

SECTION 45G SHORT LINE RAILROAD TAX CREDIT



American Short Line and
Regional Railroad Association



**2011
Edition**

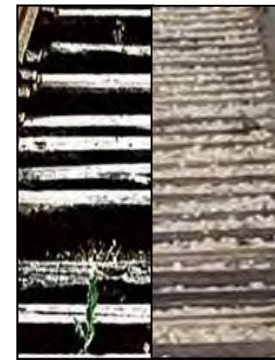
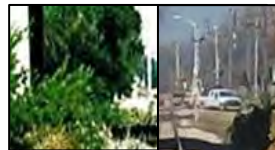


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Short Line and Regional Railroads and Section 45G

Short line railroads play a crucial role in the national transportation system. With more than 500 short line and regional railroads operating over 50,000 miles of track today, these workhorses of industry represent approximately 30 percent of the national railroad system. Short lines originate or terminate one out of every four carloads moved by the domestic railroad industry and operate in 49 states. They are the “first mile, last mile” segment of the national rail network.

This is the most vulnerable part of the railroad system, serving tens of thousands of small towns and small businesses who would otherwise lose their connection to the national main line railroad network. For shippers, the ability to use short line railroads means lower transportation costs, more flexible local service and a greatly expanded market reach for local products.

The short line industry is the story of local entrepreneurs saving and rehabilitating the previously money-losing branch lines of the Class 1 Railroads. Without these local business owners stepping up to invest in rail infrastructure, these lines would have been abandoned and lost forever.



From the very beginning, these lines faced a large deferred maintenance issue, requiring large amounts of capital investment to play catch up. In 2008, the most conservative studies estimated the need for \$13 billion worth of track improvements to meet demand and to accommodate the new heavier 286,000-pound railcar that is becoming the industry standard.

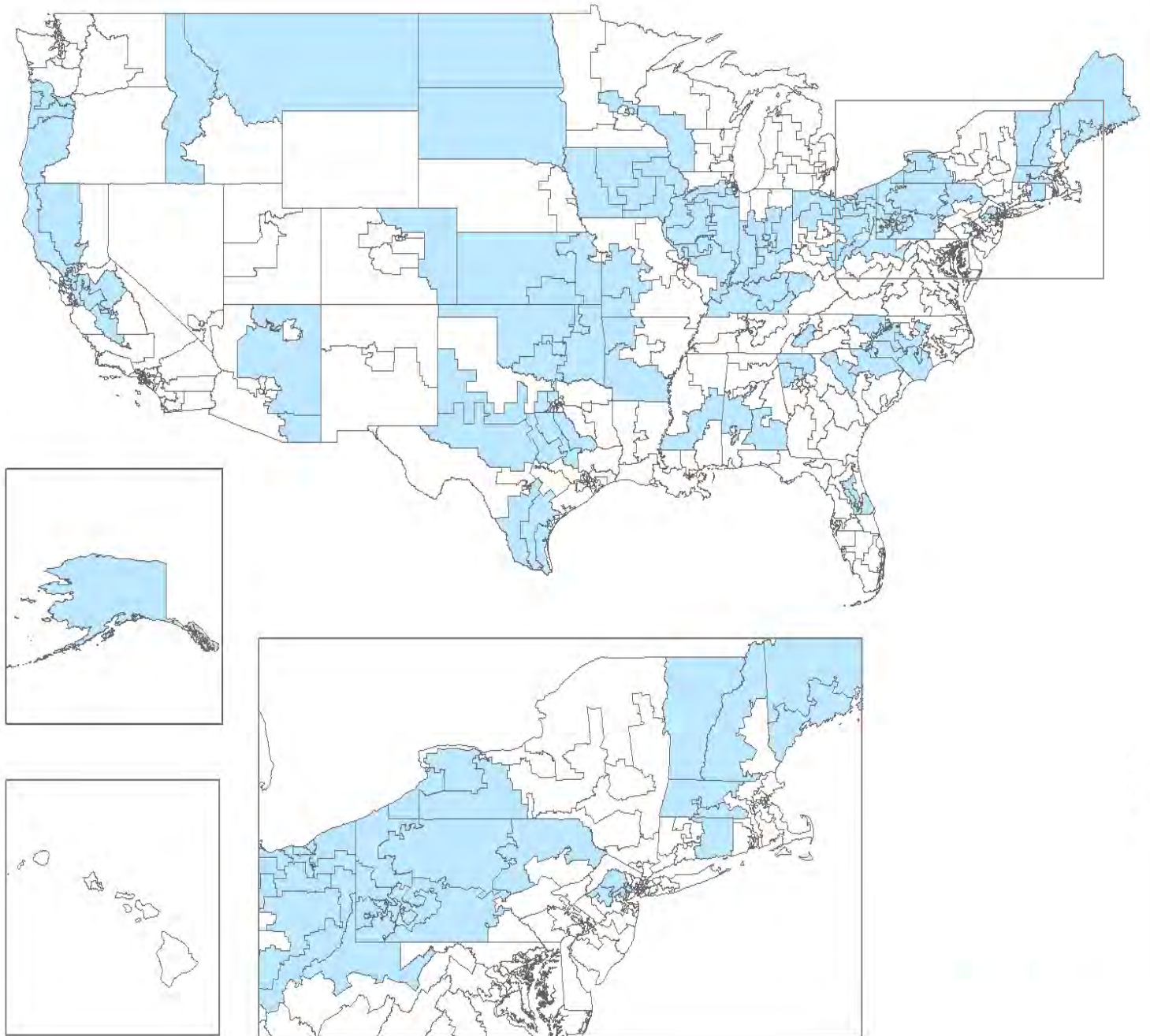
To address these problems Congress adopted Internal Revenue Code Section 45G as a part of the American Jobs Creation Act of 2004. This code section was based on S.1703 (19 co-sponsors) and H.R.876 (268 co-sponsors) from the 108th Congress. The credit provided for a 50% tax credit incentive, capped at \$3,500 per mile, for small railroads that invested to rehabilitate their infrastructure in 2005-2007. The short line railroad tax credit was then extended through 2008 and 2009 by the 2008 Financial Rescue Package (based on S. 881 with 45 co-sponsors and H.R. 1584 with 249 co-sponsors), and again through 2010 and 2011 by the Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010 (based on S. 461 with 53 co-sponsors and H.R. 1132 with 261 co-sponsors).

