



The IWLA Government Affairs Update

April 30, 2024

Immediate Warehouse Issues

DOL Will Raise Overtime Salary Threshold to \$44K in July, \$59K Next Year

The U.S. Department of Labor said last Tuesday it will publish a final rule raising the Fair Labor Standards Act's minimum annual salary threshold for overtime pay eligibility in a two-step process. Starting July 1, the threshold will increase from \$35,568 to \$43,888 per year. It will then increase to \$58,656 on Jan. 1, 2025. The changes will expand overtime pay eligibility to millions of U.S. workers, the agency said. DOL's 2025 threshold represents a jump of about 65 percent from the Trump administration's 2019 rule and is slightly higher than the \$55,068 mark that DOL proposed in 2023. The threshold will automatically update every three years using current wage data — which would next occur on July 1, 2027 — but DOL said in the proposed rule that updates may be temporarily delayed if the department chooses to engage in rulemaking to change its methodology or update mechanism. [Read More](#) [Read Even More](#) [Read Final Rule](#)

STB's Oberman Announces Departure Date

In a category 5 hurricane force stunning announcement, Surface Transportation Board (STB) Chairperson Martin J. Oberman announced late on Nov. 16 that he will not seek renomination to a second term (his first term expired Dec. 31) and depart the agency in early 2024 during his statutory 12-month holdover period. Oberman's retirement will take effect May 10, 2024, the Chair reported April 26, noting that he informed President Joseph R. Biden Jr. by letter. "It has been an honor and a privilege to serve the United States as Board member and Chairman of the Surface Transportation Board," Oberman said. "I leave government service with the greatest respect for the work of the Board and for the agency staff, who have an unrelenting commitment to public service." Oberman, now age 78, took office in January 2019 as the oldest rail regulator to have been sworn-in in the now more than 136-year history of the STB and its Interstate Commerce Commission predecessor. Until President Biden names a new permanent chairperson, the agency's vice chairperson—who is determined internally—will become acting chairperson upon Oberman's departure. Although Democrat Karen Hedlund currently serves as vice chairperson, tradition holds that the vice chair slot rotates annually among members. It is probable, but not certain, that the Board either will extend Hedlund's term or choose Democrat Robert M. Primus. [Read More](#)

Senior House T&I Democrat Donald Payne Dies

Rep. Donald M. Payne Jr., the top Democrat on the U.S. House subcommittee on railroad policy, died April 24. He was 65. During his dozen years in Congress, the representative from New Jersey's 10th Congressional District, which includes Newark, ascended to his caucus' leadership of the Railroads, Pipelines and Hazardous Materials panel. During his tenure, Payne was instrumental in negotiating freight connectivity proposals, weather-resilient infrastructure measures and contributing to the passage of the \$1.2 trillion Infrastructure Investment and Jobs Act of 2021. His colleagues in Congress celebrated Payne's work on the transportation committee. "He most recently led [Transportation and Infrastructure] Democrats in our ongoing work to reauthorize the federal pipeline safety programs — a bill we passed out of committee overwhelmingly, thanks in no small part to his efforts," said committee Chairman Sam Graves (R-Mo.). "[Rep.] Payne was a strong advocate for infrastructure for his own constituents and for the country, and he will be missed. My thoughts and prayers are with his family." The House

transportation committee has yet to announce Payne's successor at the helm of the railroad subcommittee. [Read More](#)

White House Earmarks \$1.5B in Push for Freight Decarbonization

The Biden Administration on Wednesday announced a national goal to transition to a zero-emissions freight sector covering the trucking, railroad, maritime, and aviation sectors. The initiative is allocating nearly \$1.5 billion to increase use of these vehicles to transport freight as part of an overall effort to improve air quality. The largest piece of the president's plan provides \$1 billion through the Environmental Protection Agency to cities, states, and tribes to replace Class 6 and Class 7 heavy-duty vehicles including delivery trucks. The EPA funding also is meant to support development of charging and fueling infrastructure for zero-emissions vehicles. About \$400 million of the \$1 billion in EPA funds are earmarked for projects to aid communities with air and noise pollution mitigation. The Department of Transportation will provide \$400 million to improve air quality and reduce pollution for truck drivers, port workers, and people who live in communities surrounding ports. [Read More](#)

