



H.R. 6707 – Taking Responsible Action for Community Safety Act

FLOOR SITUATION

H.R. 6707 is being considered on the floor under suspension of the rules and will require a two-thirds majority vote for passage. This legislation was introduced by Representative James Oberstar (D-MN) on July 31, 2008. The House Committee on Transportation and Infrastructure ordered the bill to be reported, as amended, by voice vote on September 26, 2008.

H.R. 6707 is expected to be considered on the floor of the House on September 27, 2008.

SUMMARY

This bill requires the Surface Transportation Board to hold public hearings in the communities affected by a proposed transaction, unless the Board determines the hearing is not necessary to the public interest.

Note: The Board governs consolidations, mergers, and acquisitions of railroads.

H.R. 6707 also states that any proposed transaction involving at least one Class I railroad will be subject to the standards currently applied to transactions involving two Class I railroads. The Board is required to approve a transaction involving at least one Class I railroad if it finds the transaction is in the public interest.

This legislation requires the Board to consider the safety and environmental effects of proposed transactions, as well as the effect of a proposed transaction on intercity passenger and commuter rail transportation.

The Act will have effect on all transactions that are not approved by the Board as of August 1, 2008.

BACKGROUND

The Surface Transportation Board (STB) was created by the Interstate Commerce Commission Termination Act of 1995. STB is an economic regulatory agency that resolves railroad rate and service disputes and reviews proposed railroad mergers. The STB is independent, although it is affiliated with the U.S. Department of Transportation.

There is currently a controversy concerning a proposed acquisition of the Elgin, Joliet & Eastern Railway (class II railroad) by the Canadian National Railway (CNR), a class I railroad. There is concern that this acquisition would result in adverse community impacts and increased railway accidents. This legislation is an attempt to allow the STB to weigh the transportation benefits of a transaction versus the impact of a deal on communities and the environment.

ADDITIONAL VIEWS

Subcommittee Ranking Member Bill Shuster (R-PA): "This legislation will have dramatic consequences on railroad merger and acquisition transactions...This is likely to discourage railroads from engaging in transactions that would enhance underutilized infrastructure controlled by smaller railroads... The minority is concerned that this legislation will result in... discouraging parties from entering into mergers and acquisitions." (Minority Views, Committee Report)

COST

The Congressional Budget Office (CBO) has not produced a cost estimate for H.R. 6707 as of September 27, 2008.

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