

# **Rail Shipper Fairness Act of 2020**

When the Staggers Act of 1980 was enacted, the railroad industry was facing dire financial circumstances that threatened the long-term viability of freight rail transportation in the United States. The Staggers Act ushered in a new era of deregulation that allowed railroads to price their services unilaterally and rationalize their systems. Under the directives of Staggers, the financial health of railroads is consistently placed ahead of the financial impacts of railroad customers—including farmers and manufacturers. Staggers also led to massive rail industry consolidation.

Today, forty years since the Staggers Act, circumstances facing the nation's railroads have improved dramatically. Commonsense reform is needed to balance our nation's freight rail transportation policy and ensure railroads provide reliable service at reasonable rates.

The Rail Shipper Fairness Act seeks to expand competition and restore balance to the regulatory environment by recognizing the significant market power enjoyed by the railroads and the public interest in reasonable rail rates and service for rail customers.

The bill achieves these reforms by:

## **IMPROVING RAIL SERVICE**

- Requires rail service to be efficient and reliable
- Clarifies Surface Transportation Board authority to address service emergencies for shipments moving under contract
- Increases fines and equitable damages railroads can be fined for poor service

## **IMPROVING RAIL COMPETITION**

- Requires competitive switching agreements
- Removes the presumption that market dominance cannot exist when a shipper is served by two carriers
- Revises rail transportation policy to reflect shipper priorities in addition to railroad priorities

## **IMPROVING REASONABLE RATE STANDARDS**

- Suspends collection of rate increase while case is pending
- Requires use of market-based revenue methodology in stand-alone rate cases
- Shifts burden of proof to railroads in stand-alone cost cases
- Eliminates the qualitative market dominance test
- Supports rulemaking on a new benchmark-based rate reasonableness standard as a way to identify unusually high rates where there is no effective competition

## **ENDING UNREASONABLE PRACTICES**

- Prohibits railroads from computing fuel surcharges in a way that does not correlate with actual fuel costs
- Removes the revenue adequacy test and caps railroad cost of equity at reasonable level

## **EXAMINING PRECISION SCHEDULED RAILROADING**

- Studies impact of precision scheduled railroading on freight rail shippers, Amtrak, commuter railroads, railroad employees, and other stakeholders
- Provides for recommendations to address any negative impacts related to implementation of precision scheduled railroading

The Rail Shipper Fairness Act is supported by the Freight Rail Customer Alliance, National Industrial Transportation League, American Forest and Paper Association, Private Railcar Food and Beverage Association, International Warehouse Logistics Association, and American Chemistry Council.