Transportation Update

SEPTEMBER/OCTOBER, 2012

— Compiled by Illinois Farm Bureau®

MAP-21 exemptions for farmers

Federal exemptions from certain trucking regulations officially take effect October 1, however the practical impact will likely come much later

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Each American is responsible for

40 tons

of freight a year.

—USDOT

When Congress passed the Moving Ahead for Progress in the 21st Century Act (MAP-21) in late June, it included a set of five generous exemptions from Motor Carrier Safety Regulations (MCSR) for farmers. Despite MAP-21's first-of-the-month official start, farmers will likely not see the full effect of its exemptions for months. Still, many of the exemptions will begin immediately.

Delays are anticipated in implementation because the rules have yet to be written at either the state or federal level. And Illinois will not be able to draft its own regulations until the federal rules are finalized.

However, the Congressional Act takes affect on October 1 and the Federal Motor Carrier Safety Administration (FMCSA) has urged states to begin enforcing under the new law—even without rules in place. All indicators show that Illinois' state regulators are planning to comply.

Farmers can expect that it will be months before the dust settles on the federal rules. And after that, States will have up to three years to implement state-level rule changes.

The new exemptions are more substantial than those already in place, but farmers will have more difficulty qualifying for them. Most of the new exemptions overlay those already enjoyed by Illinois farmers.

*(See **Exemptions** on page 2)*

New electronic requirement for IFTA

As of October 1, requirement for filings to be done electronically under the International Fuel Tax Agreement (IFTA) program applies to small carriers

Truckers operating their vehicles (over 26,000 pounds GVWR) in more than one state are required to split the motor fuel taxes they pay among the states they operate in. Those who travel out-of state infrequently can purchase individual fuel trip permits when needed. Routine out-of-state operators, instead, register through IFTA—the International Fuel Tax Agreement.

Public Act 096-1384 mandates the electronic transmission of all returns, applications, and payments for IFTA. Larger trucking companies have been required to file electronically for a couple of years, already. Now, the smaller IFTA filers must make the move.

Beginning October 1, 2012, you are required to electronically submit your Form MFUT-12, Motor Fuel Use Tax IFTA License and Decals Application. All required payments must be made electronically.

Beginning January 1, 2013, you are required to

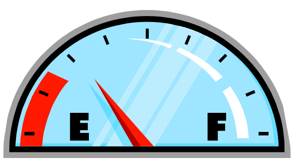
*(See **IFTA** on page 3)*

TRUCKING

Fleet fuel standard to 54.5 mpg

2025 target double current actual fleet performance

On August 28, the Obama Administration finalized standards aimed at increasing fuel economy to the equivalent of 54.5 mpg for cars and light-duty trucks by Model Year 2025. That's up from 28.6 mpg at the end of last year. When combined with previous standards set by this Administration, this move will nearly double the fuel efficiency of those vehicles compared to new vehicles currently on our roads. But estimates are that the real-world driving experience will be closer to 40 mpg.



Regulated fuel economy varies by vehicle type. While a compact car might be required to reach 61 mpg and a full-size sedan 48 mpg, certain full-size pickups might have to average 33 mpg. Based on sales of each type, the fleet average has to more-or-less hit the 54.5 mpg mark. But other savings—such as more efficient air conditioning systems—can be counted toward that fuel savings goal.

To give a measure of impact, some calculate that when fully implemented, the new standard could save as much as half of the oil we now import from OPEC.

This latest move by the USDOT and the USEPA builds on standards already set

(See ***MPG*** *on page 6)*

Exemptions

(Continued from page 1)

Two of the MAP-21 exemptions for farmers would excuse them from the CDL and from drug and alcohol testing. These exemptions already exist in Illinois, though MAP-21 extends them to all employees—even those who drive semis.

Relief from the medical card requirement is the third exemption. This, too, was already available to many farmers, but did not extend to those who operate combination vehicles. The MAP-21 version does.

