Oppose the Freight Rail Shipping Fair Market Act

KEY TAKEAWAY

The freight rail industry opposes reauthorizing the STB because it would interfere with private contracts and expand government control, which would make it harder for railroads to make the private network investments America relies on.

The Staggers Act of 1980 partially de-regulated the rail industry, allowing railroads to earn enough revenue to continually make massive annual investments in their people, infrastructure, equipment, technologies and operations.

These ongoing investments are critical to freight railroads’ ability to remedy the current service challenges due to labor shortages and supply chain snarls. Railroads are working hard to increase freight fluidity — including hiring new workers. Railroads are also deploying additional power where appropriate, increasing communication and transparency with customers, repositioning crews to high-density corridors and leveraging technology to reduce dwell times.

STB’s View on Reauthorization

The STB recognizes reauthorization is not needed. In fact, STB Chairman Martin Oberman has said: "While the problems facing the rail industry today are significant, in my view, the Board can use its existing authority to mitigate those problems in a meaningful way."

The Freight Rail Shipping Fair Market Act would provide the STB with overreaching authority to place unnecessary regulations on freight railroads. Turning the clock back more than 40 years and returning to an unbalanced regulatory framework would put our nation’s rail advantage at risk and ultimately diminish the quality of rail service and undermine the efficiency of supply chains.

On May 12, 2022, STB Chairman, Martin Oberman, testified before the House of Representatives Committee on Transportation & Infrastructure Subcommittee on Railroads, Pipelines, & Hazardous Materials and explained that expanding the Board’s regulatory oversight would not help the labor and supply chain challenges freight railroads are working hard to solve.
STB Activity

The STB is the most active it has ever been. Over half of the bill would be the subject of ongoing Board proceedings. The Board should be allowed to complete its work before Congressional tinkering.

- **Forced Switching**: Considering drastic changes to governing regulations for when railroads must switch traffic.

- **Final Offer Rate Review (FORR) and Alternative Dispute Resolution (ADR)**: Considering two new procedures for resolving small rate disputes.

- **Service Emergencies**: Rulemaking to revise the Board’s emergency service authorities to expand applicability.

- **Urgent Issues in Freight Service**: Overseeing rail service challenges and imposing data collection requirements.

- **First Mile/Last Mile (FMLM)**: Considering the extensive collection of service-related data.

- **Commodity Exemptions**: Reviewing exemptions for many various commodities.
- Private Railcars: Undertaking a review of private railcar utilization, inaptly called “reverse demurrage” by some.

- **Amtrak Gulf Coast**: Precedent-setting case regarding Amtrak’s ability to institute new service over freight lines.

- **Case # NOR 42171**: Case regarding what is reasonable service under the common carrier obligation.

- **Case # FD 35743**: Case about the utilization of freight facilities for Amtrak service.

- **Case # FD 36500**: First major merger in two decades.

- **Case # NOR 42173**: Case challenging the reasonableness of a railroad’s rates.
The Threat of Reauthorization

STB reauthorization threatens freight rail viability. The Freight Rail Shipping Fair Market Act threatens the viability of the nation’s freight rail system in numerous ways. Here are just a few:

- **Re-regulates the railroad industry without justification:** Eliminates preference for person, class, commodity, and transaction exemptions, increasing costs and time for stakeholders and the Board and unnecessarily requires lengthy reviews of all commodity exemptions every five years.

- **Substitutes government mandates for free-market principles:** Meddles in private contractual relationships and negotiations and dictates the management of railroads by the government.

- **Grows the government and Board jurisdiction:** Expands Board jurisdiction, including over private railcar owners, and extends government control of industry.