

**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW JERSEY**

ASSOCIATION OF AMERICAN RAILROADS,

Plaintiff,

v.

PRIYA JAIN,

*Commissioner of the New Jersey
Department of Transportation,*

and

JENNIFER DAVENPORT,

Attorney General of New Jersey

in their official capacities,

Defendants.

Civil Action No. 26-cv-3375

COMPLAINT FOR DECLARATORY AND INJUNCTIVE RELIEF

Plaintiff Association of American Railroads (“AAR”), a nonprofit industry association with its principal place of business located at 425 3rd Street S.W., Suite 1000, Washington, DC 20024, for its complaint against defendant Priya Jain, the Commissioner of the New Jersey Department of Transportation located at the David J. Goldberg Transportation Complex, 1035 Parkway Avenue, Trenton, NJ 08625, and defendant Jennifer Davenport, the Attorney General of New Jersey located at the Richard J. Hughes Justice Complex, 8th Floor, West Wing, 25 Market Street, Trenton, NJ 08625, alleges as follows.

INTRODUCTION

1. This case arises from New Jersey’s attempt to regulate core aspects of interstate railroad operations—including crew staffing, bridge inspection reports, train inspection

technologies, access to railroad property, and emergency response—in ways that infringe on the federal government’s exclusive authority in this area and that violate the Constitution and laws of the United States.

2. On January 20, 2026, hours before he left office, Governor Phil Murphy signed into law Senate Bill 3389 (the “Act,” attached as Exhibit A). The Act imposes new and severe restrictions on freight railroads operating in New Jersey.

3. One section of the Act requires that certain freight trains operate with a two-person crew. Another section requires railroads to regularly submit bridge inspection reports to state authorities. Another section creates a state-administered “wayside detector system program,” accompanied by mandatory design, installation, and maintenance standards, as well as reporting requirements and enforcement provisions. Another section gives representatives of organized labor a statutory right to enter privately-owned railroad property and conduct “inspections.” And another section requires the New Jersey Department of Transportation to apply the federal emergency-response regulations for passenger trains to freight trains operating in the state.

4. Those five provisions are unlawful and unconstitutional under the Supremacy and Takings Clauses of the United States Constitution. New Jersey is impermissibly attempting to assert its own regulatory authority over an area Congress has placed under exclusive federal control.

5. The Federal Railroad Safety Act—**FRSA**—generally prohibits states from issuing rail-safety regulations in areas already regulated by the Federal Railroad Administration (FRA). *See* 49 U.S.C. § 20106. Here, the crew-size mandate, the wayside detector system program, and the emergency-response provision are preempted because the FRA has already issued extensive regulations in each of those areas.

6. The Regional Rail Reorganization Act of 1973—the **3R Act**—provides a separate and independent basis for invalidating the crew-size mandate. *See* 45 U.S.C. § 797j. Congress expressly prohibited certain States, including New Jersey, from mandating that freight trains use a specified number of crew members.

7. The ICC Termination Act—**ICCTA**—expressly preempts state laws that have the effect of managing, governing, interfering with, or discriminating against rail transportation. *See* 49 U.S.C. § 10501. Here, all five of the challenged provisions are categorically preempted by ICCTA.

8. The doctrine of **implied preemption** invalidates state laws that conflict with federal law or that would pose an obstacle to the federal objective. Here, all five of the challenged provisions are impliedly preempted because they conflict with federal statutes and FRA regulations, frustrating the federal scheme.

9. The **Takings Clause** of the United States Constitution prohibits States from taking private property for public use without just compensation. Here, the provision granting labor representatives the right to enter railroad property and conduct inspections violates the Takings Clause. *See Cedar Point Nursery v. Hassid*, 594 U.S. 139 (2021) (California regulation giving labor organizations a “right to take access” to an employer’s property is a *per se* physical taking).

10. This Court should hold and declare the Act unlawful and unconstitutional, in whole or in part, and enjoin Defendants from implementing or enforcing it.

PARTIES

11. Plaintiff Association of American Railroads is a nonprofit industry association whose members include all the Class I freight railroads (North America’s largest freight railroads), smaller freight railroads, and passenger and commuter railroads. AAR’s members operate

approximately 83 percent of the line-haul mileage, employ 95 percent of the workers, and account for 97 percent of the freight revenues of all railroads in the United States. AAR and its members are committed to operating the safest, most efficient, cost-effective, and environmentally sound freight rail transportation system in the world. AAR represents its member railroads in proceedings before Congress, administrative agencies, and the courts in matters of common interest, such as the issues involved in this lawsuit. AAR members, including CSX Transportation, Inc. (CSXT) and Norfolk Southern Railway (NS), operate in New Jersey.