The fourth farmer exemption is from hours of service rules. This is little-changed from what had already been in place for farmers.

The final provision applies to rules from which farmers had no former exemption. It waives the federal requirements of equipment inspection, repair and maintenance. However, it is anticipated that Illinois laws regarding maintenance will generally fill much of the void created by the exemption from the federal rule.

The greatest gains for Illinois farmers under MAP-21 lie in the expansion of geographic area in which the exemptions apply.

The old exemptions were limited to a radius of 150 miles from the farm, and generally did not apply outside the farmer's base state.

The new exemptions apply anywhere within the state in which the vehicle is registered. Additionally, they extend for 150 miles from the farm even when travelling outside of Illinois.

For the smallest trucks—those 26,001 pounds or less—the exemptions will apply anywhere within the U.S.

Qualifying for the new exemptions will be more difficult. In fact, a few farmers stand to lose exemptions they have enjoyed.

In the past, to qualify for the exemptions, the farmer was limited to generally hauling only for his/her own farming operation and staying within specified geographic limits. Under MAP-21, similar limitations still apply, but new ones have been added.

To qualify for the new MAP-21 exemptions, the vehicle will now have to be "farm" plated or carry some other form of State-issued farm documentation. And, it must not be subject to placarding requirements under USDOT hazardous materials regulations.

Each of those new conditions can pose a significant hurdle for Illinois farmers. When it comes to the "farm" plate, Illinois limits the number each owner may have and the smallest "farm" plate available is for 16,000 pounds. Illinois has no other form of documentation for farm vehicles.

The placard restriction is also problematic—they're required on farm vehicles that are ubiquitous in Illinois such as anhydrous ammonia nurse tanks and vehicles hauling diesel fuel in containers of more than 119 gallons.

It's no free pass, even with the exemptions. Portions of the MCSR remain for farmers, and Illinois Vehicle Code laws still apply within the state. Those laws will plug some of the gaps left by the rule changes.

But for farmers who can qualify for the MAP-21 exemptions, they'll find additional relief from rules and a lot more territory in which to operate.

How long it will take before things settle out is anyone's guess. Stay tuned.

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FMCSA's plate full with implementation of MAP-21

Congress mandates aggressive schedule, including rules for agricultural exemptions

In its August 27 briefing to the Motor Carrier Safety Advisory Committee, the Federal Motor Carrier Safety Administration (FMCSA) outlined the workload it has been assigned by Congress.

The recent highway package, known as MAP-21, includes a large number of mandates for FMCSA. Among them, the Agency must complete 29 new rulemakings within 27 months. This compares to 12 for FHWA; 10 for FTA; 7 for NHTSA; and 2 for PHMSA.

MAP-21 also requires FMCSA to implement 34 programmatic changes and complete 15 reports. One of those reports will track the safety impacts of the farmer exemptions included in MAP-21 that become effective October 1. That could have an impact on the continuity of farmer exemptions beyond 2014.

The Agency also identified a number of MAP-21 provisions to Implement on Oct. 1, 2012:

- Reduce the safety review of new property carriers from 18 months to 12 months and new motorcoach operators from 18 months to 4 months beginning October 1, 2012. This means New Entrant Audits will occur sooner following initial registration for a USDOT number.
- Increase enforcement penalties and imminent hazard authority for unsafe property carriers including impoundment.
- Improved grant standards to States for Commercial Motor Vehicle safety grants.
- Increased ease to apply for waivers, exemptions, and pilot programs.
- New authority to order the return of household goods held hostage.
- Agricultural exemption provisions. *(See lead story on page 1.)*

And, the FMCSA is developing two new rules to begin implementing MAP-21.

- URS 2 Rule – Will implement new registration fees and registration requirements for brokers and freight forwarders.
- MAP-21 Omnibus Rule — Will include 16 MAP-21 provisions that are non-discretionary and self executing, like increased penalties and enhanced safety authorities, including farmer exemptions from some rules.