Biden Administration Announces \$2.4B in Grants to Modernize Freight, Passenger Rail Infrastructure

The U.S. Department of Transportation's Federal Railroad Administration (FRA) is making over \$2.4 billion in grant money available for projects to modernize the nation's freight and intercity passenger rail infrastructure. The money will come from the Consolidated Rail Infrastructure and Safety Improvements (CRISI) program, which funds bridge, track, and grade crossing improvements, expanded passenger rail corridors, short line rail transportation in rural communities, rail industry workforce development, and zero or low emissions locomotives. The grant money announced on March 29 is part of the largest-ever funding round for the program, building on the \$1.4 billion in CRISI grants handed out in 2023. "This funding will make it safer, more affordable, more sustainable, and more efficient for people and goods to move by rail across the country." U.S. transportation secretary Pete Buttigieg said. [Read More](#)

Honda Invests Billions in Canada to Set Up EV Supply Chain

Honda Motor Co. and its joint venture partners are investing up to CAD \$15 billion (\$11 billion) to build out an electric vehicle supply chain in Canada, according to a press release on Thursday. The investments include a new EV factory and a separate battery plant in Alliston, Ontario. The EV factory is expected to begin production in 2028, with a production capacity of 240,000 EVs per year. The battery plant will have a capacity of 36 gigawatt hours per year. Honda's investment in Canada follows a \$700 million commitment to establish an EV production hub in Ohio that will share knowledge and expertise with other plants in North America, including the two new plants in Ontario. Honda is currently evaluating the financial scope of the project, including negotiations with its joint venture partners, which are expected to be finalized in the next six months. To further support the projects, Honda is working with the governments of Canada and Ontario to access performance-based initiatives through new investment tax credits, as well as other local incentives. [Read More](#) [Read Honda Press Release](#)

Federal Regulators Mandate Two-Person Crews for Class I Railroads

The Federal Railroad Administration on April 2 issued a final rule requiring all Class I railroads to operate with a two-person crew, citing safety reasons. A second crewmember conducts safety functions that could be lost when reducing crew size to one person, the Department of Transportation said in a press release. The rail safety agency reviewed and considered over 13,500 written comments received during the 146-day comment period before making its determination. "Common sense tells us that large freight trains, some of which can be over three miles long, should have at least two crew members on board - and now there's a federal regulation in place to ensure trains are safely staffed," U.S. Transportation Secretary Pete Buttigieg said in a statement. [Read More](#) [Read Final Rule](#)

Updated Warehouse Issues

Court Upholds EPA's Ability to Grant Environmental Waivers to California

The ability of California to set its own, more stringent environmental and emissions standards — the basis for the state's Advanced Clean Trucks rule and possibly its Advanced Clean Fleets rule — was upheld earlier this month by the U.S. Court of Appeals for the District of Columbia Circuit. The case, Ohio vs. EPA, had a plethora of plaintiffs, including 16 states besides Ohio and a group of petroleum-focused trade groups such as the American Fuel &

Petrochemical Manufacturers and the National Association of Convenience Stores. At issue is a waiver granted to California to implement its Advanced Clean Cars rule. The request was first made to the Environmental Protection Agency in 2005, and Tuesday's court decision reviews the back-and-forth of waiver refusals followed by approvals, depending on which party was in the White House. The pingpong ball ultimately landed on the waiver being granted by the Biden administration; that led to the filing of the suit in 2022. Ultimately, the court ruled that the states had standing to present a constitutional challenge to the EPA waiver but rejected their argument that the Constitution would not permit a waiver to be granted to a single state. "The federal regulations continue to act as the floor for emissions regulations, but California can seek to enact its own more stringent regulatory program above those federal requirements," the court said. It noted that there are limitations to what the state can do but said they were not exceeded by California's Advanced Clean Cars rule. [Read More](#)

