
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE RESOLUTION

No. 649 Session of
2015

INTRODUCED BY PYLE, TAYLOR, W. KELLER, MATZIE, DRISCOLL,
QUIGLEY, PICKETT, JAMES, IRVIN, KOTIK, PASHINSKI, DAVIS,
ELLIS, WHEELAND, McNEILL, OBERLANDER, SCHLEGEL CULVER,
D. COSTA, MARSHALL, LONGIETTI, READSHAW, WATSON AND JOZWIAK,
JANUARY 22, 2016

REFERRED TO COMMITTEE ON TRANSPORTATION, JANUARY 22, 2016

A RESOLUTION

1 Memorializing the United States Surface Transportation Board,
2 the United States Department of Justice, the United States
3 Department of Transportation and the Congress of the United
4 States to examine plans submitted to the Surface
5 Transportation Board by Canadian Pacific Railway to acquire
6 Norfolk Southern Corporation and to further consider any
7 potential negative impact of the proposal with respect to
8 building a more efficient freight network in the Commonwealth
9 of Pennsylvania.

10 WHEREAS, Norfolk Southern Corporation employs more than 5,200
11 Pennsylvania residents, operates over 2,300 route miles of track
12 and 22 rail yards and intermodal terminals throughout the
13 Commonwealth of Pennsylvania, has operating division
14 headquarters in Pittsburgh and Harrisburg, maintains its primary
15 locomotive repair shop in Altoona and connects with 48 Class 2
16 and Class 3 railroads throughout this Commonwealth; and

17 WHEREAS, In 2014 Norfolk Southern Corporation invested \$151
18 million in its tracks and facilities in Pennsylvania, purchased
19 more than \$1 billion in goods and services from Pennsylvania
20 vendors, was responsible for \$34.4 million in State and local

1 taxes and originated or terminated more than 1.7 million freight
2 shipments; and

3 WHEREAS, The Commonwealth of Pennsylvania has more freight
4 railroads than any other state in the nation and has worked
5 successfully with Norfolk Southern Corporation on a series of
6 significant public-private partnerships to further strengthen
7 this Commonwealth's freight rail network; and

8 WHEREAS, Canadian Pacific Railway submitted an unsolicited
9 proposal to acquire Norfolk Southern Corporation on November 9,
10 2015, and has subsequently made public statements that through
11 the acquisition a projected \$1.8 billion in "synergies" would be
12 achieved through both locomotive and rolling stock fleet
13 reductions, rationalization of rail yards and other facilities
14 and a lower tax rate, all of which could result in significant
15 employment reductions, decreased investment in transportation
16 infrastructure and poor freight rail service to shippers doing
17 business in Pennsylvania; and

18 WHEREAS, During the United States Surface Transportation
19 Board's review of the transaction, the chief operating officer
20 of Canadian Pacific Railway expressed his intent to immediately
21 assume control of Norfolk Southern Corporation by taking over as
22 the chief operating officer of Norfolk Southern Corporation
23 through a voting trust; and

24 WHEREAS, Congress has given the Surface Transportation Board
25 the power to promote the public interest of consumers and
26 shippers when considering proposed mergers, especially an
27 acquisition of this scale; and

28 WHEREAS, Any attempt to circumvent the role of the Surface
29 Transportation Board and threaten the franchise of a competing
30 railroad should be taken seriously; and

1 WHEREAS, The Commonwealth of Pennsylvania and its residents
2 are not served by ill-conceived actions that would result in
3 poor freight rail service to shippers doing business in this
4 Commonwealth; and

5 WHEREAS, The men and women of Pennsylvania who serve in the
6 United States Armed Forces benefit from American-owned
7 infrastructure used to transport military equipment, and that
8 infrastructure should not be jeopardized by a sale to a foreign-
9 owned company; and

10 WHEREAS, A recent joint letter from the heads of the Alliance
11 of Automobile Manufacturers and the Association of Global
12 Automakers pointed out that "previous rail mergers of this
13 magnitude have been followed by prolonged periods of poor
14 service levels and higher rates. We urge [Canadian Pacific] to
15 abandon its merger ambitions and to focus its attentions upon
16 enhancing its current levels of customer service"; and

17 WHEREAS, The manufacturers' associations of Kentucky, Indiana
18 and West Virginia, the Michigan Agri-Business Association and
19 the Palmetto AgriBusiness Council wrote to the Surface
20 Transportation Board, stating their concerns about Canadian
21 Pacific Railway's promised stripped-down railroad; and

22 WHEREAS, The chief executive officer of the Kentucky
23 Association of Manufacturers said, "We are justifiably concerned
24 that Canadian Pacific's proposal to slash resources available to
25 the current Norfolk Southern threatens the economy of our
26 state"; and

27 WHEREAS, The chief executive officer of Xcoal Energy &
28 Resources wrote that he was "concerned that the short-term
29 nature of [Canadian Pacific's] operating plan would be
30 detrimental to the long-term requirements of the U.S. coal

1 industry and energy sector"; and

2 WHEREAS, In another letter, the head of a holding company for
3 short line railroads said, "The proposed [Canadian Pacific-
4 Norfolk Southern] merger likely would result in a national
5 duopoly, which would dramatically reduce competitive rail
6 options for customers"; and

7 WHEREAS, Experts have stated that there are indications this
8 transaction may serve as a catalyst or domino effect for more
9 consolidation, eventually leading to just two transcontinental
10 carriers in the railroad industry and leaving shippers with
11 fewer choices, less competition and prolonged service
12 disruptions; therefore be it

13 RESOLVED, That the House of Representatives of the
14 Commonwealth of Pennsylvania memorialize the United States
15 Surface Transportation Board, the United States Department of
16 Justice, the United States Department of Transportation and the
17 Congress of the United States to examine plans submitted to the
18 Surface Transportation Board by Canadian Pacific Railway to
19 acquire Norfolk Southern Corporation and to further consider any
20 potential negative impact of the proposal with respect to
21 building a more efficient freight network in the Commonwealth of
22 Pennsylvania; and be it further

23 RESOLVED, That the House of Representatives of the
24 Commonwealth of Pennsylvania urge the Surface Transportation
25 Board to view approval of any voting trust as triggering a
26 domino effect and to stop the first domino from falling by
27 rejecting Canadian Pacific Railway's voting trust; and be it
28 further

29 RESOLVED, That any transaction proposed by Canadian Pacific
30 Railway be carefully reviewed to protect the citizens of the

1 Commonwealth of Pennsylvania from shifts in the transportation
2 of hazardous materials, including crude oil; and be it further

3 RESOLVED, That the House of Representatives of the
4 Commonwealth of Pennsylvania urge the Congress of the United
5 States to review the rail industry's current antitrust
6 exemption, which prevents the United States Department of
7 Justice from stopping the merger even if a review produces
8 evidence of restricted competition; and be it further

9 RESOLVED, That the House of Representatives of the
10 Commonwealth of Pennsylvania urge Congress to exercise due
11 diligence on behalf of the citizens of Pennsylvania and of this
12 nation by exercising regulatory control and oversight in order
13 to maintain fair competition, adequate connections with short
14 line railroads and efficient, low-cost service for rail
15 shippers; and be it further

16 RESOLVED, That copies of this resolution be transmitted to
17 the members of the United States Surface Transportation Board,
18 the United States Secretary of Transportation, the United States
19 Attorney General, the presiding officers of each house of
20 Congress and to each member of Congress from Pennsylvania.