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March 19, 2021

The Honorable Delores G. Kelley
3 East
Miller Senate Office Building
Annapolis, MD 21401

RE: OPPOSITION TO HB 492 - Railroad Company – Movement of Freight – Required Crew

Dear Chairwoman Kelley:

I write to oppose HB 492 and ask for your continued support for good jobs at the Port of Baltimore and a robust mass transportation system. At a time when CSX and the State of Maryland are close to finalizing an unprecedent $466 million investment to expand the Howard Street Tunnel Project – the largest rail infrastructure project on the east coast; one that will unlock great potential for the Port of Baltimore and create 6,500 new jobs in the Baltimore region – unnecessary legislation like HB 492 threaten continued private investments in the Maryland economy.

This bill seeks to legislate the number of crew members it takes to operate a freight train; an issue that has been the subject of collective bargaining for over a century. HB 492 threatens important State priorities while offering no fact-based evidence it will improve railroad safety. For these reasons, CSX Transportation encourages the Senate Finance Committee ("Committee") to deliver an unfavorable report.

HB 492 RISKS SIGNIFICANT PRIVATE INVESTMENT IN MARYLAND'S ECONOMY

The positive impact from the Port of Baltimore cannot be overstated. Approximately 33,920 jobs in Maryland are generated by Port activity. Average salaries at the Port are 16.4% higher than the average annual wage across other sectors in the State of Maryland. In 2014, the Port generated $2.9 billion in personal income, $310 million in state, county and municipal tax revenues, and $2.2 billion in business revenues in 2014.[1] Economic results like this is why Maryland entered into a historic $466 million agreement with CSX to expand the Howard Street Tunnel that provided direct rail service to the Port of Baltimore.

If HB 492 becomes law, investments like the Howard Street Tunnel would suffer a serious blow due to the increase costs for industry to operate in the State of Maryland when compared to other East Coast ports. Cost conscious shippers are sensitive to logistics costs. As the furthest

[1] *See The 2014 Economic Impact of the Port of Baltimore,* October 6, 2015, retrieved 2/1/17 at Total Economic Impacts Generated by the Port of Baltimore, December 2011, retrieved 7/1/2015 at http://www.mpa.maryland.gov/_media/client/planning/EconomicImpactOct15.pdf.

inland East Coast Port, to call at Baltimore a container ship generally sails an additional 10 hours, resulting in increased fuel costs and other expenses. Vessels calling on Baltimore also pass the Port of Norfolk on their way into the Chesapeake Bay, a direct competitor which has enhanced double-stack rail capabilities. Adding costs to an important link in the logistics chain in Maryland gives shippers just one more reason to stop in Norfolk.

The Howard Street Tunnel project is currently in the public comment period of the National Environmental Policy Act (NEPA) process, which is scheduled to end March 20, 2021. Once the NEPA process is finalized, the Federal Railroad Administration and the State of Maryland will finalize their funding agreements relating to the project. In turn, the State of Maryland and CSX will finalize our funding agreements. These steps are necessary before the project can move forward. This is an important project for all of Maryland and one we should all ensure is made a reality in the very near future.

HB 492 THREATENS THE MARC CAMDEN AND BRUNSWICK LINES

Should Maryland choose to become the only state east of the Mississippi River to impose a minimum crew size mandate, the ripple effect will be felt well beyond the cab of freight train locomotives. On the average day, 12,000 Marylanders rely on the MARC Camden and Brunswick lines. Both operate on the privately-owned CSX rail network pursuant to an Operating Agreement set to expire next year. By penalizing CSX with new regulations and cost increases, simply for letting MARC operate on the CSX network, the Committee should recognize this will significantly alter the current relationship between the parties.

CSX estimates the incremental cost of a two-person crew compared to a one-person crew is $5.1 million annually, based on current operations. CSX has informed the Maryland Transit Administration that the costs associated with HB 492 will be passed on to the State. The Access Agreement negotiated between CSX and MTA now includes specific language to allow CSX to recoup these costs.

Governor Hogan agrees. In his veto of House Bill 180 in 2019, Governor Hogan said a crew size mandate will have "**a significant impact** on the pending renewal of the State's access agreement." If such a mandate became law, the Governor stated it "will **undoubtedly impact MARC** Train service…" (emphasis added).

If Maryland's policy is that freight and passenger trains operating on the same network creates an inherently dangerous condition, the best path forward may be for the elimination of passenger rail operations on the State's freight rail network. This result merits serious consideration before such a significant action — one that has no safety rational — is progressed further in Maryland.

For these reasons, we ask that the Committee to deliver an unfavorable report on HB 492.

Very truly yours,

Brian W. Hammock

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