

**TRANSPORTATION STEERING COMMITTEE
ENERGY, ENVIRONMENT, LAND USE COMMITTEE
AGRICULTURE COMMITTEE**

**RESOLUTION FOR SUPPORT OF THE
RAILROAD COMPETITION ACT**

Issue: Under current regulations, the railroad industry has developed a monopoly on rail service leaving many industries as captive shippers with no competition for freight delivery. This lack of competition allows for exorbitant pricing and poor service and is a deterrent to economic development and has, in some regions of the nation, caused the loss of jobs.

Proposed Policy: NACO supports the adoption of the Railroad Competition Act. The Railroad Competition Act would require railroads to quote rates to their customers. It would provide arbitration for certain rail rates, services, and other disputes. It would allow the Surface Transportation Board (STB) to identify areas that lack adequate rail competition, resulting in market remedies for rail customers in those areas.

Background: In 1980, the Staggers Act deregulated the rail industry. The intention of the Staggers act were largely met and successful. However, since 1980, when there were over 40 Class I railroads, mergers and consolidations have reduced that number of Class I railroads to 7. Four major railroads account for 95% of the railroad shipping. The Staggers Act mandated protection of captive shippers. However, despite congressional intent, remedies for exorbitant pricing and the lack of access to viable competition do not exist. The Surface Transportation Board, that administers the Staggers Act, has produced rulings which have skewed the freight rail market place creating a Federally protected monopoly. The rail industry also enjoys exemption from federal antitrust laws. Today, whole states, whole regions, and whole industries are often captive to a single railroad.

Railroad competition is supported by industries represented by the Agricultural Ocean Transportation Industry, the American Chemistry Council, American Public Power Association, Consumers United for Rail Equity, the Edison Electric Institute, National Association of Wheat Growers, National Barley Growers Association, National Petroleum Refiners Association, National Rural Electric Cooperative Association, Paper and Forest Industry Transportation Committee, The Fertilizer Institute, and the National Industrial Transportation League.

The Railroad Competition Act was introduced to the 108th Congress as H.R. 2924 by Congressman Richard Baker of Louisiana, and cosponsored by Chris John(D-LA) and David Vitter (R-LA), and Earl Pomeroy (D-ND). It was also introduced as S.919 by Senator Conrad Burns (R-MONT), Sen. John D. Rockefeller IV (D-WV), and Sen. Byron Dorgan (D-ND). This indicates the non-partison nature as well as the national interest in the proposed legislation.

Fiscal/Urban/Rural Impacts: Significant positive fiscal impact to most counties.