



LARRY HOGAN
GOVERNOR

STATE OF MARYLAND
OFFICE OF THE GOVERNOR

May 25, 2018

The Honorable Michael E. Busch
Speaker of the House
State House
Annapolis, Maryland 21401

Dear Speaker Busch:

In accordance with Article II, Section 17 of the Maryland Constitution, I have vetoed House Bill 180 – *Railroad Company - Movement of Freight - Required Crew*.

This legislation attempts to codify a private industry issue that should either continue to be negotiated between the employer and the employer's representatives or decided at the federal level since it involves interstate commerce and clearly falls within the federal government's regulatory purview. For three years, I have made it my Administration's top priority to ensure that Maryland is Open for Business. I cannot allow a bill to become law that attempts to circumvent the collective bargaining process in private industry and which will ultimately kill job opportunities for the thousands of Maryland's citizens who depend on an economically viable Port of Baltimore, make our great state less competitive with our neighbors, burden our taxpayers, and bring confusion to the Mid-Atlantic region's complex rail network.

House Bill 180 puts the Port of Baltimore, one of our State's major economic engines, at a competitive disadvantage with neighboring ports. Only two states in the nation – both West of the Mississippi River – have a two-person crew requirement. Freight rail is America's backbone of interstate commerce. Mandating that carriers in the State of Maryland use a larger crew size than would be required of the same railroads operating out of Norfolk, Philadelphia, or New York will directly result in an increase in shipping costs and deter carriers from operating in the state resulting in the loss of jobs directly related to the Port. Those same jobs produce an average annual wage that is 16.4 percent higher than the state average.

During my administration, the Port of Baltimore and Seagirt Marine Terminal have grown significantly, breaking records in each of the last three years, adding jobs and economic activity in the process. Last year, the Port of Baltimore set a 38-year record for public and private cargo handled. Large volume surges can strain trucking resources. For this growth to continue, we need viable intermodal options to ensure cargo velocity remains at optimal levels. This includes rail connectivity to locations that are currently serviced only by truck. Tradepoint Atlantic is one such location that offers tremendous potential to increase cargo volume through the Port of

Baltimore, however shipping cost is a serious challenge to fully realizing this potential. Carriers will always move cargo by the most efficient and economical means. As the Port is developing a rail shuttle solution, absorbing an additional layer of cost constitutes a serious burden in an industry that already operates on razor thin margins. In that respect, the bill sends a disturbing message to the Port's private sector industry partners and would have a chilling effect on discussions with CSX as the Port continues to work towards modernizing the Howard Street Tunnel to allow for double-stack containers, essential to the future success of the Port of Baltimore.

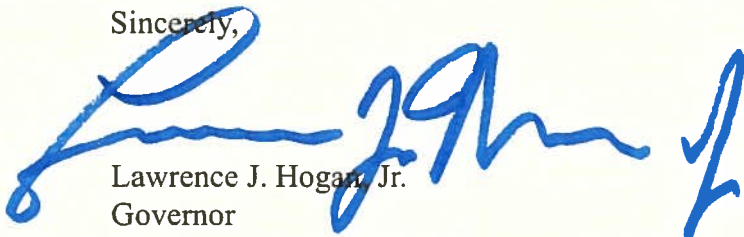
The advocates for this bill claim this is a safety bill. This is not a safety bill. In the two previous years that the General Assembly has considered crew size, no empirical data has been submitted that shows a link between railroad safety and the crew size. In fact, as crew sizes have decreased over the years, the implementation of advancements in technology have contributed to a reduction in accident rates, and the implementation of Positive Train Control will only contribute to this reduction further. Passing bills of this nature creates a false narrative that a larger crew size is the most critical factor to rail safety, which could deter future advancements in technology with the potential to have a far more significant impact on rail safety.

This legislation will also have a significant impact on the pending renewal of the State's access agreement with CSX for MARC Train Camden and Brunswick Line service. The net result of this will be as much as a \$2.7 million impact on the State, which will undoubtedly impact MARC Train service and the 12,000 daily riders on both lines. Amtrak would face significantly increased costs as well, a train system that struggles financially as it is. It is not unreasonable to imagine a scenario where Amtrak eliminates its Washington-Cumberland-Pittsburgh-Chicago service, the Capitol Limited.

Maryland cannot afford to be at a competitive disadvantage to our neighboring states. The increased costs associated with this legislation, negative impact on the approximately 33,930 jobs generated by port activity, and potential to jeopardize the livelihood of Maryland workers who depend on a thriving Port of Baltimore is too harmful to allow this bill be become law.

For these reasons, I have vetoed House Bill 180.

Sincerely,

A handwritten signature in blue ink, appearing to read "L. Hogan, Jr.", is written over the typed name and title.

Lawrence J. Hogan, Jr.
Governor