who do not follow the railroad’s rules on coal dispersal.

The case, Arkansas Electric Cooperative Corporation—Petition for Declaratory Order, Docket No. FD 35305, raises the issues of whether BNSF Railway Co. may establish rules regarding coal dust dispersion from coal trains operating over its lines, and if it can refuse to provide rail service to shippers who do not comply with its rules. The STB will decide if this constitutes an unreasonable practice and whether the provision would violate BNSF's common carrier obligation.

The hearing is scheduled for 9:30 a.m. at the STB Headquarters in Washington, D.C. The hearing will be open to the public, but only parties of record in the case will be permitted to speak. Parties wishing to participate must file a notice of intent no later than June 18.

A video broadcast of the hearing will be available through the STB's website at www.stb.dot.gov.

The STB is the regulatory agency created by the U.S. Congress to resolve railroad rate and service disputes and reviewing proposed railroad mergers. The STB is administratively affiliated with the U.S. Department of Transportation. The organization is governed by a three member board – appointed by the President and confirmed by the Senate – each with a five-year term of office.