U.S. Secretary of Transportation Elaine L. Chao Launches New Program to Modernize Rural Freight Rail

RRIF Express pilot provides expedited federal financing for short line and regional freight railroads, including $26 million in financial support

WASHINGTON – The U.S. Department of Transportation (USDOT) today announced a new pilot program to expedite long-term, low-cost loans for America’s short line and regional freight railroads. The Railroad Rehabilitation and Investment Financing Express (RRIF Express) is aimed at reducing the time and costs associated with securing loans to modernize aging freight rail infrastructure. In addition to expedited handling of loan requests, the program provides up to $26 million in additional financial support.

“This new financing program will strengthen the short line and regional railroad system, promote economic growth in rural communities, and boost America’s economic competitiveness,” said U.S. Transportation Secretary Elaine L. Chao.

Under Secretary Chao’s leadership, the Build America Bureau (the Bureau) will administer this new program to support economic activity and improve the safety, capacity, and reliability of this crucial freight transportation sector. Short line and regional railroads operate more than 47,000 route miles in the U.S. As the first and last mile of freight rail service, short lines transport the goods and materials that consumers and businesses rely on every day.

“We’re so pleased that this administration is launching a serious and smart effort to make the RRIF program work for smaller operators,” said Chuck Baker, President of the American Short Line and Regional Railroad Association. “Access to long-term low-cost capital is a challenge in this industry, especially for railroads serving small town America. RRIF can be an effective solution, but only if it can be reliably and quickly accessed; this express program shows great promise for meeting that need.”

For qualified applicants, the new program will significantly cut credit risk premium costs and advisor fees, costs that borrowers would otherwise have to pay in the traditional RRIF program.
Letters of Interest will be accepted beginning January 13, 2020 and ending mid-April, 2020.

The Notice of Funding Opportunity can be found on the Bureau’s website at http://www.transportation.gov/buildamerica/rrif-express. Additional information, including webinars and other guidance, can be found on this site as it becomes available.

The Bureau, which administers the RRIF credit program, was established as a “one-stop shop” to streamline credit opportunities while also providing technical assistance and encouraging innovative best practices in project planning, financing, delivery, and operation. During Secretary Chao’s tenure at USDOT, the Department has closed nearly over $1.1 billion in RRIF loans, supporting more than $1.6 billion in infrastructure investment across the country.

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