Because each dollar in credit is generated by two dollars in private investment, short line railroads have rapidly increased and accelerated track rehabilitation. This ripple effect of increased infrastructure investment spending has been noted by the railroad construction contractors that perform much of the labor, the domestic supply industry that provides the material and heavy equipment, and most importantly by the more than 12,000 short line customers – the small companies that rely on this crucial service.

The short line railroad rehabilitation tax credit has been a remarkably successful government policy. It has helped small businesses thrive and encouraged local entrepreneurs to continue aggressively investing in the nation’s rail infrastructure. This policy should be continued beyond December 31, 2011, when the credit is currently set to expire.

This book has been put together to demonstrate the effectiveness of this policy, and to show a small sampling of the many successful projects that have been funded by the credit.

Congressional Districts Covered in this Book



SHORT LINE RAILROAD REHABILITATION TAX CREDIT



Alaska Railroad Corporation

Anchorage, AK
Congressional District AK At Large



Project: Billion Slough Bridge Replacement

Description: Working in partnership with customers of the Alaska Railroad (ARRC), the section 45G credit has allowed ARRC to increase its capital budget over the last 4 years. This increased budget allowed the ARRC to maintain freight and passenger rail service in one of the most extreme railroading environments in North America. Because of the short line tax credit, the ARRC replaced an old worn bridge with a new bridge in 2007 that allowed for the increased water volumes within the Billion Slough. The bridge reduced the amount of pier systems and replaced multiple spans with one 120 foot span and one 25 foot span. The bridge also was built higher than the previous one allowing for an increased clearance between the bottom of the bridge and ordinary high water levels thus avoiding flooding and debris issues.



Alaska Railroad Corporation

Anchorage, AK
Congressional District AK At Large



Project: Broad Pass Bridge Replacement

Description: Working in partnership with customers of the Alaska Railroad (ARRC), the section 45G credit has allowed ARRC to increase its capital budget over the last 4 years. This allowed the Railroad to maintain freight and passenger rail service in one of the most extreme railroading environments in North America. Because of the short line tax credit, in the summer and fall of 2006, the ARRC replaced an existing structurally deficient bridge. The new bridge reduced the amount of pier systems, had fewer and longer bridge spans, used a ballast deck tub system, and was designed for E80 railroad load criteria. The new bridge was built upstream of the existing. Because of the relocation of the bridge, a minor track realignment was necessary. The existing bridge was removed.



