

The Federal Initiative: Tale of Consolidation

Between 1970 and 1980, Congress passed four major pieces of legislation in an attempt to forestall further decline of the railroad industry. These new laws initiated a large-scale consolidation of passenger and freight operations.

- 1970- The National Rail Passenger Service Act of 1970 relieved railroads of an enormous financial burden by consolidating responsibility for nationwide rail passenger service under a federally operated system.
- 1973- The Regional Rail Reorganization Act of 1973 rescued the railroad freight industry in the Northeast from imminent liquidation by combining ailing systems under federal operation.
- 1976- The Railroad Revitalization and Regulatory Reform Act of 1976 reconciled newly unified federal passenger and freight operations to the market through subsidization and regulatory adjustments.
- 1980- The Staggers Rail Act of 1980 transferred the benefits of consolidation and regulatory relaxation to the private sector. Although the Staggers Rail Act of 1980 did not completely deregulate the rail industry, it came close.

Federal Oversight

Today, the Surface Transportation Board (STB) has authority over a variety of non-rate areas and retains authority to set maximum rates or take action if a railroad is found to have market dominance or to have engaged in anti-competitive behavior.

The Surface Transportation Board (STB) was created in the Interstate Commerce Commission Termination Act of 1995 and is the successor agency to the Interstate Commerce Commission. The STB is an economic regulatory agency that Congress charged with the fundamental missions of resolving railroad rate and service disputes and reviewing proposed railroad mergers. The STB is decisionally independent, although it is administratively affiliated with the Department of Transportation.

The STB serves as both an adjudicatory and a regulatory body. The agency has jurisdiction over railroad rate and service issues and rail restructuring transactions (mergers, line sales, line construction, and line abandonments); certain trucking company, moving van, and non-contiguous ocean shipping company rate matters; certain intercity passenger bus company structure, financial, and operational matters; and rates and services of certain pipelines not regulated by the Federal Energy Regulatory Commission.

State Oversight

State oversight of railroads is limited to safety aspects of railroad crossings.