Soy Transportation Coalition

Washington Report

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Legislation

Federal government shutdown avoided. Congress late last week avoided a government shutdown by reaching an agreement to pass the remaining nine appropriations bills for fiscal year 2012. On a separate matter, Congress continues to debate the extension of the payroll tax cut. If an agreement is not reached by January 1st, the payroll tax cut will expire.

Included in the appropriations legislation was a disaster assistance provision that will allocate an additional $1.7 billion to the Army Corps of Engineers - $802 million of which will be targeted for areas affected by this year's flooding along the Mississippi River; $534 million for dredging projects; and $388 million for flood control projects. An earlier resolution to require a 1.83 percent across-the board cut in the Army Corps of Engineers budget to pay for the disaster relief funding was rejected by the Senate.

Mica announces postponement of Highway Bill. John Mica (R-FL), Chairman of the House Transportation and Infrastructure Committee, recently announced that the markup of the surface transportation reauthorization bill ("The Highway Bill") will be postponed until early 2012.

Every six years, the U.S. Congress reauthorizes legislation that determines the volume of spending, the recipients of that spending, and the revenue sources of that spending for the nation's surface transportation system. The current surface transportation plan, the "Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users" (SAFETEA-LU), had an expiration date of September 30, 2009. Since Congress was unable to reach consensus on a new six year authorization, the current legislation has been extended.

The infrastructure projects and overall plan stipulated by SAFETEA-LU are primarily financed by an 18.4 cent tax per gallon of gasoline purchased and a 24.4 cent tax per gallon of diesel fuel. This arrangement has proven to be unsustainable in adequately funding our nation's surface transportation needs. As a result, new funding mechanisms for the next surface transportation bill are being explored and debated. Finding a sustainable method of funding our surface transportation system remains the primary point of friction in advancing a new surface transportation bill.

House Democrats promote tighter "Buy American" infrastructure guidelines. Nick Rahall (D-WV), ranking member of the House Transportation and Infrastructure Committee, and fellow Democrats unveiled on December 1st a plan to enhance the "Buy American" provisions for transportation projects.

According to Rahall, despite current statutory "Buy America" statutory requirements that require that all steel, iron, and manufactured goods used to construct Federal-aid Highway projects are produced in the United States, loopholes have allowed the manufacturing of major transportation projects to be sent abroad. Democrats called on Republicans to include Rahall's legislation in the long-term surface transportation reauthorization currently being crafted.

Rahall cited an example of Chinese steel being used for the Oakland Bay Bridge renovation project. A total of 43,000 tons of steel for the $6.3 billion project was utilized. According to Rahall, the project employed 3,000 workers in China – jobs that should have gone to American workers.

"We are no longer buying just cheap trinkets from China – we are literally buying bridges and major transportation infrastructure, while outsourcing innovation and capabilities that could be fostered and strengthened in the U.S.," said Rahall. "At a time when more than 25 million Americans are unable to find jobs, are only working part-time, or have altogether given up hope of finding a job, it is appalling, offensive, and downright wrong to send our taxpayer dollars to China when they should be invested in U.S. companies here at home rebuilding America. This legislation will put a stop to this practice, help turn our economy around, and start to rebuild a major sector of our economy."

Specifically, the bill:

- Strengthens existing "Buy America" requirements for investments in highway, bridge, public transit, rail, and aviation infrastructure and equipment to ensure that all of the steel, iron, and manufactured goods used in these projects are produced in the United States
- Applies "Buy America" requirements to other transportation and infrastructure investment, including rail infrastructure grants, loans, and loan guarantees, Clean Water State Revolving Fund grants, and Economic Development Administration (EDA) grants
- Requires Federal agencies to justify any proposed waiver of the "Buy America" requirements and ensures that the American public has notice of and an opportunity to comment on any proposed waiver prior to it taking effect.

The bill allows Federal agencies to waive "Buy America" requirements if the Secretary or the Administrator of the Department or agency, as appropriate, finds that applying the "Buy America" requirements would be inconsistent with the public interest; the steel, iron, or manufactured goods is not produced in the United States in sufficient and reasonably available quantities or to a satisfactory quality; or the use of steel, iron, and manufactured goods produced in the United States for the project will increase the total cost of the project by more than 25 percent. The bill also requires that "Buy America" requirements be applied in a manner that is consistent with United States obligations under international agreements.

House hearing examines Missouri River flooding. The House Transportation and Infrastructure Subcommittee on Water Resources and Environment held a hearing on November 30th to review the response and management of the 2011 flooding along the Missouri River.

2011 was an extraordinary year for flooding in the basin, as it is estimated that by the end of the year the basin will have received approximately 61 million acre feet of water, easily exceeding the previous record of 49 million acre feet, set in 1997. The Army Corps of Engineers is in the process of writing their 2012 operating plan for the basin, and the flood of 2011 will serve as a source of many lessons learned as they work to determine a plan to operate the system in the coming year. During the hearing, the Subcommittee reviewed the response to the 2011 flood, as well as the management of the system throughout the year, in order to better understand how best to operate the system in the future.