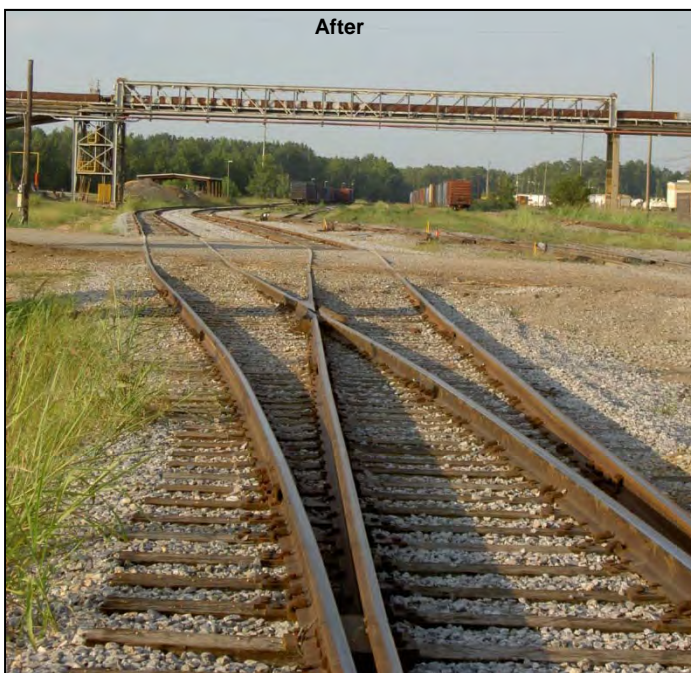
Meridian & Bigbee Railroad

Meridian, AL
Congressional Districts AL 2, 7; MS 3



Project: Track installation

Description: The Meridian & Bigbee Railroad (MNBR) is a 148-mile long common carrier Class III freight short line railroad connecting Montgomery, Alabama to Meridian, Mississippi. It is a "historic" short line, dating back to 1917. During the second half of 2005, MNBR installed two new main line sidings on its line in west central Alabama totaling 9,900 feet, and two new yard tracks in the Naheola (east of Pennington), Alabama yard totaling 7,450 feet. These improvements greatly assisted in the handling of traffic over the railroad, and were directly facilitated by the Short Line Tax Credit.



“The Georgia –Pacific mill at Naheola depends on the Meridian & Bigbee Railroad to provide critical rail service.”

Ronald Harlow
Director of Dixie Business Division
Georgia-Pacific Corporation

Arkansas & Missouri Railroad

Springdale, AR

Congressional Districts AR 3, 4; MO 7

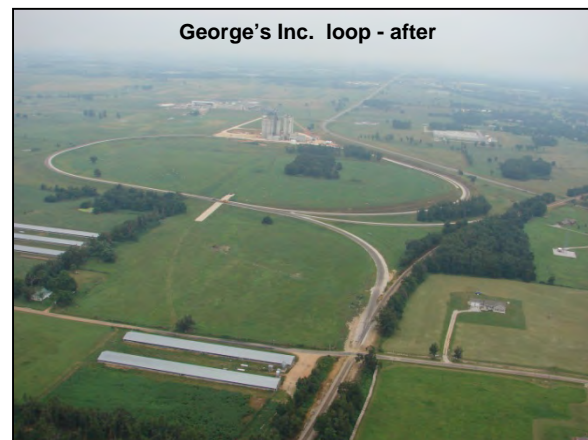


Project: Flood damage repair, and other improvement projects

Cost: \$2.7 million

Description: The short line tax credit, by reducing tax liability, has allowed the Arkansas & Missouri Railroad (A&M) to instead invest in projects to enhance, expand and improve rail service and safety. In the period 2005-2008, A&M has qualified for approximately \$2.5 million of tax credits. This has allowed the A&M to invest in the following projects:

- Rail siding, pit and conveyor for Beaver Lake Concrete in Rogers, AR (2005)
- Rail siding, pit and conveyor for Arkhola Sand and Gravel in Branson, MO (2005)
- Concrete embankment reinforcement to address chronic flood problem in Chester, AR (2005) (shown)
- Loop track to serve new George's, Inc., feed mill in Cassville, MO (2006-7) (shown)
- Closure of "I" Street crossing with street rerouting in Fort Smith, AR (2006)
- One mile track extension to Beaver Lake Concrete in Springdale, AR (2007)
- Renewal and reconfiguration of track at Arkhola Sand and Gravel in Van Buren, AR (2007)
- Acquisition of property and construction of new side tracks to support three new customers serving the shale gas drilling industry in Fort Smith, AR (2008)



Arkansas Southern Railroad

Nashville, AR

Congressional Districts AR 4; OK 2



Cost: \$4,500

Description: Due to the poor conditions the track caused by a landslide, the Army Core of Engineers shut down a section of line on the Arkansas Southern Railroad (ASR). Had it not been fixed so quickly, 280 chicken farms located on the ASR would have been shut down causing a loss of 1,200 jobs at the local processing plant.



Arizona Eastern Railway

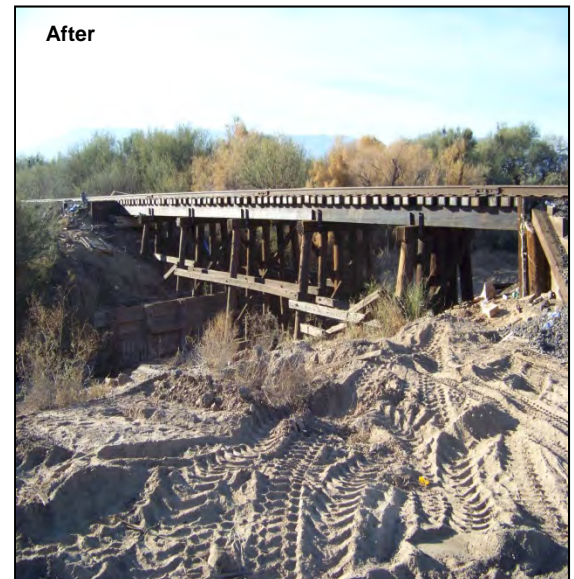
Claypool, AZ
Congressional Districts AZ 1, 8



Project: Bridge replacement

Cost: \$30,000

Description: Thirty in-house employees replaced this aging bridge on the Arizona Eastern Railway (AZER). The AZER has replaced over 40 miles of rail and nearly 100,000 ties in addition to several bridge repairs. By replacing this bridge and other sections of rail, the AZER allows its customers to ship their local goods safely and efficiently.



