

Transportation Update

MARCH 2011

— Compiled by Illinois Farm Bureau®



Crop-Share Tenants Now Treated as For-Hire Carriers

Motor Carrier Safety Assistance Program (MCSAP) compliance officers at IDOT are now treating farmers who truck their landlord's share of grain as "for-hire carriers." That can have a very significant impact on how farmers must operate their trucks, and even on landlord/tenant relations.

Administrators at IDOT suggest that this is not a change in regulation, but rather a correction of an oversight that had slipped by unnoticed for decades.

Only operating farmers with crop-share farming agreements are impacted. Those who operate strictly under cash rent agreements or own the land they farm are

still viewed as "private carriers."

Cash need not change hands. Any form of compensation for trucking is considered in determining the "for-hire" status. Merely the share of grain the farmer receives as a part of producing the crop and delivering it to the bin is viewed as sufficient to trigger the designation.

It is likely that the majority of Illinois farmers will be impacted. According to the University of Illinois, the average proportion of total farmed acres in Illinois that were operated under a crop-share agreement in 2009 was 37%. With some tenant farmers

(Continued on page 4)

Inside this issue:

High speed rail enters second phase of track improvements 2

US and Mexico reach agreement on cross-border trucking 2

Panama outstrips US in infrastructure investments 3

IFB leaders meet with USDOT Secretary LaHood 4

SAFETEA-LU Extended Through End of FY2011

Congress has extended the Safe, Accountable, Flexible, Efficient Transportation Act: A Legacy for Users (SAFETEA-LU) through the end of fiscal-year 2011, freezing funding at 2010 levels for transit and other programs through Sept. 30.

"This legislation will provide some stability for transportation departments in every state and allow DOTs to continue planning and constructing transportation projects through the summer construction season,"

said U.S. Rep. John Mica (R-Fla.), chairman of the House Transportation and Infrastructure Committee, in a prepared statement. "This extension of transportation programs will allow more time for the Transportation and Infrastructure Committee to develop a fiscally responsible, long-term reauthorization of transportation programs to create jobs and build our nation's infrastructure."

(Continued on page 2)

IL High Speed Rail Advances

Springfield continues to be a sticking point for Illinois' high speed rail project, but the problem is not under the capitol dome.

March 22, 2011. Governor Pat Quinn announced a \$685 million agreement to begin construction on the next phase of high-speed rail between Chicago and St. Louis—building track upgrades between Lincoln and Dwight and between Alton and the Mississippi River.

The federally-funded project will create an estimated 6,200 direct and indirect jobs and move Illinois one step closer to faster trains and improved service along its signature high-speed route.

A \$1.2 billion federal grant is paying for upgrades intended eventually to accommodate train speeds up to 110 mph. The state also has pledged \$42 million.

This phase of track upgrades will again skip Springfield. A study is still underway in the capital city to try to determine the best route through that town. City officials and residents are concerned that additional train traffic on the third street corridor could too severely disrupt traffic flow.

The first phase of track upgrades—\$98 million—had also skipped Springfield.

Short segments of the line could support the 110 mph train speeds in a year or so—such as between Dwight and Pontiac.



U.S.-Mexico Agreement on Trucking

Source: AFBF

WASHINGTON, D.C., March 3, 2011—“The American Farm Bureau Federation is pleased that President Barack Obama and Mexican President Felipe Calderon have reached an agreement to resolve the dispute over cross-border trucking. This agreement has been a long time coming and, with half of the \$2.4 billion in Mexican retaliatory tariffs to be lifted as soon as the agreement is finalized, this will have an immediate positive impact on U.S. agricultural exports. The remainder of the tariffs will be lifted when the necessary safety tests are completed and the first Mexican truck rolls across the U.S. border.

We hope that the administration will push forward to finalize the agreement quickly.

“It is important for our trading partners to know that the United States lives up to its commitments under trade agreements. Re-establishing a reciprocal cross-border trucking program will go a long way toward restoring our credibility and our relationship with a vital trade partner.

“Mexico is our third-largest agricultural export market. Our farm and ranch exports to Mexico have, however, been hampered by this dispute and the retaliatory tariffs. The impact has touched a wide range of farm products from every state. Our competitors are filling the gap. This is not in our economic best interests. One of the straightest roads to economic growth and job creation in the U.S. is for members of Congress to get behind the agreement announced today, and we urge them to do so.”



Designated Routes & More Now Online

The Illinois Department of Transportation now has its designated route maps available online. The map set also includes construction routes; permit routes; weather information; planning & programming for routes, and more.

<http://www.gettingaroundillinois.com/mapviewer.aspx?mt=dtr>

SAFETEA-LU

(Continued from page 1)

The most recent extension had been set to expire March 4.

