

Resolution on Competitive Rail Service

- WHEREAS,** lack of access to competitive rail service is a major concern; and
- WHEREAS,** since Congress passed the Staggers Rail Act of 1980, more than 40 mergers and consolidations have decreased the number of Class I railroads from over 40 to only seven. Four of these major railroads control more than 90 percent of the industry's revenue and own over 90 percent of the country's track miles; and
- WHEREAS,** the lack of competition has led to an increase in captive shippers, rising rail rates, and deterioration in service quality. For many products, including grain from some elevators, it is not feasible to ship by any means other than rail, leaving some of the shippers of these products (and their consumers) captive to the single railroad; and
- WHEREAS,** a major impediment to railroad competition today is the refusal by major railroads to provide a rate to move freight to a competing railroad. The refusal by railroads to provide this rate makes a customer captive to a single rail carrier for the entire length of the freight movement; and
- WHEREAS,** the Railroad Competition and Service Improvement Act of 2007, S.953/H.R.2125, requires a major railroad to provide the rate for moving its customers' freight to that competing railroad; and
- WHEREAS,** a second major barrier to competition in the rail industry is tie-in agreements between short line railroads and major railroads. These agreements prevent the short line from moving freight to or from any railroad other than the major from which it is leasing its track; and
- WHEREAS,** the Railroad Competition and Service Improvement Act of 2007 directs the removal of these restrictions from existing agreements, unless there are specific policy reasons to allow the restriction to remain in place; and
- WHEREAS,** the Department of Justice has indicated to Congress that the failure to provide a rate to a competing railroad and "tie-in" agreements could be a violation of the Sherman Antitrust Act but for the railroad industry exemptions from the nation's antitrust laws; and
- WHEREAS,** federal legislation cannot reverse the consolidation that has already

occurred or replace the track that has been abandoned and removed. However, federal legislation can address the anticompetitive rulings of the federal rail regulatory agency that have allowed the major railroads to prevent rail customer access to competition;

NOW THEREFORE LET IT BE RESOLVED,:

that we support two bills that are pending in Congress to address the lack of competition in the rail industry: the Railroad Antitrust Enforcement Act of 2007, S.772/H.R.1650, which would remove the railroad industry's exemptions from the nation's antitrust laws, and the Railroad Competition and Service Improvement Act of 2007. S.953/H.R.2125, which would reverse the anticompetitive decisions of the Surface Transportation Board; and be it further

RESOLVED, that our organization will collaborate with relevant organizations to assist in the passage of this legislation; and be it further

RESOLVED, that this resolution shall be submitted to the President of the United States, the leadership of both political parties in the United States Senate and the United States House of Representatives, and members of the U.S. Senate Commerce, Science and Transportation Committee and the U.S. House Transportation and Infrastructure Committee.