Senate Joins House in Call for Permanence of the Short Line Tax Credit

Critical Credit Expired December 2017

WASHINGTON – January 25, 2019 – Today the Building Rail Access for Customers and the Economy (BRACE) Act, S. 203, was introduced, offering permanence to the Short Line Railroad Maintenance Tax Credit (‘45G’) and providing application of the credit through 2018. The American Short Line and Regional Railroad Association (ASLRRA) commends lead sponsors Mike Crapo (R-ID) and Ron Wyden (D-OR) and the other 10 original co-sponsors for supporting the efforts of America’s small business railroads to improve safety and performance by investing a significant portion of their revenues in track and bridge maintenance and improvements. A nearly identical bill, H.R. 510, was introduced in the House on January 11, 2019 by Representatives Earl Blumenauer (D-OR) and Mike Kelly (R-PA). H.R. 510 already has 42 co-sponsors.

The Short Line Tax Credit, first enacted in 2005 and renewed six times, has been responsible for more than $4B of investment in privately held short line railroads across the nation, ensuring safe and economical transportation options to more than 10,000 rail customers throughout small town America, and in the nation’s rural heartland.

ASLRRRA calls on Congress to act now, before the upcoming 2018 tax filing deadlines.
Short line railroads provide the “first and last mile” service to one in five cars moving on the nation’s freight rail system, allowing shippers competitive transportation access to the U.S. and world economies.

“The availability of safe and efficient short line service is critical to our company,” said Frank Peeples, President of Peeples Industries, Inc., a marine terminal operations center headquartered in Savannah, Georgia. “Without a rail option, we would be unable to compete in the U.S. market and beyond. Ensuring the tax credit is continuously available will enable companies like ourselves and industry suppliers to make long-term plans for operations and investment.”

Short line rail service is also critical to economic growth and job retention, particularly in small town and rural America.

“Short line rail service was a top consideration when assessing further investment in our operations,” said Jon Watson, President, JC Watson Company, a fourth-generation family-owned onion producer, packer and shipper, headquartered in Parma, Idaho. “Without the confidence that service would continue with investment in upgrades, our strategic plans would be put on hold, significantly impacting our business and the local economy. It is imperative that the Short Line Tax Credit is available to assist our short line partner in investing more of their private capital.”

The Short Line Tax Credit has significantly increased the ability of short line and regional railroads to reinvest even more back into their infrastructure, according to a study released in July, 2018 by PriceWaterhouseCoopers, LLC. This in turn has proved critical to upgrading track and bridges that had been left in disrepair and/or abandoned by prior owners. Short line operators, through a lower cost structure, have been able to make these small lines work, and the Short Line Tax Credit is a key part of their ability to finance upgrading of these lines.

The Short Line Tax credit has broad support beyond the 116th Congress, including:

- A diverse group of stakeholders such as the American Association of State Highway and Transportation Officials, the American Association of Port Authorities, and the
Farm Bureau have publicly stated how important this credit is to areas of our country that need more investment in freight infrastructure.

- **Saving Our Service**, a group of approximately 600 shippers in 1,700 locations dependent upon short line freight service, chaired by Jon Watson, President of JC Watson Company, and Frank Peeples, President of Peeples Industries, Inc., that strongly supports the Short Line Tax Credit.

- In the 115th Congress, BRACE Act had broad bi-partisan support, achieving 262 co-sponsors in the House of Representatives (H.R. 721) and 56 co-sponsors in the Senate (S. 407).

Beyond Senators Crapo and Wyden, the original co-sponsors of S. 203 are Sen. Richard Blumenthal (D-CT), Sen. Bob Casey (D-PA), Sen. James Inhofe (R-OK), Sen. Johnny Isakson (R-GA), Sen. Jerry Moran (R-KS), Sen. Pat Roberts (R-KS), Sen. Chuck Schumer (D-NY), Sen. Debbie Stabenow (D-MI), Sen. John Thune (R-SD), and Sen. Roger Wicker (R-MS).

For more information on the Short Line Tax Credit, visit [www.aslrra.org/advocacy](http://www.aslrra.org/advocacy).

**About ASLRRRA** - The American Short Line and Regional Railroad Association (ASLRRRA) 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.