Baltimore Continues Bridge Recovery with Opening of New Channel

Baltimore's port system is slowly on the road to recovery. In a milestone event Thursday, the first commercial vessels moved through the Fort McHenry Limited Access Channel. The 35-foot deep temporary channel provides a way for ships that have been stranded in the Port of Baltimore after the Francis Scott Key Bridge collapse to finally exit. Fort McHenry is the fourth alternative channel to open near the collapsed bridge. It runs the length of the northeast side of the federal channel, providing additional access to commercial traffic. The first vessel moved through a temporary channel along the Patapsco River earlier this month. The Port of Baltimore anticipates the channel to be closed from April 29 to May 10 as workers remove the wreckage from the MS Dail, the ship that caused the collapse. In the meantime, Coast Guard officials instructed the use of the three other temporary channels until Fort McHenry is reopened. "We're working to strike a balance between enabling temporary access to support commercial activity and undertaking necessary measures to fully reopen the Fort McHenry Channel," said U.S. Coast Guard Capt. David O'Connell. [Read More](#)

Trucking LLCs Must File New Federal Report Under Law

Small trucking company owners may find themselves among the millions of limited liability company proprietors across the nation facing hefty fines and prison time if they fail to report information now required by an obscure new U.S. Treasury Department law that took effect Jan. 1 to thwart money laundering, tax fraud, and financial crimes. The new paperwork, called beneficial ownership information reports, for LLCs is now required by the Financial Crimes Enforcement Network, a bureau under the Treasury Department focused on safeguarding the nation's financial system from illegal activities and collecting, analyzing and providing regulators with financial information to the agency. The U.S. Small Business Administration notes 33 million small businesses are in the United States, many of which are LLCs, and among those are trucking companies. LLC owners who do business in the United States now must report information about the people who ultimately own or control them, as mandated by the Corporate Transparency Act, enacted in 2021. The new reports are for an LLC's beneficial owner (someone who owns/controls at least 25 percent of a company or has substantial control over the company) and a company applicant (the person who directly files/is mainly responsible for filing the document to create/register an LLC). [Read More](#)

FHWA Awards \$148M in Grants to Fight Pollution from Trucks at US Ports

The Federal Highway Administration has announced \$148 million in grants to combat pollution at the nation's ports caused by idling trucks. The funding is part of a \$400 million program to improve air quality under the Bipartisan Infrastructure Law. The first round of grants provides funding to 11 states and Puerto Rico under the Reduction of Truck Emissions at Port Facilities Grant Program. "The investments we are announcing today will save truck drivers time and money and help ports reduce congestion and emissions, while making the air more breathable for workers and communities," said U.S. Transportation Secretary Pete Buttigieg in the announcement. The 16 projects, which aim to reduce pollution in communities near ports, include replacing diesel-powered trucks serving ports with zero- or low-emission electric or alternative fuel-powered trucks, constructing electric vehicle charging infrastructure, improving port roadway access, and studying technology enhancements to reduce truck emissions. [Read More](#)
[Read DOT Press Release](#)

NRF: Economy Remains "Sturdy" as its Growth Rate Slows

Despite expectations for slower growth of both gross domestic product (GDP) and retail sales, the economy should continue to do well the remainder of this year, National Retail Federation (NRF) Chief Economist Jack Kleinhenz said today. "No one can accurately forecast what surprises the next year might hold, but the foundation of the economy is relatively sturdy and still on a sustainable path," Kleinhenz said, adding that the continuing recovery