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IFTA

(Continued from page 1)

file your Form MFUT-15, IFTA Quarterly Return, electronically. All required payments must be made electronically. You will no longer receive paper returns from the Illinois Department of Revenue (IDOR.)

MyTax Illinois TAKE CONTROL OF YOUR TAXES ← Look for this logo!

On September 24, 2012, **MyTax Illinois**, an online account management program for taxpayers, became available. **MyTax Illinois** provides a centralized location on the IDOR website for taxpayers to file returns, make payments, and manage their IFTA accounts.

IFTA filers will no longer receive paper returns in the mail. They are required to use MyTax Illinois to electronically transmit returns for all filings after the mandated dates.

Information about MyTax Illinois and how to use it can be found on the IDOR website at tax.illinois.gov. You may also refer to Informational Bulletin FY 2013-02, "New Online Account Management System Available" or the "MyTax Illinois User Guide for IFTA Taxpayers" you received in the annual mailing.

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Growing share of freight to trucks

In the next 11 years, trucking's share of total freight tonnage is projected to rise while rail's share will fall, according to a new American Trucking Association (ATA) report titled "U.S. Freight Transportation Forecast to 2023."

ATA projects that by 2023, trucking's tonnage share will increase more than two percentage points from the year 2011 to 69.6 percent, while rail's share will decrease 0.7 points to 15 percent.

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WATER / RAIL

Lock closure demonstrates potential for crisis

Hundreds of barges awaited repairs before being able to transit the lock

Source: WCI Midwest Update

Lock 27 in Granite City, Illinois reopened September 21, 2012, after a five-day unscheduled shutdown. The U.S. Army Corps of Engineers was forced to remove rock debris from the approach to the lock chamber.

At the time of the opening, the U.S. Coast Guard estimated 63 boats and 455 barges were holding up, waiting to lock through.

The lock had been closed September 15 after one of its protection cells (a large cylinder acting as an aligning bumper) split open, spilling 5,000 tons of rock into the lock approach. The cell was exposed due to low water conditions associated with this year's drought. It is usually submerged 15 to 20 feet below the river's surface.

The drought also exposed sandbars and narrowed the river channel, causing challenges for tows looking to tie up during the lock closure. Many others delayed their departures from their port of loading until Lock 27 reopened.

The cell was constructed in 1985. Removing the rock will cost approximately $500,000, and will include filling the gap with sandbags. Replacing the cell comes with a $2 million price tag, according to a report by the *St. Louis Business Journal*.

As the southernmost (and usually busiest) lock on the Upper Mississippi, the closure of Lock 27 essentially shut off the Upper from the Lower portion of the river—*backing up almost 100 additional barges each day*.

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LOCK DELAYS COSTLY

"Roughly half of the nation's farm exports pass through that Granite City lock. The shutdown came at a particularly bad time as growers throughout the Midwest are ramping up their harvests of corn before turning their attention to bringing in their soybeans.

"Coast Guard and Army Corps of Engineers officials estimated that the closure of the lock, through which 73 million tons of cargo typically passes each year, stood to cost the shipping industry $2 million to $3 million a day in lost revenue."

—Illinois Corn Growers

GOP platform targets Amtrak

Subsidies cut—Illinois now among largest beneficiaries

The Republican's national platform calls for ending federal funding for operating Amtrak passenger rail service, which amounted to almost $1.5 billion last year. It calls for that transportation function to be turned over to the private sector where the industry and politicians alike recognize that survival of the service would be dubious.

The Congressional Research Service reports that "Few if any HSR lines any where in the world have earned enough revenue to cover both their construction and operating costs, even where population density is far greater than anywhere in the United States."

Amtrak proponents say that the GOP stance misses the point; they say it's in the public interest to keep tens of millions of cars off already congested highways, reduce pollution, save energy and put people to work. And, the political platform comes at a time when Amtrak has set monthly ridership records in each of the last 11 months, totaling over 30 million last year.

