



NATIONAL STONE, SAND
& GRAVEL ASSOCIATION

March 7, 2021

The Honorable Donald Payne, Jr.
Chairman
House Committee on Transportation and Infrastructure
Subcommittee on Railroads, Pipelines, and Hazardous Materials

The Honorable Rick Crawford
Ranking Member
House Committee on Transportation and Infrastructure
Subcommittee on Railroads, Pipelines, and Hazardous Materials

Dear Chairman Payne and Ranking Member Crawford:

The National Stone, Sand, & Gravel Association (NSSGA) respectfully submits this letter to thank Chairs Peter DeFazio and Donald Payne, Ranking Members Sam Graves and Rick Crawford, and the Members of the Subcommittee on Railroads, Pipelines and Hazardous Materials (Committee) for holding this important and timely hearing on “Stakeholder Views on Surface Transportation Board (STB) Reauthorization” on March 8, 2022. NSSGA strongly supports the funding of the STB to ensure it can properly and effectively carry out its statutory duties.

NSSGA is the leading voice and advocate for the aggregates industry. Our members are stone, sand, and gravel producers and the equipment manufacturers and service providers who support them. NSSGA’s member companies produce more than 90 percent of the crushed stone and 70 percent of the sand and gravel consumed annually in the United States. Aggregates are the building block that builds towns and cities and the connections in between. The industry is synonymous with infrastructure but more than that. Aggregates play a crucial role in everything we touch - roads, railways, bridges, tunnels, water supply, sewers, electrical grids, and telecommunications.

As a result, NSSGA members will play a crucial role in the success of the Infrastructure Investment and Jobs Act (“IIJA”) that became effective on November 15, 2021. The IIJA will help rebuild America’s roads, bridges, and rails. It will strengthen supply chains by making long overdue improvements for the nation’s ports, airports, rail, and roads. The aggregates industry will supply the materials needed to make these projects happen.

Fully funding the STB to ensure it can properly regulate the rail industry is vital to the U.S infrastructure and our members' ability to supply construction materials. Rail service delays create shortages and drive the cost of needed aggregates for important infrastructure projects, including highways, flood control,



water supply, and other environmental improvement projects. The aggregates must then be supplied from other sources, which requires transporting over a longer distance and increasing cost, and increased emissions.

The current state of the rail industry has left customers captive to service provided by a single railroad, and given the nature of the rail industry, there is no possibility of new rail entrants to provide competition. The rail industry is highly consolidated, having only 7 Class I railroads compared to 40 in 1980, with the possibility that only 6 will exist by 2023. The consolidation of the industry has given railroads even less competition, creating, as some economists have pointed out, a duopoly in the East and the West. U.S. Railroads have also adopted the rail operating model called Precision Scheduled Railroading over the last five years, which has resulted in poorer service and higher rates for its customers. This model has had a direct impact on the aggregates industry and our ability to supply needed construction materials to projects.

The STB is the economic regulator of the U.S. freight rail industry and serves as a crucial backstop when railroads have market dominance. Without a fully functioning STB, railroads would be free to charge captive rail shippers more unreasonable rates and engage in unreasonable practices. Also, railroads could provide inadequate service to shippers who rely on rail without any repercussions if proper regulation is not in place. The STB presently is working on practical solutions to address the problems that currently exist in freight rail: (a) a proposed rule change on reciprocal switching to improve competition in freight rail; (b) a program to monitor rail service at the first and last mile of a route; and, (c) a new rate case process called Final Offer Rate Review, which will make the rate case process more accessible and useable for shippers. The U.S. needs a funded and functioning STB to continue this important work.

In conclusion, the NSSGA strongly supports the STB's mission and urges Congress to fully fund this agency, so its member companies can obtain these critical transportation services that are needed to build our infrastructure and sustain our communities. NSSGA encourages Congress to support STB regulatory reforms and to enact its own laws which will level the playing field between railroads and their customers.

Sincerely,



Michael Johnson
President and CEO
National Stone, Sand & Gravel Association

CC: Members of the House Committee on Transportation and Infrastructure, Subcommittee on Railroads, Pipelines, and Hazardous Materials