San Pedro & Southwestern Railroad

Benson, AZ
Congressional District AZ 8



Project: Rail and tie replacement

Description: The San Pedro & Southwestern Railroad (SPSR), with help from the short line tax credit, has installed 3,000 new ties on their lines, as well as strengthened their bridges and replaced rail to accommodate the 286,000 pound railcars, which are becoming the industry standard. Because of their continual preventative maintenance, the SPSR recently completed its 10th year of accident free operations.



California Northern Railroad

Woodland, CA

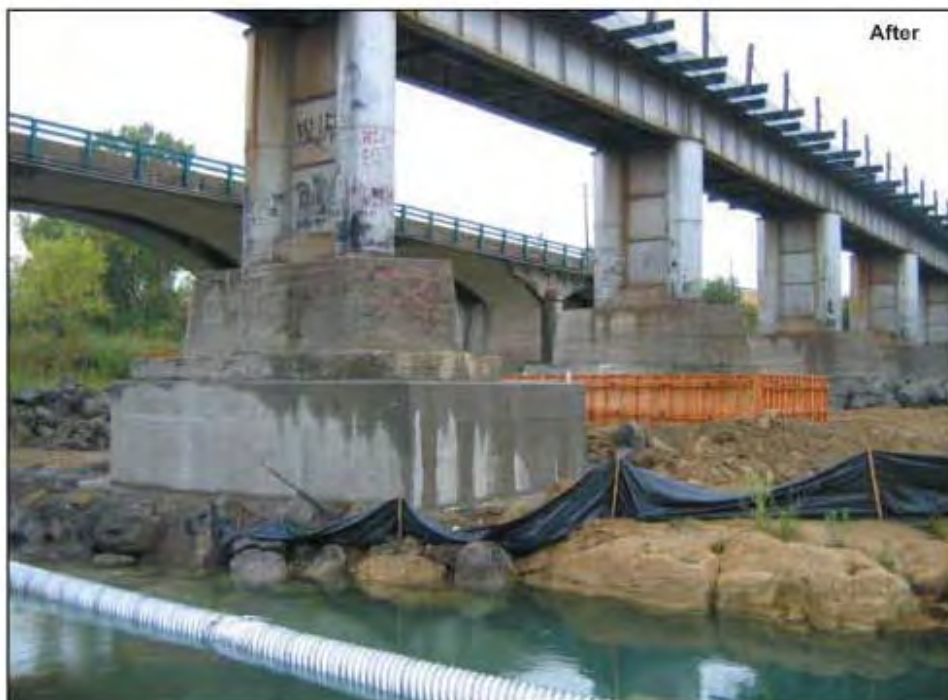
Congressional Districts CA 1, 2, 7, 10, 11, 18



Project: Bridge repair

Cost: \$400,000

Description: In 2008, the California Northern (CFNR) had to close service on the Richfield Bridge (mile post 182.01) due to the settling of the center piers that support the bridge. Because of the unsafe condition of the bridge, trains were rerouted along other lines. With aid from the short line tax credit, the CFNR was able rebuild the base of the bridge, allowing traffic to cross without the threat of a bridge collapse.



Richmond Pacific Railroad

Richmond, CA
Congressional District CA 7



Project: Seaver Yard Rebuild

Cost: \$120,000

Description: The Richmond Pacific Railroad (RPRR) undertook this project to eliminate an unused and severely worn switching track and extend the five remaining tracks allowing for total capacity expansion of 800 feet. H&H Engineering & Construction was able to install approximately 400 new ties and upgrade the RPRR's 90-lb. rail to 133-lb. rail allowing much heavier loads to move over this track. The rebuilding of the yard has allowed the Richmond Pacific to better handle their increased carloads of valuable export cargoes such as scrap steel, petroleum coke and coal.