remains “highly reliant” on consumer spending. “Barring unexpected shocks, it should continue growing in 2024, although not spectacularly.” In the April issue of its Monthly Economic Review, the NRF forecast last month that retail sales will grow between 2.5% and 3.5% in 2024. While that marks a slowdown from the unusually rapid growth seen since the pandemic, the projection is in line with the 10-year pre-pandemic average of 3.6%. Overall economic growth is expected to be modest, but consumer spending should hold up as inflation slows gradually and job growth remains positive even as unemployment rises. Adjusted for inflation, GDP is expected to grow about 2.3% year over year, slower than last year’s 2.5% but still strong enough to sustain the job growth that drives consumer spending. Consumer spending is expected to be up about 2%, which compares with 2.3% last year. [Read More](#) [Read NRF Press Release](#)

Deal Averts Strike at Daimler North America

A four-year contract has been reached between the United Auto Workers and Daimler Truck North America, averting a strike at several U.S. facilities that could have started Saturday and shut down production of Freightliner and Western Star trucks. The pact covers approximately 7,400 workers at Daimler North America facilities who build Freightliner and Western Star trucks: the Mount Holly, North Carolina, truck manufacturing plant; the Cleveland, North Carolina, truck manufacturing plant; the Gastonia, North Carolina, parts plant; the Atlanta parts distribution center in Buford, Georgia; and a parts distribution center in Memphis. It also covers a plant in High Point, North Carolina, where Thomas Built buses are manufactured. The contract agreement will now go to the UAW rank and file for ratification. The former deal expired at midnight Saturday. The financial details laid out by UAW President Shawn Fain are that all workers will receive at least 25 percent in raises over the next four years. Ten percent will come upon ratification, another 3 percent in six months and then another 3 percent six months later. “That’s a 16 percent raise in the first year of the deal, alone,” Fain said. [Read More](#)

Postal Service’s Air Cargo Shift to UPS Makes Everyone a Winner

The U.S. Postal Service’s decision this month not to renew a contract with FedEx, worth more than \$1.5 billion per year, for domestic air transport and award it to UPS after more than two decades actually benefits all three parties, according to industry analysts. At face value, the arrangement seems a blow for FedEx, which will lose one of its biggest customers when the existing contract expires on Sept. 29. And it raises questions about how UPS can make a decent profit flying mail if rival FedEx was struggling to do so. But experts said the change meets the needs of the three organizations, each of which is undergoing substantial transformation in a shifting parcel environment. For FedEx Express, losing the postal business means it now has the freedom to aggressively move ahead with shrinking its large air network in conjunction with a huge corporate initiative to control costs. “It’s a win-win-win,” said Satish Jindel, president of parcel shipping consultancy ShipMatrix. The long-standing relationship between FedEx and the U.S. Postal Service was widely expected to change. The only question was whether FedEx would relinquish some, or all, of the air cargo business. [Read More](#)

Ryder Opens Second Cross-Border Facility Along Mexican Border

Ryder System Inc. has opened a logistics facility in El Paso, Texas, aiming to tap into growing cross-border trade between the U.S. and Mexico. Ryder’s newly built 50,000-square-foot logistics facility is aimed at supporting global firms that are nearshoring manufacturing operations to Mexico, officials said. The facility is near the Ysleta-Zaragoza International Bridge, which connects El Paso to Juarez, Mexico. “If you look at the latest numbers, U.S. trade with Mexico is at nearly \$800 billion annually, and the Ysleta port processes about nine to ten percent of that,” Frank Bateman, vice president of supply chain operations for Ryder, said in a news release. “The site in El Paso also has the advantage of being strategically located along a popular stopping point for trucks, not only heading north and south across the border but for domestic loads heading east and west along Interstate 10.” The El Paso facility features 20 dock doors and room for 350 trailers. It will provide cross-dock services, including consolidation and de-consolidation, storage for imports and exports, 24/7 yard operations, and other value-added services. [Read More](#) [Read Press Release](#)

Questions? Contact [Bruce Linderman](#) or call 847.813.4698

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