12. Defendant Priya Jain is the Commissioner of the New Jersey Department of Transportation. She has primary authority to implement and enforce the Act. *See* Section 7 (directing the Department to “promulgate rules and regulations” and otherwise “effectuate the provisions of this act”). Commissioner Jain is sued in her official capacity.

13. Defendant Jennifer Davenport is the Attorney General of New Jersey. She has general authority to enforce New Jersey laws. *See* N.J. Stat. Ann. § 52:17A-4(h) (providing that the Division of Law, within the Department of Law, shall “[e]nforce the provisions of ... all other laws of the State”). Attorney General Davenport is sued in her official capacity.

JURISDICTION AND VENUE

14. This Court has jurisdiction under 28 U.S.C. § 1331 because this case arises under the Constitution and laws of the United States, and raises substantial questions of federal law, including whether federal law preempts the Act and whether the Act violates the Takings Clause.

15. This Court may declare the legal rights and obligations of the parties in this action under 28 U.S.C. §§ 2201 and 2202 because this action presents an actual controversy within the Court’s jurisdiction.

16. Venue is proper in this district under 28 U.S.C. § 1391(b), because all Defendants reside in the District of New Jersey and maintain an office in this District in their official capacities, and because a substantial part of the events and omissions giving rise to AAR’s claims occurred in the District of New Jersey.

17. This Court has personal jurisdiction over Defendants because they are domiciled in New Jersey.

18. AAR has associational standing to bring this suit on behalf of its members because several of those members, including CSXT and NS, are directly and adversely affected by the Act and thus would have standing to sue in their own right. The interests that AAR seeks to protect through this lawsuit are germane to the organization’s purpose, and neither the claims asserted nor the relief requested require an individual member of AAR to participate in this suit.

FACTS

A. Freight Railroads’ Operations in New Jersey

19. AAR’s freight railroad members play a crucial role in the national and global economy, transporting vital commodities and other goods to industry, businesses, and consumers. AAR’s members are common carriers and, as such, are required under federal law to provide shippers with “transportation . . . on reasonable request.” 49 U.S.C. § 11101(a).

20. Freight railroads are committed to operating in a safe and environmentally sustainable manner. Railroads are the safest form of surface transportation, the most fuel-efficient mode of freight transportation on land, and the safest above-the-ground mode of transportation for hazardous materials.

21. Freight railroads operate highly sophisticated and interconnected rail networks. For example, not only do AAR’s members maintain their own expansive route networks, but their

networks also connect to hundreds of short-line and other railroads, as well as ports, intermodal terminals, rail-truck transfer facilities, industrial sites and warehouses, and more. These rail networks are interstate—and even international—in scope.

22. Freight railroads therefore depend upon a predictable and uniform national regulatory scheme for their operations. Requiring AAR’s members to comply with a patchwork of state-by-state regulations in the context of their national rail networks would be costly, burdensome, impractical, and in many cases simply impossible.

23. AAR’s members operate in New Jersey as part of their interstate rail networks. CSXT operates over nearly 1,000 miles of track within New Jersey and employs over 100 people in the State. *See CSX, New Jersey*, <https://perma.cc/2TK4-CLSR>. And NS operates over nearly 900 miles of track within New Jersey and employs over 150 people in the State. *See Norfolk Southern, New Jersey Fact Sheet*, <https://perma.cc/52UH-5RY7>. These railroads’ operations in New Jersey are an inseparable part of the larger North American transportation network, connecting to other railroads, ports, and other facilities, and moving commodities and goods across the United States and beyond.

24. Pursuant to their common carrier obligation, freight railroads carry hazardous materials on their national route networks, including in New Jersey. Many trains that CSXT and NS operate in New Jersey qualify as what the Act defines as a “dangerous hazardous train.” *See* Section 1 (“‘Dangerous hazardous train’ means any railroad locomotive propelling a railroad tank car or connection of railroad tank cars transporting 200,000 gallons or more of petroleum or petroleum products or 20,000 gallons or more of hazardous materials other than petroleum or petroleum products.”).