San Joaquin Valley Railroad

Exeter, CA

Congressional Districts CA 18, 19, 20, 21, 22



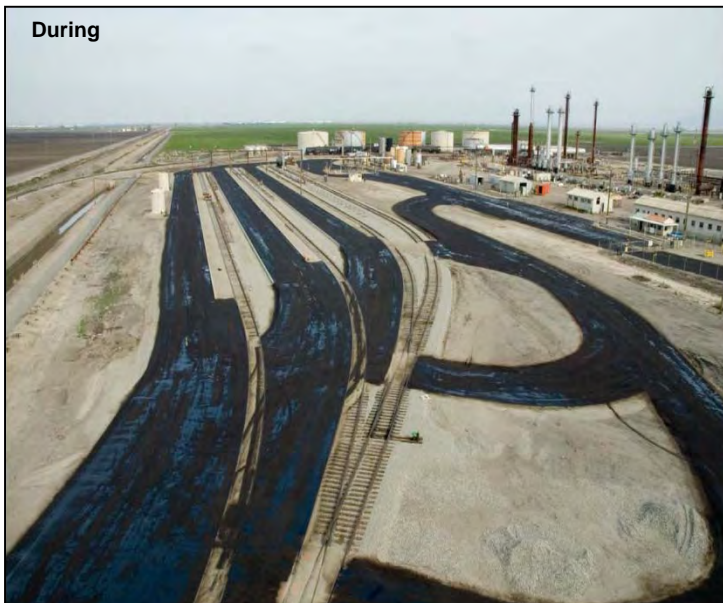
“The track rehabilitation made possible by the tax credit is directly responsible for Delta Trading Company’s decision to invest nearly \$3 million in its facility and almost triple its number of employees. We now have a short line railroad partner that can provide the volume and level of service that allows us to significantly grow our business. This tax credit was a very smart decision by the federal government and I suspect it will more than pay for itself as our experience is repeated on short lines across the country.”

Mike Purdy
Delta Trading Company

Project: Delta Trading LP

Cost: \$2.7 million

Description: Because of the track upgrade the San Joaquin Valley Railroad (SJVR) was able to undertake due to the short line tax credit, Delta Trading Company was able to invest in upgrading its facility, including construction of a new \$800,000 4,600 foot spur to connect to the Sunset Branch of the SJVR. With the increase in business because of the new rail connection, Delta Trading has increased from five employees to 14 and Delta projects growth within a year to 20 full time jobs with full health benefits. This customer expansion could not have been justified by Delta Trading without upgrades made to the SJVR track made possible by the short line tax credit.



Kansas & Oklahoma Railroad

Wichita, KS

Congressional Districts KS 1, 4; CO 4



Project: Track upgrade

Cost: \$8,679,000

Description: With help from the 45G short line tax credit, the Kansas & Oklahoma Railroad (K&O) was able to upgrade of 43 miles of rail on the Hutchison subdivision. This upgrade included replacing aging 90 pound jointed rail and with 115 pound continuous welded rail and rebuilding the roadbed under the rails. There were 20,000 ties installed. Completing this project has allowed the K&O to reduce operating costs and transit times to move traffic from western Kansas to Wichita and has eliminated the safety issues caused by aging rail and roadbed.



New England Central Railroad

St. Albans, VT

Congressional Districts CT 2; MA 1, 2; NH 2; VT At-Large



Project: New London, CT trestle repairs

Cost: \$90,000

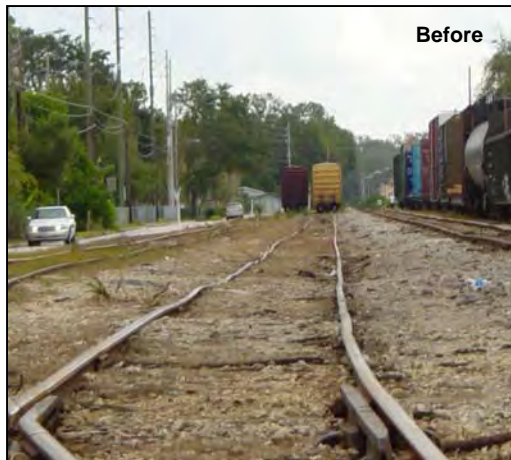
Description: On the New England Central Railroad (NECR), the New London trestle was in dire need of repairs. The NECR would have had to suspend freight operations unless the bridge was repaired. The trestle leads to a connection with the Providence & Worcester Railroad via the Northeast Corridor (Amtrak). The project, which took less than a month to complete, consisted of:

- Removing large bridge deck two spans at a time (28 total spans).
- Selectively changing stringers on each two span section to remove all defective stringers that support the bridge deck.
- Trimming two feet off the ends of all the 10"x10" deck ties.
- Resetting the deck ties on the stringers, and reposition deck ties so the crushed and plate cut areas are offset 2 feet and 90 degrees from their original position. Replating the ties and respiking the rails as required.
- Pinning the deck ties to the supporting stringers as required.



Florida Central Railroad

Plymouth, FL
Congressional Districts FL 3, 8, 24



Project: Rail replacement

Cost: \$10 million

Description: The Florida Central Railroad (FCEN) replaced 16 miles of rail, 16,000 new ties, 30 new switches and 40 crossings. They were able to hire 40 contractors from Florida plus others from around the country that welded the rail and assembled the switch packages. 6,400 tons of ballast was produced locally by recycling broken concrete. The FCEN has 25 customers that depend on their safe and reliable service. The improvement also lays the groundwork for a possible Central Florida Commuter Rail expansion onto the short line as a feeder line to the core system on CSX in Orlando.



