Standing Committee on Rail Transportation

Proposed Policy Resolution

Title: Continuation of the Short Line Tax Credit

WHEREAS, According to the American Short Line and Regional Railroad Association 2014 edition of the "Short Line and Regional Railroad Facts and Figures" there are 560 Class III "short line" and Class II "regional" freight railroads cross the United States, collective herein referred to as "Short Lines"; and

WHEREAS, These Short Lines railroads are located across America, in every state except Hawaii; and

WHEREAS, These Short Lines provide critical freight services to thousands of communities and companies that otherwise would not have access to the national rail network; and

WHEREAS, The American Short Line and Regional Railroad Association reports that short line and regional railroads currently move approximately 8 million carloads of freight a year, which helps keep approximately 28 million truckloads of freight off American highways annually and for shippers can be anywhere between 20% to 50% cheaper than comparable truck transportation; and

WHEREAS, Most of these Short Lines were created after being disposed of by the larger freight railroads; and

WHEREAS, Due to deferred maintenance associated with these lines from their prior ownership, many of these Short Lines are not able to handle the rail freight industry standard 286,000 pound loaded rail freight car; and

WHEREAS, As a result of this inability to utilize these modern rail cars, affected Short Line customers are placed at a disadvantage, negatively impacting the competitiveness in regional and world markets; and

WHEREAS, The Federal Railroad Administration in an October, 2014 report entitled "Summary of Class II and Class III Railroad Capital Needs and Funding Sources" noted that short line and regional railroads in this country on average will only be able to meet 83% (regional/Class II railroads) and 69% (short line/Class III railroads) of their infrastructure needs respectively; and

WHEREAS, Additionally, utilization of Short Lines to transport freight improves the environment, increases overall freight transportation efficiency, reduces highway congestion, help avoid roadway deterioration, and

WHEREAS, In recognition of this serious public transportation policy issue in 2004 Congress enacted the a credit (Short Line Tax Credit) to allow Short Lines to reinvest more of their cash flows back into their physical plants; and

WHEREAS, Since 2005 the Short Line Tax Credit has been in effect, although typically only for a year or two at a time; and

WHEREAS, The current extension of the Short Line Tax Credit now in place is scheduled to expire on December 31, 2016; and

WHEREAS, To address this pending deadline, members of Congress have introduced two bills, S.2595 and HR.4626, to remove the expiration date associated with the Short Line Tax Credit and allow it to be in place if and when Congress decides to either revoke it or undertake comprehensive tax reform; and now, therefore be it

RESOLVED, that AASHTO's Standing Committee on Rail Transportation calls on Congress and the President to enact the modification of the Short Line Tax Credit, to allow it to continue uninterrupted into the future until Congress determines a more comprehensive way to help the U.S. economy and the national transportation infrastructure needs involving Short Lines.

Approved by the Standing Committee on Rail Transportation
August 18, 2016