



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

October 24, 2008

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

*As ordered reported by the House Committee on Transportation and Infrastructure
on September 24, 2008*

H.R. 6707 would require the Surface Transportation Board (STB) to consider certain environmental and community safety effects when evaluating proposed mergers between large and small rail operators. Based on information from STB about the need to hire additional staff for such evaluations, CBO estimates that implementing H.R. 6707 would cost about \$2 million annually, assuming appropriation of the necessary amounts. Enacting the bill would not affect direct spending or revenues.

H.R. 6707 would clarify that the STB should take environmental, public safety, and community safety effects into account when evaluating mergers between Class I (large) and Class II and III (small) rail operators. Currently, the STB must approve all rail mergers, and it undertakes significant analysis of proposed mergers. According to STB, the agency would need to hire around 10 additional employees to conduct additional public hearings and site visits under the bill.

The bill contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

By requiring railroads to meet new standards for certain transactions that involve merging with or acquiring another railroad, H.R. 6707 would impose a private-sector mandate. Under current law, railroads may not merge with or acquire another railroad without approval from the STB. The bill would require the STB to use additional factors when considering certain transactions between railroads. Because of the new standards, railroads could be prohibited from engaging in certain transactions that would otherwise be allowed in the absence of this bill. However, it is uncertain how the new standards would affect current business practices. It is also uncertain the extent to which railroads would have to forgo business opportunities or what the value of those lost opportunities would be. Thus, CBO cannot estimate the cost of this mandate or whether the cost would exceed the annual threshold established in UMRA for private-sector mandates (\$136 million in 2008, adjusted annually for inflation).

The CBO staff contacts for this estimate are Sarah Puro (for federal costs) and Jacob Kuipers (for the private-sector impact). This estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.