Amtrak covers about 85% of its operating costs through ticket fares and fees. However federal funds are needed to cover most capital expenses.

Illinois has been a major recipient of federal funding to maintain and improve capital infrastructure for passenger rail service. The state won a $1.1 billion ARRA grant in 2010 to replace 183 miles of track between St. Louis and Chicago in preparation for 110 mph passenger train operation. Illinois picked up an additional $186 million for HSR rail improvement in 2011.

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ASCE releases economic study

"Failure to Act: The Economic Impact of Current Investment Trends in Airports, Inland Waterways, and Marine Ports Infrastructure"—the study's title.

The American Society of Civil Engineers (ASCE) has released its economic impact study titled, "Failure to Act: The Economic Impact of Current Investment Trends in Airports, Inland Waterways, and Marine Ports Infrastructure."

In part, the report concludes:

--The greatest threats to the performance of the inland waterway system are the scheduled and unscheduled delays caused by insufficient funding for operation and maintenance needs of locks governing the traffic flow on the nation's inland system.

The greatest threats to the performance of the inland waterway system are the scheduled and unscheduled delays caused by insufficient funding for operation and maintenance needs of locks.

A total of 90% of locks and dams on the U.S. inland waterway system experienced some type of unscheduled delay in 2009. According to the U.S. Army Corps of Engineers, maintaining existing levels of unscheduled delays on inland waterways, and not further exacerbating delays, will require almost $13 billion in cumulative investment needs by 2020, and an additional $28 billion by 2040. Current funding levels can support only $7 billion by 2020, and an additional $16 billion by 2040. Roughly 27% of these needs entail the construction of new lock and dam facilities, and 73% are estimated for the rehabilitation of current facilities.

--By 2020, traffic on inland waterways is expected to increase by 51 million tons of freight from 2012, an overall 11% increase. By 2040, this increase is expected to exceed 118 million tons above 2012 levels, an overall increase of 25 percent.

--The U.S. economy relies on low transportation costs for its exports to offset higher wage levels and costs of production when compared with its competitors. Greater costs to export goods will affect the nation's ability to compete in global markets for goods produced in the U.S. Although this is already happening in a limited number of industrial sectors today, these effects could magnify in the future. If current needs and investment trends for U.S. airports, inland waterways, and marine ports continue over time, the nation's competitiveness will erode, affecting its ability to sustain well-paying jobs, especially in export sectors. In addition, higher costs will be incurred for imports, which will increase costs of materials to businesses, thereby increasing cost of production, and for consumer products sold to households, which eventually will erode their disposable income. These effects are reflected in significantly lower projected levels of U.S. exports, business sales, GDP and disposable personal income throughout the economy, culminating in a loss of jobs.

The full study can be found on ASCE's web site at: http://www.asce.org/economicstudy/

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Freight Policy Council formed by MAP-21

In-part, efforts aim to provide the infrastructure to double exports by 2015.

Source: USDOT

The USDOT has launched the Freight Policy Council which will focus on improving the condition and performance of the national freight network. The council will develop a national, intermodal plan for improving the efficiency of freight movement and will work with states to encourage development of a forward-looking state freight strategy.

MAP-21 (Moving Ahead for Progress in the 21st Century), the recent transportation bill, established a national freight policy and called for the creation of a National Freight Strategic Plan. The Freight Policy Council will implement the key freight provisions of the legislation with an eye on helping to meet the President's earlier-stated goal of doubling U.S. exports by 2015.

Agriculture relies heavily on freight transportation, accounting for roughly 30 percent of the nation's ton miles. Because of that, the recommendations of the Council could be particularly meaningful for farmers.