25. Freight railroads have a long history of transporting hazardous materials safely and efficiently, in a manner that is compliant with applicable laws and regulations, environmentally responsible, and responsive to concerns by community members and other stakeholders. Freight railroads invest heavily in their infrastructure and the development of new technologies to maintain and improve the safety of their operations, with respect to all commodities, including hazardous materials. See AAR, *Freight Rail Hazmat Safety*, <https://perma.cc/97PK-5KQT> (describing investment of “an average of \$23 billion a year into modernizing infrastructure” and the use of “advanced technology—such as drones for inspections, ultrasound for track flaws, and trackside monitors for railcar defects—[to] proactively detect and address issues before incidents occur.”). Freight railroads, in cooperation with shippers and other stakeholders, use industry best practices when transporting hazardous materials. Rail containers securing hazardous materials must adhere to special requirements, and less reliable methods of securement are prohibited.

26. As a result of these investments and practices, “[h]azmat accident rates are down 75% since 2005, with recent years having the lowest rates on record.” *Freight Rail Hazmat Safety*, *supra*. Today, “[m]ore than 99.99% of all hazmat moved by rail reaches its destination without a release caused by a train accident.” AAR, *Freight Rail Facts & Figures*, <https://perma.cc/DA4T-H48W>.

27. The same safety record holds in New Jersey. According to the United States Pipeline and Hazardous Materials Safety Administration, only 26 hazardous material incidents involving rail were reported in New Jersey over the five-year period from January 1, 2019 to January 1, 2024, compared to 3,074 highway hazardous material incidents.

B. New Jersey Passes The Act

28. On December 22, 2025, the New Jersey Legislature passed Senate Bill 3389. On January 12, 2026, Governor Murphy made changes to the bill and sent it back to the Senate. A few days later, the Senate passed the bill with the Governor's changes. The Governor then signed the bill into law the morning of January 20, 2026.

29. Section 2 of the Act imposes a crew-size mandate. It provides generally that a railroad "shall require a minimum of two crew members on all dangerous hazardous trains," defined in Section 1 to mean trains "transporting 200,000 gallons or more of petroleum or petroleum products" or "20,000 gallons or more of [other] hazardous materials." The Act allows limited exceptions, for (among other things) trains that pass through New Jersey without stopping and trains that are "not part of the general railroad system of transportation." But it also provides that those exceptions are not available when trains are carrying certain types of hazardous materials.

30. Section 4 of the Act requires railroads to "submit a copy of the most recent bridge inspection report generated pursuant to the federal Fixing America's Surface Transportation Act that is submitted to the Federal Railroad Administration for every bridge in this State owned by the railroad company to the commissioner, the Governor and . . . the Legislature within 30 days of each inspection." (quotation marks and citation omitted).

31. Section 5 of the Act directs the New Jersey Department of Transportation to establish a statewide "wayside detector system program" requiring design, installation, inspection, reporting, and compliance oversight for trains operating in New Jersey. A wayside detector system is defined as "an electronic device or a series of connected devices that scan passing trains, rolling stock, on-track equipment, and their component equipment and parts for defects," such as "hot wheel bearings" and "hot wheels." The Department is authorized to determine and establish

standards for wayside detector systems, require railroads to install those systems, mandate participation in the state “program,” and command railroads to develop and submit written operating protocols for state approval “in the time, form, and manner prescribed by the department.” The Act further provides that if a railroad does not “cooperate with the department in good faith in accordance with this section, the department shall investigate the railroad company’s safety practices and standards.” And “[i]f the department determines that a railroad company does not appear to comply with the applicable federal standards,” the Department “shall . . . recommend that the Federal Railroad Administration take enforcement action against the railroad company.”

32. Section 6 of the Act gives representatives of “a non-profit labor organization that represents a class or craft of [railroad] employees” a statutory right to enter “the property of a privately owned railroad . . . to inspect for safety hazards.” The Act immunizes the labor “inspector” from liability, providing that “[a] labor representative acting in good faith and without gross negligence or willful misconduct shall be immune from civil liability for actions undertaken while on the property of the privately owned railroad.” It also prohibits the railroad from bringing trespass claims against the labor representative and from subjecting any employees to disciplinary action for safety violations identified during an “inspection.”

33. Section 7 of the Act provides that the Department shall apply the federal emergency-response provisions applicable to passenger trains to freight trains operating in New Jersey. Specifically, the Act states that “[n]otwithstanding any law, rule, or regulation to the contrary, the department shall implement the provisions of 49 C.F.R. Part 239 concerning emergency response, which provisions shall apply to all railroad companies operating within the State moving either passengers or freight.”