"In spite of the fact that non-federal partners now are paying a significant portion of project costs, we have not taken steps to recapitalize the water resources infrastructure that previous generations have entrusted to us," said Subcommittee Chairman Bob Gibbs (R-OH). "Investing some of our limited federal dollars in flood protection and navigation infrastructure not only provides jobs during the construction period, but also provides economic benefits that save more jobs once the project is completed.

"I believe we should recapitalize the nation's flood damage reduction infrastructure and believe we need to make policy changes to be sure that we are making the best investments of taxpayer dollars. At the same time, I believe local governments have got to make wise land use decisions in their communities that will keep homes and businesses out of harm's way," Gibbs continued.

Testifying before the subcommittee, Tom Waters, President of the Missouri Levee and Drainage District Association, said, "It is time for the nation to invest in flood control infrastructure across the country. When congress spends $20 Million on a levee or flood control project, the result is a levee or structure that can be seen and provides protection for people and property. On the other hand, when congress spends $20 Million for fish and wildlife the result is, more often than not, 200-300 pages of reports from a study and a stack of hotel receipts from meetings and conferences."

Klobuchar, Roberts introduce legislation to clarify ag hours-of-service exemption. U.S. Senators Amy Klobuchar (D-MN) and Pat Roberts (R-KS) introduced legislation to fully restore the Agriculture Hours-of-Service exemption to a key link in the food and farm supply chain. Restoring this exemption would make it easier for farmers to transport goods and get their products to the market during the critical planting and harvesting seasons.

"During the planting and harvesting seasons, farmers need to be able to get fertilizer and other supplies to their farms quickly and efficiently, otherwise their crops and businesses may suffer," Klobuchar said. "This legislation will help ensure that our farmers have the resources and tools they need to successfully run their farms and provide the food and fuel our country needs."

"We need to provide our farmers and ranchers with the tools they need to do their jobs adequately during the busy planting and harvest seasons," said Roberts. "This common sense bill helps clarify already existing regulations and will make transporting commodities and farm supplies more timely, flexible and efficient at a time when being competitive in the global market is critical."

Currently, drivers transporting agricultural supplies during the planting and harvesting periods are only exempt from Hours-Of-Service (HOS) rules – which limit when and how long truck drivers may drive – when they are transporting goods from the retailer to the farms, and the exemption does not include most goods transported from the source to the retailer – a critical segment of the farm and food supply chain. Klobuchar's and Robert's legislation would fully restore the HOS exemption to agriculture goods transported from source to retailer, allowing for an uninterrupted supply chain that will help ensure farmers get the supplies they need in a timely and efficient manner.

The bill is supported by more than 40 national and state agricultural organizations.

Administration

President signs bill allowing heavier semis in Maine, Vermont. President Obama on recently signed the Fiscal Year 2012 Transportation funding bill that includes a provision, advanced by Senator Susan Collins (R-ME) and Senator Patrick Leahy (D-VT) that will allow the heaviest trucks to travel on federal interstates in Maine and Vermont for 20 years.

While the Senate originally approved Senator Collins' provision to make this change permanent, the House never approved a similar provision. As a member of the conference committee charged with working out the differences between the two bills, Senator Collins successfully negotiated the 20-year compromise agreement.

In 2009, a pilot project that Senators Collins and Leahy authored was included in the 2010 Omnibus Appropriations bill. This one-year pilot project allowed trucks weighing up to 100,000 pounds to travel on Maine's federal interstates. According to the Maine Department of Transportation, during the one-year period covered by the pilot, the number of crashes involving trucks on Maine's local roads was reduced by 72 compared to a five-year average.

In 2009, the soybean checkoff funded an analysis on the impact of heavier semis on motorist safety, infrastructure wear and tear, and the cost savings to the soybean industry. The study compared a 97,000 lb, six axle semi configuration with an 80,000 lb, five axle configuration. The study discovered a 97,000 lb semi would accommodate 183 additional bushels of soybeans per truck load. Soybean farmers could expect $1.2 million in fuel savings when diesel prices are $2 per gallon and $2.5 million in savings when diesel is $4 per gallon. The reduced number of deliveries could result in farmers gaining an entire day of productivity if semi weight limits are increased.

Most importantly, the analysis showed the heavier semi – given the addition of a sixth axle – would not impose greater danger to fellow motorists or greater damage to the road.

US DOT awards $511 million in TIGER Grants. U.S. Transportation Secretary Ray LaHood announced on December 15th that 46 transportation projects in 33 states and Puerto Rico will receive a total of $511 million from the third round of the U.S. Department of Transportation's popular TIGER ("Transportation Investment Generates Economic Recovery") program.

The Department of Transportation (DOT) received 848 project applications from all 50 states, Puerto Rico and Washington, DC, requesting a total of $14.29 billion, far exceeding the $511 million made available for grants under the TIGER III program.

