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Closure of Texas shop kept open by 19th-century pact leaves rail workers ‘in limbo’

Anderson County and Palestine will appeal the case to the U.S. Supreme Court.

By **Amber Gaudet**
Transportation and mobility reporter

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https://www.dallasnews.com/news/transportation/2025/03/10/union-pacific-to-close-texas-shop-kept-open-by-19th-century-pact/

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A Union Pacific engine sits on the track close to the Union Pacific Railroad building on Thursday, March 28, 2024, in Palestine.

JUAN FIGUEROA / STAFF PHOTOGRAPHER



Update:

This story has been updated to reflect confirmation by the City of Palestine on March 13 that they will appeal the case to the U.S. Supreme Court.

Union Pacific Railroad has notified employees in the East Texas town of Palestine that their jobs — [kept in place by an 1872 contract with the county](#) — will be eliminated following a decision Friday by the Texas Supreme Court.

In the latest development in a long legal battle between the railroad and local officials, the court on Friday denied the county's request to reconsider hearing the case.





At the heart of the legal saga [is an agreement that dates back over a century](#). In 1872, Palestine and Anderson County raised \$150,000 — about \$5 million today — in bonds for the Houston and Great Northern Railroad Company, a distant corporate predecessor of Union Pacific.

In exchange, the railroad agreed to build a depot and “forever thereafter keep and maintain” its headquarters, machine shops and roundhouses in Palestine.

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Anderson County officials [sought to overturn](#) a February 2024 state court ruling that cleared the path for the railroad to close the heavy freight repair shop, which accounts for some of the highest-paying jobs in the city of 18,000.

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The notice Monday morning alerting the shop's 57 employees of the closure is "premature" since the Texas Supreme Court has not yet issued its mandate finalizing the decision, Anderson County attorney Jim Allison said.

"We are filing a motion to stay the mandate in order to appeal to the United States Supreme Court," Allison said. "There are federal issues involved in this case."

Palestine Mayor Mitchell Jordan confirmed March 13 that the city and Anderson County will appeal the case to the U.S. Supreme Court.

"If you go into a bonding contract with a city, you've got to honor that contract," Jordan said.

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Jordan said the railroad alerted him of the closure in a phone call and said employees would be offered opportunities elsewhere in the company. The shop and an inoperable plant in downtown Palestine will be demolished if the ruling stands.

Union Pacific did not respond to questions about the timeline of the closure and plans for the property.

"We are moving forward to adjust operations and there are employment opportunities across Union Pacific's system for every impacted employee," the company said in a statement.

"Rail is essential to Texas and the U.S. economy, and this decision allows us to better align our resources to serve our customers."

Despite its now-small footprint, Union Pacific remains one of the top 20 employers in Palestine.

The city is a major interchange point for state rail, with main lines running south to the border of Mexico.

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The jobs pact was updated in 1954, and the railroad workforce in the town has dwindled amid mergers and restructuring. Union Pacific once employed more than 1,000 in Palestine.

The railroad has said in court filings that it can “conduct its work more efficiently in other locations” rather than sending freight cars thousands of miles out of the way for repair to the “severely outdated” shop. Union Pacific argues the jobs pact restricts interstate commerce in violation of federal law.

Critics in Palestine have said the move to close the shop is part of a broader industry shift to prioritize profit margins at the expense of workers and safety. Union Pacific said in 2021 that the closure was part of an improvement plan to implement [precision scheduled railroading](#) principles across its system, [the *Palestine Herald-Press*](#) and other media reported.

The railroad’s move to tear down the shop leaves employees “in limbo” Jordan said, as they decide whether to move their families to pursue other jobs with the railroad or wait for the case to continue making its way through the legal system.

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Anderson County has 90 days to appeal to the U.S. Supreme Court. The court elects to hear oral arguments in less than 100 cases per year.

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By **Amber Gaudet**

Amber is a staff writer for The Dallas Morning News. She's produced award-winning business and investigative work, including a housing series that led to a federal inquiry and Texas state law change in 2023. Amber holds a master's degree from the University of North Texas' Mayborn School of Journalism.

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