CONGRESS SHOULD INCLUDE A PERMANENT SOLUTION FOR SHORT LINE INFRASTRUCTURE INVESTMENT IN ANY SURFACE TRANSPORTATION REAUTHORIZATION BILL

THE SHORT LINE RAILROAD NEED
Short line railroads face massive demands for infrastructure investment due to decades of deferred maintenance by prior owners. Short lines annually invest 25-33% of their revenues in maintenance, track and bridge improvements, much of which supports rural economies. Short lines need certainty in tax policy to make major investments in long-term infrastructure projects.

THE SOLUTION: THE SHORT LINE TAX CREDIT
Renewed through 2022, the Short Line 45G Tax Credit allows a credit of 50 cents for each dollar small railroads invest in track and bridge improvements, capped at $3,500 per mile. The Credit has spurred $5B in infrastructure investment since 2005 – investment that would not have been possible without the Credit.

Studies have shown that the Credit’s incentive could drive an infrastructure investment increase of 47%. Short term extensions do not allow adequate time to plan and execute complicated and costly infrastructure projects.

SHORT LINE FREIGHT RAIL OFFERS TREMENDOUS PUBLIC BENEFITS – PARTICULARLY FOR SMALL TOWN AND RURAL AMERICA!

PROVEN ECONOMIC BENEFIT
• Short lines and their suppliers support more than 61,000 jobs in the U.S. – many in rural America – and add $6.5B to the nation’s economy.*

• Across the country, there are 478,000 jobs at customer locations that require short line services, driving $26B in labor income, and $56B in economic value-add.*

• Short lines provide an economic alternative to other transportation modes, allowing shippers to compete effectively in the domestic and global economies

• In some rural areas and small towns, short line rail provides the only means of access to the U.S. and world economies.

PROVEN ENVIRONMENTAL BENEFIT
• Freight rail is a sustainable, environmentally-friendly mode of transportation, moving one ton of freight 479 miles on only one gallon of diesel fuel.

• Moving freight by rail reduces greenhouse gases by 75% vs. truck.

• Moving freight to rail reduces highway congestion, and lowers fuel burned by vehicles going nowhere.

PROVEN PUBLIC SAVINGS ON INFRASTRUCTURE
• Short line railroads are privately owned, operating in one of the highest capital cost industries in the U.S. The Tax Credit allows short lines to invest more of their own money, vs. public funds, in infrastructure.

• Moving more freight by rail lowers the cost of heavy truck damage by $1.5B annually on the nation’s beleaguered highway system, lessening the cost burden to the taxpayer.


THE SHORT LINE TAX CREDIT IS GOOD PUBLIC POLICY WITH WIDESPREAD SUPPORT

• In the 116th Congress, the BRACE Act (H.R.510 & S.203), which would make the Short Line 45G Tax Credit permanent, has over 300 House and 63 Senate co-sponsors.

• Selected as the only tax credit to be recommended for permanency by House Ways & Means Committee in 2018.

• One of only two tax extenders to be recommended for permanence by Senate Finance Committee Business Cost Recovery Task Force in 2019.

• One of only two tax extenders to receive a five-year extension (2018-2022) as part of H.R.1865 in 2019.

• Supported by AASHTO, UTU SMART, AAPA, Farm Bureau and STB Railroad-Shipper Transportation Advisory Council.

• Supported by 600 customers representing nearly 1,700 locations – visit www.savingourservice.org.
Comprised of 603 small business railroads, the short line rail industry was created by entrepreneurs who took large financial risks to save marginal or money-losing Class I railroad branch lines from abandonment.

For large areas of rural and small-town America, the short line rail industry provides the only way shippers can be directly connected to the national economy, while ensuring business and employment stay local.

"The railroad provides access to additional markets, reduces cost, reduces highway investment and repair and improves prices farmers receive. Access to efficient and responsive rail service is essential for the economic well-being of agricultural and rural areas."

Jim Magnusen, General Manager, Key Cooperative

"Wheeler Lumber supplies bridge timbers to the short line railroads. It takes many years of planning to rehab or construct a bridge. Without the permanency of the short line credit, railroads cannot invest in projects with the uncertainty of available funding."

David Koch II, Sales Manager, Wheeler Lumber

"We work in economic development and short lines are vital to the success of our manufacturing sector’s future."

Mark Nolte, President, Iowa City Area Development (ICAD)

"Shipping by rail is more economical for us, and for our customer."

Roger Zaabel, Vice President, Gralnek-Dunitz Co., Inc.

Examples of projects completed as a result of the short line tax credit.

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