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House of Representatives
Washington, DC 20515-1408

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ENTERED
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 April 1, 2026
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April 1, 2026

Hon. Patrick Fuchs, Chairman
 Surface Transportation Board
 395 E Street, SW
 Washington, DC 20423

Dear Mr. Chairman:

I'd like to thank you and the Board for agreeing to consider the Railway Supply Institute's (RSI) petition pertaining to Rule 25 of the Code of Car Hire (Docket No. EP 334 - Sub-No.8A), filed in March 2024. This issue is particularly significant as it directly impacts the livelihood of 58 employees in IN-08.

The Association of American Railroads (AAR) exercises authority delegated by the Board's predecessor to set Car Hire Rules, shaping freight car compensation among railroads. Originally meant to transition from government price controls to market rates within ten years, the system has instead evolved into a new form of anti-competitive pricing. This authority now benefits large railroad-owned companies, especially the antitrust-exempt railcar pooling company TTX Corporation.

As you know, AAR rules stipulate newly built boxcars receive an hourly default rate of \$0.17, unless those cars are owned by TTX, a wholly owned subsidiary of the Class I Railroads. TTX's antitrust-exempt boxcars receive \$1.12 per hour and are not subject to rules imposed on other private railcar owners seeking to participate in the market. This differential has discouraged investment by non-railroad owners, diminished the availability of competitively sourced boxcars, and contributed to a shift of freight to highways — with detrimental effects on safety, infrastructure, and emissions.

The Railway Supply Institute's petition asks the Board to reopen the AAR's delegated authority and to direct the parties to establish a fair, market-based process for setting car hire rates. The Board prudently held RSI's petition in abeyance, urging the parties to engage in good faith negotiations to craft an equitable solution. Without meaningful reform, the current system will continue to perpetuate a structural imbalance that undermines non-railroad car ownership, limits private investment in equipment, and constrains rail capacity.

I appreciate the Board revisiting RSI's petition to ensure that any continued delegation of car hire rulemaking authority be conditioned upon the adoption of transparent, market-based default rate methodologies that treat all car owners equitably — regardless of whether they are affiliated with Class I railroads. With the potential for additional consolidation in the railroad industry on the horizon, I believe it critical that the Board advance policies that are rooted in free market principles to guard against potential market distorting effects of statutory anti-trust exemptions.

Recently the Congressional Research Service (CRS) issued a report, *Surface Transportation Reauthorization: Passenger and Freight Rail Issues* (March 11, 2026), the Board may want to review the comments on page 9. The CRS notes the system has kept compensation rates artificially low, which has dampened investment in new freight cars, especially boxcars that are nearing the end of their service lives without adequate replacements in production.

Thank you for your continued oversight of this important issue and for your commitment to a competitive and efficient freight rail system.

Sincerely,



Mark Messmer
Member of Congress