Georgia Northeastern Railroad

Marietta, GA

Congressional Districts GA 6, 9, 11



Project: New 35-car siding

Cost: \$360,000

Description: Because of the amendments made by Congress to the treatment of the short line tax credit under the Alternative Minimum Tax in 2008, the GNRR has begun to install a siding (pictured below) which will enable them to better handle unit train traffic. Prior to this change in the statute the GNRR could not fully utilize the credit. GNRR was also able to install 150 rails, 1250 ties, two sets of switch ties, and a two-switch package.



Cedar Rapids & Iowa City Railway

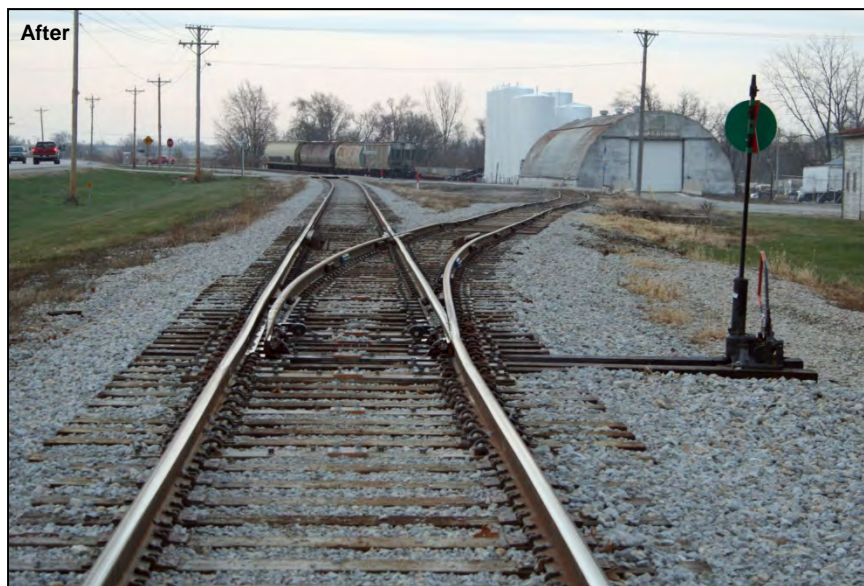
Cedar Rapids, IA
Congressional Districts IA 2, 3



Project: Track upgrade

Cost: \$160,000

Description: The Cedar Rapids & Iowa City Railway (CRANDIC) installed 7.57 miles of continuous welded track, and approximately 6,500 ties. Project preparation included the reconstruction of eight crossings, and replacement of two turnouts. The continuous welded rail project is the first major upgrade to the rail on this line, since it was purchased from the Milwaukee, St. Paul & Pacific Railroad in 1980. The track upgrade will support streamlined operations, as well as an increase in rail traffic resulting from the opening of a new Archer Daniels Midland dry mill ethanol facility in the first quarter of 2010 that will employ 80 people and generate an additional 30,000 carloads per year for the CRANDIC.



D&I Railroad

Souix Falls, SD

Congressional Districts SD At-Large; IA 5



A & K Railroad Materials is shown distributing the continuously welded rail near Akron, IA.

Project: Installed 22.5 miles of continuously welded rail (CWR) and bridge rehabilitation

Cost: \$7.6 million

Description: The D & I Railroad utilized the short line tax credit and received a loan from the State of South Dakota to replace century-old rail was replaced with new 115 lb. CWR. The D & I's improved infrastructure is now more capable of handling the larger, heavier cars that are a standard of today's railroads. As a large hauler of ethanol, which is classified as a hazardous material, the D & I is better equipped to safely transport these types of commodities.



The D & I hauling with a load of 7 ½ miles of CWR at Elk Point, SD

Iowa Interstate Railroad

Cedar Rapids, IA

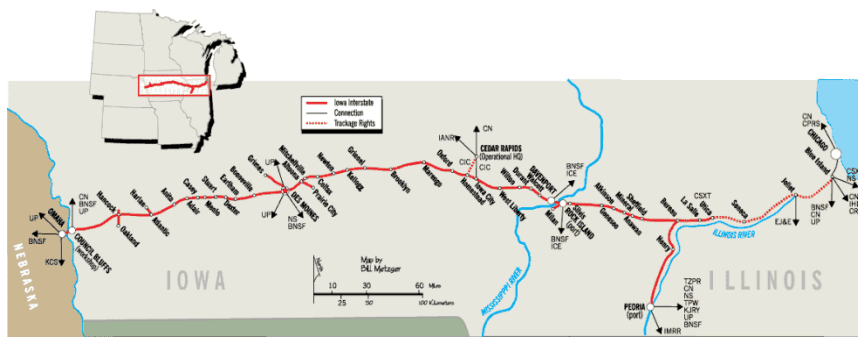
Congressional Districts IA 1, 2, 3, 4, 5; IL 1, 11, 13, 14, 17, 18



Project: Construction of yard tracks

Cost: \$1.3 million

Description: Resources made available by the short line tax credit allowed the Iowa Interstate Railroad to construct 10,000 feet of yard tracks in Silvis, IL to provide additional space to support ethanol and DDG unit train service to ethanol customers.



