



June 30, 2009

Surface Transportation Bill – Chairman **Peter DeFazio**'s (D-OR) House Subcommittee on Highways and Transit reported a discussion draft of the \$500 highway bill to the full committee on June 24th. While funding levels were left blank, Chairman DeFazio and Ranking Member **John Duncan** (R-TN) had stated previously they intended to include in the bill up to \$337 billion for highways, \$99.8 billion for mass transit, and \$50 billion for high-speed rail. There was also no indication of the source for the additional funding levels envisioned by the bill.

Surface transportation planning would be restructured in the bill by eliminating up to 75 programs while consolidating highway funding into four categories – repairing highways and bridges, improving highway safety, developing improved capacity, and reducing congestion and greenhouse gases. Local governments will also be required to include specific performance standards in their transportation plans. The bill also creates a National Infrastructure Bank financed through the U.S. Treasury to fund additional high priority projects, such as high-speed rail corridors.

Included in the aforementioned restructuring is the elimination of the required 15 percent set-aside for non-federal bridges, which is of major concern to rural constituencies. Representatives **Jerry Moran** (R-KS) and **Aaron Schock** (R-IL) have drafted an amendment that will be offered during the full committee mark-up to allow states to set aside 5 percent of bridge funds for non-federal bridges. House Transportation and Infrastructure Committee Chairman **James Oberstar** (D-MN) and Ranking Member **John Mica** (R-FL) expect the full committee to take up the bill in mid-July.

Disagreement on Extension – The last four highway bills were passed from 2 (1991) to 22 (2005) months after the previous authorization had expired. With this track record in mind, the Obama Administration and some Senators have come out in support of an 18 month extension of the current bill, scheduled to expire on September 30th. A Congress with a packed legislative schedule along with an empty Highway Trust Fund – less than \$1 billion remains in the account for this fiscal year – has increased calls for a clean extension as well as suggestions that unused stimulus funds be used to bridge the funding gap until a six-year bill is passed.

This is in sharp contrast to the position of most members of the House Transportation Committee, detailed in a June 24th letter to President **Obama**, who oppose an extension. In that letter, the Committee's Democratic Members expressed their *“profound disappointment in your Administration's proposal to extend the current surface transportation programs for 18 months. Your proposal fails to acknowledge the severity and urgency of the challenges facing the nation's surface transportation system at this critical time. It will lock us into the discredited policies of the past and prevent us from moving toward the transportation system of the future.”*

The full letter can be found at:

http://transportation.house.gov/Media/file/Full%20Committee/Letter%20to%20the%20President_Extension.pdf

An executive summary of the House highway bill can be found at:

<http://transportation.house.gov/Media/file/Highways/HPP/Surface%20Transportation%20Blueprint%20Executive%20Summary.pdf>

Rail – The Senate Subcommittee on Surface Transportation and Merchant Marine Infrastructure, Safety, and Security held a hearing June 18th on “Freight Transportation In America: Options For Improving the Nation’s network.” The panel heard testimony from **Larry Brown**, Executive Director of the Mississippi Department of Transportation on behalf of the Coalition for America’s Gateways and Trade Corridors; **Richard Roper**, Director, Planning Department of the Port Authority of New York and New Jersey; **Rick Gabrielson**, Director of International Transportation, Target Corporation; **Matt Rose**, Commissioner & Chairman of the National Surface Transportation Policy and Revenue Study Commission, President and CEO of BNSF Railway; and **John Clancy**, Chairman, North America, Maersk Inc.

A common theme in the panel’s testimony was the need for increased federal investment in rail to relieve the congestion and strain on the nation’s highway system while strengthening the competitiveness of the U.S. economy. Brown cited the obvious impact heavy truck traffic was having on Mississippi roads stating, “You don’t have to be an engineer to ride down a roadbed and see ruts on a rainy day... that rutting is not caused by light passenger vehicles and pickup trucks. It’s coming from the enormous weights we’re imposing on the roads.” Transferring some of the heavy truck traffic to the rails would reduce construction and maintenance costs significantly. Brown went on to say that “Instead of \$10 million to \$15 million a mile, we could duplicate those roads for about \$1.5 million to \$2 million a mile.”

Written statements from the panel as well as an archived webcast of the hearing can be found at: http://commerce.senate.gov/public/index.cfm?FuseAction=Hearings.Hearing&Hearing_ID=0741ff0e-b67f-43eb-957c-a2f5cf387587

Rail Reform Legislation – Agriculture shippers met with Senate Commerce, Science, and Transportation Committee staff in late June to outline their priorities and express support for the committee’s efforts to draft comprehensive rail reform legislation. The committee pledged to keep in contact with the group, but could not commit to a time-line for when legislation would be reported out of the committee or introduced, but did express their intent to pass legislation this year.

Surface Transportation Board -- The Surface Transportation Board (STB) issued a decision on June 26th allowing Entergy Arkansas, Inc. to amend its February 29, 2008, challenge to a lease between Union Pacific Railroad (UP) and Missouri & Northern Arkansas Railroad (MNA). Entergy had asked the STB to revoke its approval of the 1992 lease where UP allows MNA to use 300 miles of track free of charge if it feeds 95 percent or more of its freight traffic to UP, claiming that the enforcement of the interchange commitment is an unreasonable practice. The STB declined to make a decision because it determined that relief was not available under the unreasonable practices and pooling provisions cited by Entergy in its complaint. The STB went on to state that Entergy may amend its complaint and pursue its complaint using Section 10705 of the Interstate Commerce Act, which deals with the rights and obligations of rail carriers to interchange with one another.

The decision can be found at: <http://www.stb.dot.gov/decisions/readingroom.nsf/WebDecisionID/38972?OpenDocument>



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