The bulk of the federal budget recently received only a three-week extension, leaving other federally-funded programs with more uncertainty.

Congress faces major decisions in crafting the next surface transportation act—a task typically undertaken every six years.



Panama Investing Heavily in Transportation Infrastructure

Market Study Tour Group Witnesses Growth at Canal and Port Facilities

Panama, a nation of 3.3 million people, is investing \$5.2 billion in an expansion of the Panama Canal. In the United States, a nation of over 300 million, our Congress has been unable to come to agreement on investing half that amount to improve the navigation system on our nation's largest river.

Clearly, the United States is behind the curve when it comes to investing in our transportation infrastructure, relative to many other nations around the globe. That translates long-term into lost opportunity in



At the Colon Container Terminal, S.A. in Panama, an out-bound vessel—served by four enormous gantry cranes—is loaded with containers. Two addition berths are being added to the four at this port. This Post-Panamax sized ship will be accommodated by the new Panama Canal, set to open in 2014, on the 100th anniversary of the opening of the original canal; shown below at left at the Miraflores Locks.

world markets, lower prices for our exported goods, and a transfer of jobs overseas.

Market Study Tour participants witnessed these overseas efforts and talked with officials at the canal.

The larger post-Panamax vessels that soon will be crossing the isthmus have very limited opportunity to dock at the US Gulf Coast. Unless and until Gulf ports can be dredged to accommodate the 50' drafts, those vessels would more likely be destined for and originated from East coast ports.

42% of exported US grains transit the canal. Yet, our nation is not well prepared for grain shipments to take advantage of the larger canal when it opens in three years.

For more information on the Panama Canal, visit:

<http://www.pancanal.com/eng/index.html>



For-Hire

(Continued from page 1)

having most land under cash rent agreements and only one or two farms under a crop-share arrangement, that percentage is sufficient to subject the vast majority of Illinois farmers to this latest enforcement practice.

The Basis

The decision to apply the “for-hire” label to crop-share farmers is based on the definitions found in the Motor Carrier Safety Regulations (MCSR) at both the federal and state levels. Both define “for-hire motor carrier” as follows [49 CFR 390.5]:

For-hire motor carrier means a person engaged in the transportation of goods or passengers for compensation.

The State of Illinois also defines the shorter term “for-hire” this way [92 IL Admin. Code, 390.1020]:

“For-hire” means the operation of a vehicle for compensation and subject to federal regulation by the Interstate Commerce Commission or to State regulation by the Illinois Commerce Commission and those vehicles governed by Chapters 8 and 9 under the Code and regulated by the Secretary of State. (Section 1-122.5 of the Code)

Impact

For-hire truckers are not eligible for the myriad of exemptions and fee reductions that farmers enjoy. The vast majority of those breaks are predicated on farmers being private carriers.

Take the driver license, for example. If operating for-hire, the farmer exemption from the Commercial Drivers License (CDL) would not longer apply. The farmer—and all those driving for him/her—would have to hold a CDL.

The requirement to have a CDL brings with it the requirement to be enrolled in a Drug & Alcohol Screening Program (DASP.)

The farm exemption from having to have a medical card would be lost.

Insurance requirements of for-hire carriers are higher than those for private carriers. Additional coverage could be required.

The federal heavy vehicle use tax exemption threshold stands at 7,500 miles for farm vehicles, but only at 5,000 miles annually for other truckers. The status of farmers relative to this exemption could be tested.

The “farm” license plate typically may not be used for for-hire operations.

Still other rules and fees typically waived for farmers could be in jeopardy, but it’s too soon to tell.

In the mean time, farmers who were required to sign up for the USDOT number in the past 18 months are undergoing New Entrant Audits. It is in those audits that IDOT officials first began applying the “for-hire” label to crop-share operations.

Illinois Farm Bureau is negotiating with state and federal officials to resolve the issue—hopefully to restore the the not-for-hire status that farmers had experienced until now.



IFB Meets with LaHood & FMCSA Administrator

President Philip Nelson and Adam Nielsen, IFB’s Director of National Legislation, met with USDOT Secretary Ray LaHood in Washington D.C. earlier this month. They discussed the “for-hire” designation being imposed on farmers in Illinois. Also at that meeting was Federal Motor Carrier Safety Administration (FMCSA) head, Anne Ferro.

That high-level discussion has generated another meeting scheduled for late March here in Illinois. IFB leadership and staff have been invited by the FMCSA to join them and Illinois transportation officials to further discuss this topic.

There is no word yet on what the FMCSA might propose, though the fact that they are willing to meet is a hopeful sign that some changes can be made. There is also speculation of a possible national advisory panel to consider this and other enforcement issues.

Drug & Alcohol Screening Services

...are available to members of Illinois Farm Bureau through the Midwest Truckers Association.

217-525-0310