Iowa Northern Railway

Cedar Rapids, IA
Congressional Districts IA 1, 2, 3, 4



“The Iowa Northern track rehabilitation project will help us increase volumes and lower transportation costs and that is good for every farmer that uses the elevator. To the extent the short line tax credit made that possible it is a real success story.”

Warren Fisk
General Manager
Farmers’ Cooperative Elevator

Project: Track Rehabilitation

Cost: \$1.5 million

Description: The Section 45G tax credit made it possible for the Iowa Northern Railway to complete track rehabilitation between Manly and Nora Springs to better serve the Farmer’s Coop Elevator at Manly, and Rock Falls Grain and Cartersville Elevator at Nora Springs. Without this upgrade, the railroad could not handle the increased volume required by the customers.



Riverport Railroad

Savanna, IL

Congressional Districts IL 16; IA 1; WI 3



Project: Deferred Maintenance

Cost: \$40,000

Description: Operating on the grounds of the former Savanna Army Depot, the Riverport Railroad (RVPR) has invested over \$4 million into the deferred maintenance of the railroad foregoing over seven years of profits. The RVPR also owns 40 miles of private road with 90 private grade crossings on 1,200 acres of land. In the picture above, the RVPR replaced 257 crossties, 66 feet of 80-pound rail, 88 tie plates and over four kegs of spikes, all of which cost over \$40,000. This is one example of the work the RVPR has undertaken with help of the short line railroad tax credit.



Montana Rail Link

Missoula, MT

Congressional Districts MT At-Large, ID 1



Project: Bridge repair

Cost: \$88,000

Description: With help from the short line railroad tax credit, the Montana Rail Link (MRL) was able to repair an eroding pier on bridge 42 which crosses the Little Blackfoot River near Avon, MT. The eroding pier was identified and successfully repaired before its condition suspended service over the bridge.



Illinois & Midland Railroad

Springfield, IL
Congressional Districts IL 17, 18, 19



Project: Illinois & Midland bridge replacement

Description: There is a series of seven main line wood trestles on the Illinois & Midland Railroad (IMR) built in the 1920 – 1930 period. Coal delivered to three major base-load coal fired generating stations served by IMR comes in large, heavy unit trains that must pass over these trestles. These bridges were deteriorating due to the effects of very heavy trains and age. With the help of the short line tax credit, IMR began a multi-year program to systematically replace these trestles with modern bridge structures of concrete and steel. This will help IMR to continue to provide superior service to all the companies in central Illinois that depend on its freight services.



“Our ability to compete and succeed in our market depends upon reliable and efficient rail freight services provided by the Illinois & Midland Railroad. The railroad delivers four million tons of coal per year to our plant and fills a vital role in the transportation logistics process that supports our operation. Without this rail link, the cost to transport our materials would increase considerably, putting us and our customers at a competitive disadvantage.”

C.J. Saladino
Kincaid Generation LLC

Indiana Rail Road Company

Indianapolis, IN
Congressional Districts IN 4, 5, 6, 7, 8, 9; IL 15, 19



Funds made available by Section 45G have allowed Indiana Rail Road to haul 3,000 tons of stone per week from the Rogers Group limestone quarry to a Hoosier Energy electrical power plant to reduce power plant emissions.

“The movement of the products by rail replaced all the truck traffic, increasing safety and reducing energy consumption. The customer service provided to the power plant improved the delivery speed and reliability of our product. Stimulating the economy, economic development and creating new jobs through the short line tax credit are the things we need to continue doing.”

Project: Bridge demolition

Cost: \$350,000

Description: A fleet of tri-axle dump trucks shuttled in earth in scores of trips to fill the area beneath the bridge, which was once occupied by a former Pennsylvania main line. After the fill was shaped, the bridge was cut up and removed and track laid over the new fill, as seen in the “after” image. Kuhn Dirt Works of Marshall, IL was contracted to do this work. This upgrade gave the Indiana Rail Road the ability to increase the allowable weights of rail cars to 286,000-lbs. and operate 145-car western coal trains over the route, which bypasses central Terre Haute, Indiana and multiple street crossings. This project also eliminated an aging steel structure built in the early 1900’s.

Greg Gould
VP– Rogers Group, Inc.



Louisville & Indiana Railroad

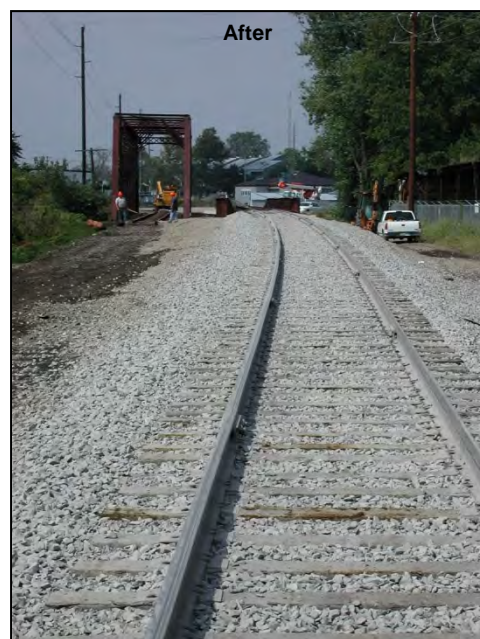
Jeffersonville, IN

Congressional Districts IN 4, 5, 6, 7, 9; KY 3



"If we did not have this railroad, we would be out of business. The L&I has done an incredible job for us. The benefits are significant to not only industry, but the community. This is the lifblood of our area and the auto manufacturing plants could not operate without the railroad."

