ASLRRA TESTIFIES BEFORE SENATE COMMERCE COMMITTEE RE: SHORT LINE INFRASTRUCTURE FUNDING NEEDS

Short Lines Find Value in CRISI, TIGER, Seek Changes to INFRA and RRIF, and Call Upon Congress to Extend or Make Permanent the Short Line Tax Credit

WASHINGTON, D.C. March 13, 2018 – The American Short Line and Regional Railroad Association (ASLRA)’s Jo Strang, Senior Vice President of Safety and Regulatory Policy today testified before the U.S. Senate Committee on Commerce, Science, and Transportation’s Subcommittee on Surface Transportation and Merchant Marine Infrastructure, Safety and Security. The hearing, convened by Subcommittee Chair Sen. Deb Fischer (R-Neb.), titled “Rebuilding Infrastructure in America: State and Local Transportation Needs,” is one of a three-part series by the Senate Commerce Committee on the infrastructure proposal released by the White House.

Strang urged the Subcommittee to consider funding practices that would enable robust participation by the nation’s 600 Class II and Class III railroads (collectively known as ‘short line’ railroads) in an infrastructure package. Short line railroads are the critically important feeder lines to Class Is, operating nearly 30% of the nation’s freight rail system and connecting rural and small town America to national and international markets.
Short lines need access to funding that is commensurate with their small-business size and capabilities, available to rural communities, and managed with processes that are transparent and efficient. Strang spoke to several currently funded programs.

- TIGER has been a successful program for short lines, despite the relatively high cost-benefit hurdles in rural areas and serving small shippers.
- The recently released CRISI funding looks promising as it specifically provides for short line eligibility and puts a focus on cost-benefit analysis.
- ASLRRA would be supportive of a significant expansion of INFRA in a new infrastructure package, but would suggest an expanded small project component and a removal of the limit on how much of the program can be spent on non-highway projects.
- RRIF may also yield results for short lines, but only if significant changes to these programs are made to address the small business nature of short line railroads.

Strang called upon the Subcommittee, although not directly responsible for tax matters, to take the short line 45G tax credit message to their Senate colleagues whenever and however the subject of infrastructure is addressed in this Congress.

The 45G rehabilitation tax credit is the most efficient and effective way to support all short lines, and it is a proven success. The Short Line tax credit has enjoyed overwhelming bi-partisan support in both houses of Congress, extended six times since its introduction in 2005. The credit is capped at $3,500 per mile of track, with $.50 of credit available for every dollar invested. In total, the tax credit has enabled more than $4 Billion dollars in private investment to date.

“The credit has been a major factor in maximizing infrastructure investment, both by the short lines and by their shippers that are the beneficiaries of the improvements. It is simple to administer, it targets the money on the projects that yield the highest benefit, and it makes railroads safer. We believe making the credit permanent is the most important thing Congress can do to help short line railroads rebuild and improve their portion of America’s infrastructure”, said Strang.
It was noted that 14 of the 17 Members of the Subcommittee, including Chairwoman Fischer and Ranking Member Peters, are co-sponsors of S. 407, the stand-alone bill that would make the credit permanent. Likewise, full Committee Chairman Thune and Ranking Member Nelson are co-sponsors.

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About ASLRRA - The American Short Line and Regional Railroad Association (ASLRRA) is a non-profit trade association representing the interests of the nation’s 603 short line and regional railroads and railroad supply company members in legislative and regulatory matters. Short lines operate 47,500 miles of track in 49 states, or approximately 29% of the national railroad network, touching in origination or termination one out of every five cars moving on the national railroad system, serving customers who otherwise would be cut off from the national railroad network. www.aslrra.org