

March 14, 2024

The Honorable Pamela Beidle
Chair, Senate Finance Committee
3 East, Miller Senate Office Building
Annapolis MD 21401

Re: Letter of Concern – Senate Bill 1060 – Railroads – Safety Requirements

Dear Chair Beidle and Committee Members:

The Maryland Department of Transportation respectfully offers this letter of concern on Senate Bill 1060 as its provisions may have significant detrimental impacts on the Port of Baltimore, one of the leading ports in the nation for freight and an economic generator for the State of Maryland. Further, this legislation has the potential to have an adverse fiscal impact on the Transportation Trust Fund (TTF).

Senate Bill 1060 would impose new regulations on freight railroad companies operating in the State of Maryland, which may be preempted by federal law. These restrictions would limit the lengths of trains and inflate shipping costs with mandates that create a patchwork of state regulation on the national supply chain. Many businesses in Maryland rely on the efficient rail service provided by freight railroads operating in the State, providing access to raw materials for manufacturing and a cost-effective and environmentally conscious mode of transport for finished goods. Rail lines are critical arteries in the supply chain. Senate Bill 1060 risks weakening Maryland's link in a competitive marketplace.

The Port of Baltimore and Seagirt Marine Terminal have grown significantly, breaking records, adding jobs, and bolstering economic activity in the process. In 2023, the Port of Baltimore set a new record for public and private cargo handled, moving 52.3 million tons of cargo through Maryland, surpassing the previous record of 44.2 million tons set in 2019. The Port also saw a record \$80.8 billion worth of foreign cargo. For this growth to continue, it is necessary to have viable intermodal options to ensure cargo throughput remains at optimal levels.

By enforcing a train length limitation of 8,500 feet, this legislation threatens the State's ability to maximize the benefits and return on investment for the Howard Street Tunnel Project. With anticipated completion in 2027, the project will create a seamless double-stack rail corridor from the Port of Baltimore to the Midwest. It is a game-changer for Maryland. Expected to generate approximately 7,290 jobs in the state from over 100,000 additional containers at Seagirt Marine Terminal, the project has also played a critical role in inducing the construction of a major new \$1 billion container terminal at Tradepoint Atlantic, which will significantly expand terminal capacity and create an additional 1,100 new maritime union jobs.

The Maryland Transit Administration (MTA) is one of the largest multi-modal transit systems in the United States, operating six distinct modes, including the Maryland Area Regional Commuter (MARC) Train Service. The MTA and CSX Transportation, Inc. (CSX) have an Access Agreement that provides MARC trains access to CSX-owned tracks and infrastructure on the MARC Camden and Brunswick Lines. It is expected that the provisions outlined in Senate Bill 1060 either will, or could, result in a significant fiscal impact to the MTA.

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In the most recent Access Agreement between MTA and CSX, which went into effect on July 1, 2021, MTA is required to reimburse CSX for up to \$6.0 million annually in the event that the State of Maryland modifies its laws or regulations to increase crew size. The Maryland Department of Transportation (MDOT) is currently experiencing a budget shortfall and should the State pass legislation prior to the FRA's ruling on federal crew size requirements, MTA would be responsible for this additional cost, which would cause an additional and significant strain on the TTF and would impact the development and the delivery of other projects.

It can be expected that the other provisions outlined in Senate Bill 1060 will be included in MTA and CSX's Access Agreement, and MTA estimates that there will be a fiscal impact of approximately \$130 million over the first five years of implementation.

In July 2022, the Federal Railroad Administration (FRA) proposed regulations establishing minimum requirements for the size of train crews depending on the type of operation. Since FRA is expected to issue a final rulemaking on a federal crew size mandate this year, mandating that carriers in the State of Maryland use a larger crew size than is currently federally mandated could result in a patchwork of state regulations on the national supply chain.

At the Port of Baltimore, the MPA works hard to accomplish its mission to increase waterborne commerce through the State of Maryland in a way that benefits the citizens of the State. In doing so, the Port has consistently proven its value as a good neighbor and strong partner throughout the State. The Port of Baltimore generates 15,330 direct family-supporting jobs for Marylanders, where the average wage of these jobs exceeds the statewide average annual wage by 9.5%.

Carriers will always move cargo by the most efficient and economical means and the Port is in constant competition with rival ports to increase cargo volumes, maintain terminal efficiencies, and generate positive economic growth. For the Port to continue to operate successfully as an economic engine, Maryland cannot afford to be at a competitive disadvantage with our neighboring ports, as the success of our Port directly benefits the State and the hardworking men and women who depend on it. The various provisions in this legislation may put the Port of Baltimore at a competitive disadvantage with neighboring ports and deter carriers from operating in the State, resulting in a loss of jobs and investment directly related to the Port.

The Maryland Department of Transportation respectfully requests the committee take into consideration these concerns.

Respectfully Submitted,

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