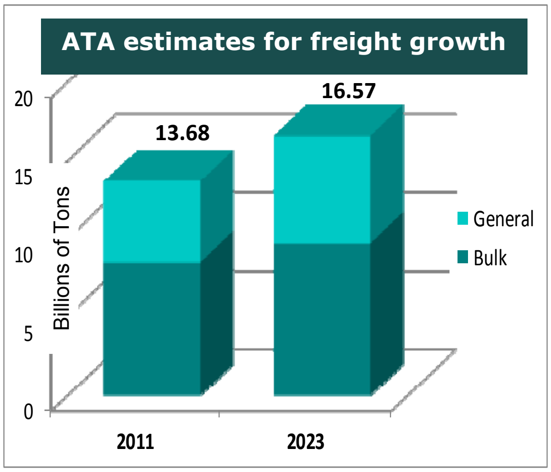
The Council will be chaired by Deputy Transportation Secretary John Porcari, and will include DOT leadership from highways, rail, ports and airports and economic and policy experts from across the Administration. The freight and logistics industries, consumers and other stakeholders will play an advisory role, and states will be asked to offer proposals for improving the freight system in their region.

(See **Policy** on page 6)

Freight gains new attention

Besides the Congressional call for a freight policy, ATA has released 10-year forecast for freight transportation

Recent actions by both the Congress and industry show renewed interest in freight transportation policy. For trucking, rail and waterways it's been an ongoing concern. For Congress, it's been a long time coming.



Over the past two federal surface transportation acts, airlines and highways, bike trails and mass transit have all attracted attention, with freight needs seemingly treated as the proverbial stepchild.

MAP-21 takes a different view. It incorporates stronger provisions for freight and establishes an evaluation of long-range freight policy.

The USDOT reports that "MAP-21 includes a number of provisions designed to enhance freight movement in support of national goals. MAP-21 firmly establishes national leadership in improving the condition and performance of a National Freight Network by identifying the components of the network, which will be designated by the Secretary. It includes incentives to prioritize projects that advance freight performance targets."

MAP-21 requires DOT to develop a national freight strategic plan. States are encouraged to develop individual freight plans and establish freight advisory committees.

No changes to current truck size and weight provisions are included in MAP-21, but a new study and inventory of current State laws is required.

Also this summer, the American Trucking Association (ATA) has released a report titled "U.S. Freight Transportation Forecast to 2023." The following points are among its findings.

• The total tonnage from primary freight shipments in the United States will increase from an estimated 13.68-billion tons in 2011 to 16.57-billion tons in 2023; an increase of 21% over the next 12 years.

• The total revenue derived from primary freight shipments in the United States will increase from an estimated $746.2 billion in 2011 to $1,186.3 billion in 2023; an increase of 59%.

• General freight tonnage will increase at an average annual rate of 3.6% during 2012–17, and 1.5% per year thereafter. Bulk freight will grow 1.8% per year from 2012 to 2017 and 0.5% per year thereafter.

• General freight will comprise 41.4% of all primary shipments by weight by 2023; up from 37.8% in 2011.

• Bulk freight tonnage will account for 58.6% of all primary shipments by 2023; down from 62.2% in 2011.

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MPG

(Continued from page 2)

for cars and light trucks for Model Years 2011-2016, requiring the equivalent of 35.5 mpg by 2016.

The program includes targeted incentives to encourage early adoption and introduction into the marketplace of advanced technologies to dramatically improve vehicle performance, including:

- Incentives for electric vehicles, plug-in hybrid electric vehicles, and fuel cells vehicles;
- Incentives for hybrid technologies for large pickups and for other technologies that achieve high fuel economy levels on large pickups;
- Incentives for natural gas vehicles;
- Credits for technologies with potential to achieve real-world greenhouse gas reductions and fuel economy improvements that are not captured by the standard's test procedures.

Automotive industry estimates vary, but generally they claim that the new standards will force automakers to raise the average price of a new vehicle by $1,800 to $3,000.

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Policy

(Continued from page 5)

Today, every American is responsible for 40 tons of freight a year. A more efficient freight network will reduce traffic congestion, environmental impact and shipping costs, and lower prices for consumers.

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