

Department of Legislative Services
 Maryland General Assembly
 2025 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 855
 Finance

(Senator Ellis, *et al.*)

Railroads - Safety Requirements (Maryland Railway Safety Act of 2025)

This bill generally prohibits a train or light engine used in connection with the movement of railroad freight from operating in the State unless it has a crew of at least two individuals. The Commissioner of Labor and Industry must establish and maintain a reporting system regarding the transportation of hazardous materials and waste by rail in the State. A train operator may not block a highway grade crossing for more than five minutes while the train is standing unless it is a passenger train boarding or discharging passengers, and a railroad company may not operate a freight train or work train that exceeds 8,500 feet in length on any part of a main track or a branch line. Railroad companies who violate these provisions are subject to a civil fine as specified. Specified railroad companies must install wayside detector systems on railroad tracks, among other related requirements. A railroad company must allow authorized railroad union representatives reasonable access to all property owned or leased by the railroad company for specified investigative purposes.

Fiscal Summary

State Effect: Special fund revenues for the Public Service Commission (PSC) and special fund expenditures for the Maryland Department of Labor (MD Labor) each increase by approximately \$500,000 annually in FY 2026 through 2030. Transportation Trust Fund (TTF) expenditures likely increase significantly beginning in FY 2026. General fund revenues may increase due to penalties beginning in FY 2026.

(in dollars)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
GF Revenue	-	-	-	-	-
SF Revenue	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
SF Expenditure	(-)	(-)	(-)	(-)	(-)
Net Effect	(-)	(-)	(-)	(-)	(-)

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: The bill does not materially affect local government finances or operations.

Small Business Effect: None.

Analysis

Bill Summary:

Required Crew of at Least Two Individuals

This provision of the bill does not apply to a train or light engine used in connection with the movement of railroad freight involving hostler service or utility employees in yard service. A person who willfully violates this provision of the bill is subject to specified civil penalties assessed by the Commissioner of Labor and Industry. A railroad company is solely responsible for the actions of its agents or employees who violate this provision of the bill.

Hazardous Materials and Waste by Rail Reporting System

Information in the reporting system regarding the transportation of hazardous materials and waste by rail in the State may not be provided to the public and is not subject to the Public Information Act, but the Commissioner of Labor and Industry must share information with the Maryland Department of Emergency Management (MDEM) and the Federal Emergency Management Agency.

Wayside Detector Systems

A “wayside detector system” is an electronic device or a series of connected or networked devices that scan passing trains, rolling stock, and on-track equipment for defects.

Each railroad company that owns or is otherwise responsible for a railroad track that the Federal Railroad Administration (FRA) has designated Class IV or greater must install, maintain, repair, and operate each wayside detector system in accordance with all applicable guidelines and regulations adopted by the federal U.S. Department of Transportation (USDOT). The bill specifies requirements for the installation, maintenance, operation, training, and monitoring of alerts for wayside detector systems. The Commissioner of Labor and Industry must establish a process for certifying compliance with these requirements, and the bill specifies enforcement of these requirements, which includes the commissioner assessing a civil fine.

The commissioner must also adopt regulations to carry out this provision of the bill.

Current Law:

Federal and State Regulation of Railroad Laws

In general, state regulatory authority over railroads is preempted by federal regulatory authority, because most remaining railroads in the United States are inherently a form of interstate transportation. Federal law requires that laws, regulations, and orders related to railroad safety or security be nationally uniform to the extent practicable. However, a state may adopt or continue in force a law, regulation, or order related to railroad safety or security until the U.S. Secretary of Transportation (with respect to railroad safety matters), or the U.S. Secretary of Homeland Security (with respect to railroad security matters), prescribes a regulation or issues an order covering the subject matter of the state requirement.

A state may adopt or continue in force an additional or more stringent law, regulation, or order related to railroad safety or security when the law, regulation, or order (1) is necessary to eliminate or reduce an essentially local safety or security hazard; (2) is not incompatible with a law, regulation, or order of the federal government; and (3) does not unreasonably burden interstate commerce.

Maryland's Railroad Safety and Health Program

The Railroad Safety and Health Program in MD Labor monitors the safety practices of each railroad company in the State by conducting inspections of areas of railroad track, operating practices, and locomotive and railcar equipment. The program supplements the national program established by FRA. The program also enforces Maryland-specific requirements for track clearances and health and safety standards. Statute requires that PSC pay the costs of the program from money PSC receives through its annual assessment of public service companies. The fiscal 2026 budget as introduced includes \$487,067 in special funds for the program, which funds four positions.

Regulations Requiring Two-person Crews Reproposed

In March 2024, FRA issued a final rule regarding train crew size safety requirements. The final rule establishes minimum crew size safety standards for all trains, including a risk assessment requirement to evaluate hazards and ensure risk mitigation for those railroads looking to initiate one-person train crew operations. Railroad operations are required to have a minimum of two crewmembers except for certain identified one-person train crew operations that do not pose significant safety risks to railroad employees, the public, or the environment. This includes requirements for railroads seeking to continue certain existing one-person train crew operations and a special approval process for railroads seeking to initiate certain new one-person train crew operations. Each railroad receiving special

approval for a one-person train crew operation must submit to FRA an annual report summarizing the safety of the operation.

