

May 13, 2015

The Honorable Bill Shuster  
Chairman  
Committee on Transportation and  
Infrastructure  
2251 Rayburn House Office Building  
Washington, DC 20515

The Honorable Peter DeFazio  
Ranking Member  
Committee on Transportation and  
Infrastructure  
2163 Rayburn House Office Building  
Washington, DC 20515

The Honorable Jeff Denham  
Chairman  
Subcommittee on Railroads, Pipelines  
and Hazardous Materials  
B-329 Rayburn House Office Building  
Washington, DC 20515

The Honorable Michael E. Capuano  
Ranking Member  
Subcommittee on Railroads, Pipelines,  
and Hazardous Materials  
2163 Rayburn House Office Building  
Washington, DC 20515

Dear Chairman Shuster, Ranking Member DeFazio, Subcommittee Chairman Denham,  
and Ranking Member Capuano:

Thank you for holding today's hearing, "The 35th Anniversary of the Staggers Rail Act: Railroad Deregulation Past, Present, and Future." We appreciate the Subcommittee's interest in the issue and the opportunity to share the concerns of National Association of Chemical Distributors (NACD) members.

NACD and its nearly 440 member companies are vital to the chemical supply chain providing products to over 750,000 diverse companies such as: aerospace, agriculture, cosmetics, detergents, electronics, automotive, plastics, paints and coatings, pharmaceuticals, food ingredients, water treatment and more. They make a delivery every six seconds while maintaining a safety record that is more than twice as good as all manufacturing combined. NACD members, operating in all 50 states through nearly 1,800 facilities, are responsible for more than 155,000 direct and indirect jobs in the United States. NACD members are predominantly small regional businesses, many of which are multi-generational and family owned. The typical chemical distributor has 26 employees and operates under an extremely low margin.

Hazardous materials transportation is an integral part of the chemical distribution business. In 2013, NACD members made over 4 million shipments, were responsible for 26.3 million tons of product, and drove more than 140 million miles while making deliveries to customers every 7.3 seconds. Nearly 40% of NACD members receive product via rail. For those who do, the average received annually is 55,328 tons per company.

The lack of freight rail competition has been costly to American businesses and NACD members rely on safe, reliable and affordable rail service. With the dramatic changes in the rail sector, now is the time to re-evaluate and modernize our rail policy framework to meet present and future needs. The rail industry has changed dramatically since the Staggers Rail Act of 1980. Drastic consolidation and decreased access to competitive rail service has led to soaring rates. Today, nearly 80 percent of freight rail stations are captive to a single Class I railroad. Further, almost twenty years have passed since Congress created the Surface Transportation Board, and there are only seven Class I railroads operating in the United States. It is clear reform is overdue. We strongly believe that modest reforms to our outdated rail policies today will lead to less government intervention later.

Thank you for the opportunity to provide these comments. If you have any questions, please do not hesitate to contact me at [ebyer@nacd.com](mailto:ebyer@nacd.com) or Laura Chambers, Director, Legislative Affairs at [lchambers@nacd.com](mailto:lchambers@nacd.com).

Sincerely,



Eric R. Byer  
President