



SOY TRANSPORTATION COALITION WASHINGTON REPORT



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Legislation

Finance Committee markup includes short line tax credit, omits barge diesel tax increase. On Thursday, April 3, the Senate Finance Committee held a mark-up of the proposed tax extenders legislation. Of importance to agriculture transportation, the tax credit for short line and regional railroads was included in the bill that was advanced out of committee. Originally enacted in 2004, the measure provides a 50 cent tax credit for every dollar a short line railroad or qualified customer or supplier invests in track rehabilitation. The tax credit is capped at \$3,500 per mile of track. Along with numerous other tax credits, the short line credit was allowed to expire on December 31, 2013.

There are more than 500 short line and regional railroads operating over 50,000 miles of track in the United States. Short line and regional railroads transported approximately 800,000 carloads of grain and oilseeds in 2013.

The committee failed to include the proposed nine cent per gallon increase to the Inland Waterways Tax – the tax that provides funding to the Inland Waterways Trust Fund. The fund was established to help underwrite the costs of construction and major rehabilitation of the nation's inland waterway system. The current Inland Waterways Tax is a \$0.20 per gallon assessment on diesel fuel used by barges on 27 stretches of the country's inland waterway system. The 12,000 miles of fuel taxed waters include most of the nation's largest rivers: the Mississippi, Ohio, Illinois, the lower Missouri, and the Gulf and Atlantic Intracoastal waterways.

The fund annually generates approximately \$70 - \$90 million per year via the Inland Waterways Tax. These funds are, in turn, matched with revenue from the U.S. Treasury. The total \$140 - \$180 million is directed toward construction and major rehabilitation projects. The U.S. Treasury assumes 100 percent of the costs of operations and maintenance.

A timetable for full consideration by the full Senate of the marked up legislation has not been established. House Ways and Means Chairman Dave Camp (R-MI) announced that the committee will hold hearings on the tax extenders legislation next week.

House Appropriations Subcommittee holds hearing on Corps funding. On March 26, the House Energy and Water Appropriations Subcommittee held a hearing on fiscal year 2015 funding for the Army Corps of Engineers. Participating in the hearing on behalf of the Corps was Assistant Secretary of the Army (Civil Works) Jo-Ellen Darcy and Lt. General Thomas Bostick, U.S. Army Chief of Engineers.

President Obama's fiscal year 2015 budget request for the Army Corps of Engineers is \$4.561 billion, a 17 percent reduction from the amount appropriated in fiscal year 2014. The Construction General account received \$1.125 billion, a 32 percent cut from fiscal 2014. Operations and Maintenance received \$2.6 billion, a 10 percent reduction from the previous year.

During the hearing, Congressman Bob Gibbs (R-OH) expressed frustration with the Administration's decrease in funding for efforts to maintain and enhance navigation on the inland waterways system.

“Many of the Army Corps of Engineers activities that we are examining today are true investments in America because they provide jobs and stimulate an economic return,” explained Gibbs. “For nearly two centuries, the civil works missions of the Corps have contributed to the economic vitality of the nation and have improved our quality of life.”

But, like Groundhog Day, this Administration has again mis-prioritized the projects and programs of the Army Corps of Engineers. I believe the Congress and the Administration must be supportive of programs that have a proven record of providing economic benefits.”

House panel to examine international P3s. The House Transportation and Infrastructure Committee’s Panel on Public-Private Partnerships (P3s) will hold a hearing on how other nations implement such an approach to infrastructure construction and maintenance.

Many P3 projects have been initiated and completed around the world, utilizing numerous models. Between 2008 and October 2013, a number of countries signed approximately 158 P3 concession agreements – only 15 of which were in the United States.

The panel, chaired by Congressman John Duncan (R-TN), will explore the experience of P3 arrangements in other countries in its effort to highlight alternative approaches to financing the nation’s transportation system.

The hearing will occur on Tuesday, April 8, at 10:00 am (EDT) in the Rayburn House Office Building.

Witness List:

- The Honorable John Delaney, United States Congressman (D-MD)
- Dr. Larry Blain, Chairman of the Board of Directors, Partnerships British Columbia
- David Morley, Vice President, Business and Government Strategy, Infrastructure Ontario
- Cherian George, Managing Director – Americas, Global Infrastructure & Project Finance, Fitch Ratings
- Dr. Matti Siemiatycki, Associate Professor, Geography and Program in Planning, University of Toronto

Surface Transportation Board

STB to hold hearing on rail service issues. The Surface Transportation Board (STB) announced it will hold a public hearing on April 10, to provide the opportunity to report on recent railroad service concerns, review proposed solutions to existing service problems, and discuss options to improve service.

The STB has been monitoring the rail industry's performance and is concerned about service problems across the nation's railroad network, particularly on the Canadian Pacific Railway Company (CP) and BNSF Railway Company (BNSF) systems. The STB has written to and met with the leadership of BNSF and CP to discuss these concerns.

Much of service problems are attributed to the substantial increase in crude oil shipments by rail originating in North Dakota. In 2009, 11,000 rail cars of crude oil were transported in the United States. In 2013, 400,000 rail car loads were transported. This increased demand for rail service by the oil sector is resulting in a decline in rail access among agricultural shippers – particularly in North Dakota, South Dakota, and Minnesota.

The STB's Office of Public Assistance, Governmental Affairs and Compliance has been working with affected parties to better understand the problems shippers are facing and to help facilitate service solutions. STB staff recently held a meeting in North Dakota with shippers from multiple states and the agency anticipates additional meetings in other affected areas.

The hearing will take place at 9:30 a.m. on Thursday, April 10.

STB seeks comment on rail revenue adequacy. The Surface Transportation Board (STB) announced that it is seeking written comments from the public in advance of a future public hearing to explore both the STB's methodology for determining railroad revenue adequacy and the revenue adequacy component used by the STB in judging the reasonableness of rail freight rates.

The STB is statutorily required to annually determine which railroads are revenue adequate. Since standards were established in 1981, the STB has made adjustments to its methodology to improve the agency's ability to accurately determine revenue adequacy. However, during the past decade, both the structure of the rail industry and the flow of commerce have continued to change substantially. The STB believes a new examination of revenue adequacy is in order, and has begun a proceeding to begin that process.