NECESSITY FOR EQUITABLE RELIEF

34. AAR and its members will suffer irreparable harm absent an injunction. Requiring AAR's members to comply with the Act will force them to make substantial changes to their operations, making their services less economically competitive and damaging their relationships with their customers. In addition to lost revenue and profits, AAR's members will experience damage to goodwill that will be difficult to restore. They will also suffer the violation of their constitutional rights. Injunctive relief is appropriate because AAR's members have no adequate remedy at law for these harms. Enjoining the Act would also serve the public interest by protecting the national system of rail transportation and affording relief from the uncertainty and disruption caused by the law.

CLAIMS FOR RELIEF

35. As to the following claims for relief, AAR incorporates all preceding paragraphs by reference.

Count One **FRSA Preemption (as to Sections 2, 5, and 7)**

36. In the Federal Railroad Safety Act (FRSA), 49 U.S.C. § 20101 et seq., Congress directed that “[l]aws, regulations, and orders related to railroad safety” must be “nationally uniform to the extent practicable.” 49 U.S.C. § 20106(a)(1). To secure national uniformity, FRSA provides that a state law is preempted when the FRA, under authority delegated from the Secretary of Transportation, “prescribes a regulation or issues an order covering the subject matter of the State requirement.” *Id.* § 20106(a)(2). A federal regulation or order covers the subject matter of a state law when it “substantially subsume[s] the subject matter of the relevant state law.” *CSX Transp., Inc. v. Easterwood*, 507 U.S. 658, 664 (1993).

37. FRSA preempts Section 2 of the Act because the FRA has issued regulations concerning train crew size. *See Train Crew Size Safety Requirements*, 89 Fed. Reg. 25,052 (Apr. 9, 2024) (codified at 49 C.F.R. §§ 218.121-.137). These regulations substantially subsume Section 2’s subject matter.

38. FRSA also preempts Section 5 of the Act because the FRA has issued regulations governing the inspection of freight cars for overheated wheels and wheel bearings—precisely what the wayside detector program is meant to identify. *See Railroad Freight Car Safety Standards*, 44 Fed. Reg. 77,328 (Dec. 31, 1979). As amended, those regulations require inspections each time a freight car is placed in a train and prohibit the use of train cars that have signs of overheated wheels or overheated wheel bearings. *See* 49 C.F.R. §§ 215.13, 215.103, 215.115. Because they cover the identification of the very defects that the wayside detector program seeks to detect, those regulations substantially subsume Section 5’s subject matter, leaving no room for New Jersey to implement a parallel regulatory regime.

39. FRSA also preempts the emergency-response provision in Section 7 of the Act because the FRA has already issued emergency-response regulations in 49 C.F.R. Part 239 and did not apply them to freight trains.

Count Two
3R Act Preemption (as to Section 2)

40. Section 711 of the Regional Rail Reorganization Act (“3R Act”), as amended by Section 1143(a) of the Northeast Rail Service Act, 45 U.S.C. § 797j provides that: “No State may adopt or continue in force any law, rule, regulation, order, or standard requiring the Corporation [Conrail] to employ any specified number of persons to perform any particular task, function, or operation, or requiring the Corporation to pay protective benefits to employees, and no State in the Region may adopt or continue in force any such law, rule, regulation, order, or standard with

respect to any railroad in the Region.” New Jersey is a “State in the Region,” and railroads that operate in New Jersey are “railroad[s] in the Region.” 45 U.S.C. § 702.

41. Because Section 2 of the Act requires that at least two persons must be used to operate any freight train, it is a “law” requiring a “specified number of persons to perform any particular task, function, or operation,” 45 U.S.C. § 797j, and is therefore preempted by the 3R Act.

Count Three
ICCTA Preemption (as to Sections 2, 4, 5, 6, and 7)

42. Congress has long exercised broad regulatory authority over rail transportation. The ICC Termination Act (“ICCTA”) vests the federal government with “exclusive” jurisdiction over “transportation by rail carriers,” and expressly preempts state legislation that would manage, govern, interfere with, or discriminate against rail transportation. 49 U.S.C. § 10501(b). Moreover, a state law can be subject to both ICCTA and FRSA preemption, as “there can be overlap” between “safety-related” issues and “operational-related” issues “to such an extent that both FRSA and ICCTA preemption may apply.” *Waneck & Waneck*, No. FD 36167, 2018 WL 5723286, at *7 (S.T.B. Oct. 31, 2018).