"The overwhelming demand for these grants clearly shows that communities across the country can't afford to wait any longer for Congress to put Americans to work building the transportation projects that are critical to our economic future," said Secretary LaHood. "That's why we've taken action to get these grants out the door quickly, and that is why we will continue to ask Congress to make the targeted investments we need to create jobs, repair our nation's transportation systems, better serve the traveling public and our nation's businesses, factories and farms, and make sure our economy continues to grow."

In 2009 and 2010, the DOT received a total of 2,400 applications requesting $76 billion, greatly exceeding the $2.1 billion available in the TIGER I and TIGER II grant programs.   In the previous two rounds, the TIGER program awarded grants to 126 freight, highway, transit, port and bicycle/pedestrian projects in all 50 states and the District of Columbia.

TIGER grants are awarded to transportation projects that have a significant national or regional impact. Projects are chosen for their ability to contribute to the long-term economic competitiveness of the nation, improve the condition of existing transportation facilities and systems, increase energy efficiency and reducing greenhouse gas emissions, improve the safety of U.S. transportation facilities and enhance the quality of living and working environments of communities through increased transportation choices and connections. The DOT also gives priority to projects that are expected to create and preserve jobs quickly and stimulate increases in economic activity.

Examples of TIGER Grant recipients:

- Kansas: Solomon rural rail upgrade ($6,568,095)
- Kentucky: Muldraugh Bridges replacement ($11,558,220)
- Minnesota: Northfield multimodal integration ($1,060,000)
- North Dakota: Devils Lake rail improvements ($10,000,000)

MARAD releases new designs for vessels on inland waterways. The U.S. Maritime Administration (MARAD) on November 30th released a report detailing new designs for shipping vessels specifically engineered for America's Marine Highways.

"This is another step in helping America's Marine Highways move our economy and relieve congestion on our roads," said U.S. Transportation Secretary Ray LaHood. "The U.S. maritime industry is vital to our economy and our security. These vessel designs will bolster both in a way that maximizes efficiency while minimizing environmental impact."

Eleven designs have been created for new shipping vessels that can transport cargoes that would otherwise be trucked over congested roadways. The innovative designs focus primarily on roll-on roll-off vessels intended to carry wheeled cargo such as automobiles, trucks and trailers or railroad cars that are driven on and off the ship on their own wheels. The designs include six roll-on roll-off (RO/RO) vessels, three combination RO/RO-container carriers, a feeder container ship, and a RO/RO-passenger ferry. The RO/RO and RO/RO-container vessels carry various types of vehicles, but are primarily intended for tractor-trailers and stackable containers. The feeder container ship can support standard-sized containers stacked both below and above deck, and the RO/RO-passenger ferry can transport tractor trailers along with their drivers.

"These designs are a road-map to a brighter future for the men and women who serve our nation at sea," said United States Maritime Administrator David Matsuda. "By bringing cutting-edge technology to America's maritime workforce, our country can be a global leader in shipbuilding."

MARAD has also signed a Memorandum of Agreement with the U.S. Navy under which MARAD and the Navy could provide up to $800,000 to advance two or three of these new concept designs to the next stage of design development, with the ultimate goal of constructing multiple vessels in U.S. shipyards.

Although the report contains only a preliminary economic-impact analysis, MARAD is currently developing a more comprehensive economic analysis of marine highways operations.

Transportation Secretary LaHood formally launched the America's Marine Highway program in 2010, a new initiative to move more cargo shipments onto U.S. waterways. Since that time, the Department has designated 18 marine highway corridors and provided $215 million in funding for marine highway and port projects.

Surface Transportation Board

STB examines Union Pacific tariff on toxic commodities. The Surface Transportation Board (STB) announced on December 12th that it has begun a proceeding to determine the reasonableness of certain tariff provisions requiring shippers to indemnify Union Pacific Railroad Company (UP) against future liabilities, other than those resulting from UP's negligence or fault, when UP transports toxic by inhalation hazardous (TIH) commodities. The STB has opened the proceeding to participation by the public.

The STB took this action in response to UP's request for an STB declaration on the reasonableness of the indemnification provisions in UP's tariff relating to the transportation of TIH commodities. Those provisions require TIH shippers to indemnify UP against all liabilities resulting from shipper negligence or fault, the negligence or fault of third parties, or from acts of God, among other liabilities, regarding TIH transportation. Responding shippers assert numerous grounds in opposition to UP's request.

STB ranked best small agency to work for in federal government. For the third year in a row, the U.S. Surface Transportation Board (STB) was ranked No. 1 among small federal agencies by the Partnership for Public Service in the 2011 Best Places to Work in the Federal Government.

"The 'STB Way' is a culture of collaboration, collegiality and innovation. It's a focus on getting the job done," said STB Chairman Daniel R. Elliott III. "Every employee should be proud of our ranking and what it says about their dedication and hard work."

The STB, which has 141 employees, was ranked at the top of agencies with fewer than 2,000 workers.