
FOR IMMEDIATE RELEASE
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Minn. Ag Commissioner leads state governments in push for rail reform

ST. PAUL, Minn. (August 4, 2010) – Citing higher costs and fewer transportation options for agriculture interests that were documented in a recent report by the Obama Administration, the Midwestern Association of State Departments of Agriculture (MASDA) has called on President Obama and Congress to enact bipartisan rail reform legislation in the 111th Congress. After being introduced by Minnesota Agriculture Commissioner Gene Hugoson, MASDA passed a resolution (full text below) at its annual conference recently, and said it will work for enactment of S. 2889, the Surface Transportation Board Reauthorization Act.

“Minnesota farmers and farmers across our country are getting hit with excessive and unfair railroad shipping charges, and those costs just get passed on. This hurts our economy, it hurts job creation, and it hurts anyone who goes to the supermarket on a regular basis. We’re hopeful that Congress and the President will act this year, and we want to thank Agriculture Commissioner Gene Hugoson for all his good work,” said Bill Oemichen, president and CEO of Cooperative Network and supporter of Gopher CURE.

The Midwestern Association of State Department of Agriculture (www.nasda.org/masda) represents the state departments of agriculture in the development, implementation, and communication of sound public policy and programs which support and promote the American agricultural industry, while protecting consumers and the environment. MASDA member states include: Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota and Wisconsin.

Excerpts of the Resolution Include the Following Findings:

- Agricultural commodities have historically carried higher rates than traffic more subject to competition from other modes;
- Rail rates for moving grain and oilseeds increased 46 percent from 2003 to 2007 while rates for all other commodities increased 32 percent during this same period;
- Many costs formally included in rail rates have been shifted to shippers outside the rates;
- Railroad fuel surcharges to rail customers, from 2001 to 2007, were 55 percent higher than the incremental increase in the cost of fuel.

Cooperative Network serves more than 600 member-cooperatives, owned by more than 6.3 million Wisconsin and Minnesota residents, by providing government relations, education, marketing, and technical services for a wide variety of cooperatives including farm supply, health, dairy marketing, consumer,

financial, livestock marketing, telecommunications, electric, housing, insurance, worker-owned cooperatives, and more. For more information about Cooperative Network, visit www.cooperativenetwork.coop.

Gopher CURE is the state chapter of Consumers United for Rail Equity (CURE), a national rail customer coalition comprised of businesses in many industries. For more information about Gopher CURE, please visit www.railcure.org.

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Full text of the resolution follows:

RESOLUTION RAIL REFORM LEGISLATION

WHEREAS, transportation is critical to American agriculture; and

WHEREAS, Congress, in Section 6206 of the Food, Conservation and Energy Act of 2008 (P.L. 110-246), directed the Secretaries of Agriculture and Transportation jointly to conduct a study of rural transportation issues; and

WHEREAS, the joint study was published on April 27, 2010, finding that agriculture is the largest user of freight transportation in the United States; and

WHEREAS, the joint study found that railroad transportation is often the only cost-effective mode of transportation available to many agricultural producers; that the Staggers Rail Act of 1980 partially deregulated the railroads in favor of greater market competition to protect shippers; and almost 75 percent of agricultural areas in the nation lost rail competition from 1992 to 2007; and

WHEREAS, the joint study finds that, when deregulation leaves the protection of customers to competition, antitrust laws are vital to protect that competition, yet the freight rail industry is today mostly exempt from the nation's antitrust laws; and

WHEREAS, the study finds that agricultural commodities have historically carried higher rates than traffic more subject to competition from other modes; that rail rates for moving grain and oilseeds increased 46% from 2003 to 2007 while rates for all other commodities increased 32% during this same period; that many costs formally included in rail rates have been shifted to shippers outside the rates; and that railroad fuel surcharges to rail customers, from 2001 to 2007, were 55% higher than the incremental increase in the cost of fuel; and

WHEREAS, agricultural shippers and other shippers in rural America are complaining about railroad practices that deny shipper access to competing railroads and that agricultural shippers and other shippers in rural America complain about the limited access to the federal regulatory body that is supposed to protect shippers from unfair practices by their railroad carriers;

THEREFORE, BE IT RESOLVED THAT:

- the National Association of State Departments of Agriculture supports S.2889, the Surface Transportation Board Reauthorization Act of 2009, bipartisan compromise legislation that was reported unanimously by the Senate Commerce, Science and Transportation Committee on December 17, 2009, to reform the practices of the Surface Transportation Board to provide more shipper access to the Board and to ensure shipper access to competing railroads; and
- the National Association of State Departments of Agriculture supports S.146 and H.R.233, the Railroad Antitrust Enforcement Act of 2009, both of which were reported unanimously in 2009 from the Senate and House Judiciary Committees, to remove the current railroad antitrust exemptions; and
- the National Association of State Departments of Agriculture encourages Congress and the President of the United States of America to ensure enactment of these two bills in the 110th Congress; and
- the National Association of State Departments of Agriculture will transmit this resolution to every Member of the United States Congress and to the President of the United States of America and will work with other supportive groups to ensure the enactment of these two bills in the 110th Congress.

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