43. ICCTA preempts Section 2 of the Act because imposing minimum crew-size requirements manages, governs, interferes with, and discriminates against rail transportation.

44. ICCTA preempts Section 4 of the Act because requiring the production of bridge-inspection reports manages, governs, interferes with, and discriminates against rail transportation.

45. ICCTA preempts Section 5 of the Act because the wayside detector program goes beyond safety-related issues and governs the operation of freight trains that are in transit and moving in interstate commerce. It also governs the use of property and facilities owned and managed by railroads.

46. ICCTA preempts Section 6 of the Act because the labor-access program governs, manages, and interferes with railroads' use of their property and facilities, and interferes with railroad operations.

47. ICCTA preempts Section 7 of the Act because requiring the use of certain emergency-response measures manages, governs, and interferes with railroads' operations.

Count Four
Implied Preemption (as to Sections 2, 4, 5, 6, and 7)

48. Even if not expressly preempted, when a state law conflicts with or stands as an obstacle to the objectives of a federal law or intrudes on a field that Congress reserved for the federal government, the Supremacy Clause of the Constitution of the United States preempts that state law.

49. Section 2 is impliedly preempted because the Act's crew-size mandate conflicts with the FRA's crew-size regulation, 89 Fed. Reg. 25,052 (codified at 49 C.F.R. §§ 218.121-.137), and frustrates and poses an obstacle to the federal purpose.

50. Section 4 is impliedly preempted because the Act's bridge-inspection report requirement conflicts with, and stands as an obstacle to, federal law—specifically, the Fixing America's Surface Transportation Act, which establishes a completely different process for States to obtain bridge-inspection reports. *See* 49 U.S.C. § 20103 note (providing that States may request a “public” version of a bridge inspection report and the U.S. Secretary of Transportation may grant the request “[i]f the Secretary determines that the request is reasonable”).

51. Section 5 is impliedly preempted because the wayside detector system program conflicts with FRA regulations designed to address the same concern and frustrates and poses an obstacle to the federal purpose.

52. Section 6 is impliedly preempted because the labor-access provision conflicts with FRA regulations concerning safety inspections and frustrates and poses an obstacle to the federal purpose.

53. Section 7's emergency-response provision is impliedly preempted because it conflicts with the FRA's emergency-response regulations and frustrates and poses an obstacle to the federal purpose.

Count Five
Taking (as to Section 6)

54. The Takings Clause of the Fifth Amendment to the United States Constitution provides: “[N]or shall private property be taken for public use, without just compensation.” In *Cedar Point Nursery v. Hassid*, the Court held that a California regulation granting union organizers limited access to agricultural employers’ property constituted a *per se* physical taking. 594 U.S. 139, 149 (2021) (“The access regulation appropriates a right to invade the [employer’s] property and therefore constitutes a *per se* physical taking.”).

55. Section 6 amounts to a *per se* physical taking because it allows individuals selected by labor organizations to enter the railroads’ private property and conduct inspections. The infringement on property rights is compounded because Section 6 also confers immunity from suit on the labor representative for conduct occurring during an inspection and bars railroads from asserting a trespass claim. Section 6 violates the Takings Clause because it appropriates the railroads’ property rights without just compensation.

Count Six
Declaratory Relief Under 28 U.S.C. § 2201

56. This action presents an actual case or controversy between AAR and Defendants concerning the validity and enforceability of the Act.

57. Because the Act violates federal law and the Constitution, AAR seeks and is entitled to a declaration under 28 U.S.C. § 2201 that the Act is invalid and unenforceable for the reasons stated above.

Count Seven
Injunctive Relief Under The Court's Equitable Powers

58. Under the Court's equitable powers, AAR is entitled to injunctive relief against Defendants, whose enforcement of the Act against AAR's members would conflict with and violate federal law and the Constitution.

59. AAR is likely to succeed on the merits of its claims.

60. AAR's members would suffer irreparable harm for which they have no adequate remedy at law if the Act were not enjoined.

61. The balance of harms and the public interest weigh heavily in favor of injunctive relief.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff AAR respectfully requests that the Court:

- A. Declare that the Act violates the United States Constitution and federal law;
- B. Enjoin Defendants, as well as Defendants' officers, agents, servants, employees, and attorneys, and those persons acting in concert or participation with them, from taking any action to enforce the Act against AAR or its members; and
- C. Grant AAR any other relief this Court deems just and proper.

Dated: March 30, 2026

/s/ Aaron Hauptman
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(pro hac vice forthcoming)
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