Payment for Incremental Staffing Costs for CSX

The Maryland Transit Administration (MTA) and CSX Transportation have an Access Agreement that provides MARC trains access to CSX-owned tracks and infrastructure on the MARC Camden and Brunswick Lines. According to MTA, when negotiating the most recent Access Agreement, which went into effect on July 1, 2021, CSX required the following language:

In the event that the State of Maryland modifies its laws or regulations to mandate an increase in crew size in the operation of freight trains than is currently required by law or regulation, the Administration shall reimburse CSX for labor costs actually incurred due to the adoption of the laws or regulations up to \$6.0M annually during the term of the Agreement; provided however the Administration shall not be required to make any such payments if:

- (i) the applicable Collective Bargaining Agreement(s) require operation of trains with two person crews, until CSX demonstrates that it has modified such agreements in accordance with federal law to permit operation of trains with fewer than a two-person crew, or
- (ii) applicable federal law or regulations are changed to mandate two person crews; provided however that if the labor cost actually incurred due to the enactment of state law exceeds the labor cost actually incurred due to the enactment of federal law, the Administration shall pay the difference.

If the actual labor costs are projected to exceed \$6.0M annually, the Parties shall meet and negotiate promptly to determine what additional compensation, if any, shall be paid to CSX for any additional labor costs actually incurred.

The agreement is for five years and has a one-time renewable option for five years.

Transportation of Hazardous Materials

Several State and federal transportation and environmental statutes, regulations, and agencies provide a framework for regulation of the transportation of hazardous materials by truck, rail, pipeline, and other methods, as well as emergency response and the mitigation of hazardous releases. On June 24, 2024, the federal Pipeline and Hazardous

Material Administration published a final rule that amends the Hazardous Materials Regulations to require railroads that carry hazardous materials to generate in electronic form, maintain, and provide to first responders, emergency response officials, and law enforcement personnel, certain information regarding hazardous materials in rail transportation to enhance emergency response and investigative efforts. Under the final rule, the compliance date for Class I railroads is June 24, 2025, and for Class II and III railroads is June 24, 2026.

The USDOT FRA manages the [High-Hazard Flammable Train \(HHFT\) Route Assessment](#) process, which includes a requirement for an annual HHFT report to be submitted to state emergency management entities annually.

State Fiscal Effect:

Maryland Department of Labor

MD Labor advises that it needs to procure a database regarding the transportation of hazardous materials and waste by rail in the State, which may exceed \$2.5 million over a five-year term. Thus, PSC special fund expenditures for MD Labor increase by approximately \$500,000 annually in fiscal 2026 through 2030 to procure the database. Special fund revenues increase correspondingly from assessments imposed on public service companies. While MD Labor is required to share information from the database with MDEM, the bill does not require MDEM to share the information with the Maryland Department of Transportation (MDOT), the Maryland Department of the Environment, or local governments that may be responding to incidents.

MD Labor can inspect compliance with wayside detector requirements and ensure crew requirements are met when MD Labor does its regular inspections with existing budgeted resources. General fund revenues may increase minimally from the bill's penalty provisions.

Maryland Transit Administration

The new federal rule generally requires railroad operations to have a minimum of two crewmembers so that provision of the bill likely does not have a material impact. However, TTF expenditures may increase significantly, potentially by at least \$25 million in fiscal 2026 and \$16 million annually thereafter, for (1) MTA to reimburse CSX for other costs associated with the bill's requirements; (2) operating costs of certain railroads that MDOT expects to be passed on to the State; and (3) contractual facilities managers to escort union representatives onto MTA property leased from CSX or Amtrak.

For example, MTA anticipates CSX will request changes to the Access Agreement to require MTA to pay CSX's costs associated with wayside detectors, which may exceed \$10.0 million for infrastructure upgrades/enhancements and \$1.0 million in annual operating expenses. To the extent that CSX or these railroads incur costs for the hazardous materials and waste database, MTA likewise expects these costs to be passed on to the State. To the extent that CSX and State/contract operator railroads incur additional operating costs of more than \$10.0 million and \$2.0 million, respectively, to maintain current levels of operations as a result of highway grade crossing blocking and train length prohibitions, expenditures for MTA may increase. However, the actual impact will depend on negotiated agreements between the parties, federal rules or regulations, and any forthcoming legal challenges on federal rules or regulations, and cannot be reliably predicted at this time. Additionally, MTA anticipates needing two facilities managers to escort union representatives on property leased to MTA at a cost of \$376,900; however, the actual impact depends on how much access MTA must facilitate. The Department of Legislative Services assumes existing MTA employees can likely escort union representatives onto property leased by MTA as the bill specifies the access must be reasonable.

Additionally, MDOT notes that restrictions on train lengths could discourage freight activity at the Port of Baltimore; thus, TTF revenues may decrease to the extent freight activities that flow through the Seagirt Marine Terminal decrease. The extent, if any, that this will occur is unknown.

Additional Comments: Railroads in the United States are designated by the Surface Transportation Board as Class I, Class II, or Class III based upon the railroad's annual revenue, but there are no Class IV railroads. However, there are Class 4 railroads based on track speed.

Additional Information

Recent Prior Introductions: Similar legislation has been introduced within the last three years. See SB 1060 and HB 1446 of 2024.

Designated Cross File: HB 958 (Delegate Stein, *et al.*) - Environment and Transportation.

Information Source(s): Maryland Department of Emergency Management; Maryland Department of Labor; U.S Department of Transportation; Department of Legislative Services

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