Arthur Kroot
President, Kroot Corp



Kanza

Topeka, Kansas
Congressional District 2



Kanza tie replacement gang



Tamper resurfacing track in SE, Kansas

Project: Tie replacement and tamper re-manufacturing

Description: Kanza, a company focused on providing construction and specialized services to the railroad industry, has been able to add a new tamper re-manufacturing shop to the existing railcar repair shop in Parsons, KS. The tamper shop, opened in 2006, has increased total employment from 30 full time employees to more than 60. Part of the increase in employment can be attributed to the extension of the short line railroad tax credit, which has given many short line railroads the incentive to increase their infrastructure investment, thus accelerating their need for the equipment necessary to complete these projects. Kanza has provided equipment for the Iowa Northern Railroad, Eastern Idaho Railroad, the Northern Plains Railroad and has provided contracted services to the Columbus & Greenville, and other short lines throughout the United States. Kanza also recently replaced 50,000 cross ties for Watco Companies.



Completed tamper for Eastern Idaho RR



South Kansas & Oklahoma Railroad

Cherryvale, KS

Congressional Districts KS 2, 4; MO 4; OK 1, 3



“Beachner Grain depends on the SKOL to move more than 6.5 million bushels of grain to market every year. It is critical for our business and for family farmers throughout the area that the SKOL be able to maintain an infrastructure adequate to keep Southeastern Kansas farmers competitive in the global marketplace.”

Gary Beachner,
General Manager
Beachner Grain

Project: SKOL tie replacement

Cost: \$1.4 million

Description: In two locations on the South Kansas & Oklahoma line, large tie replacement projects (totaling over 20 miles and 20,000 ties) will allow the trains to travel faster to reduce transit time on customer shipments. The improved track conditions also greatly increase the safety of operating over this line segment.



R.J. Corman Railroad

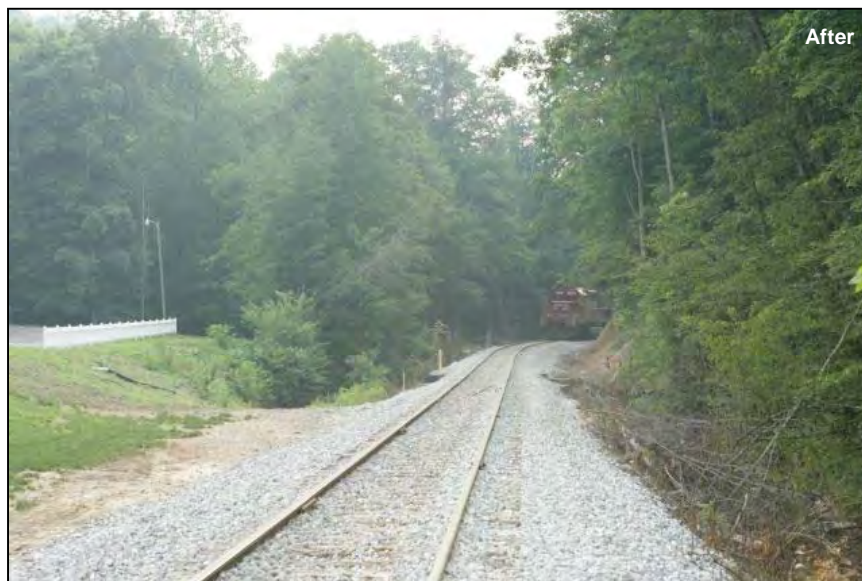
Gutherie, KY

Congressional Districts KY 1, 2, 3, 6



Project: Aluminum Corridor upgrades

Description: R.J. Corman Railroad currently operates freight trains hauling aluminum ingots along the “Aluminum Corridor” between Berea and Bowling Green, KY via Lexington and Louisville. These “unit trains” handle approximately 2.8 million pounds of aluminum ingots every other day which had previously been moving via trucks on Kentucky’s highways. The most recent phase of the project included the installation of over 13,500 ties and 16 miles of surfacing from Lexington, KY to Winchester, KY and the installation of over 9,400 ties and 13 miles of surfacing from Bowling Green, KY to Russellville, KY. By diverting the aluminum traffic to rail, the surrounding communities and the state of Kentucky have benefited from reduced traffic congestion, reduced pollution, reduced wear and tear on the roadways, and increased safety.



Pioneer Valley Railroad

Westfield, MA
Congressional Districts MA 1, 2



Project: Track upgrades at transfer facility

Cost: \$300,000

Description: Facilitated by the short line tax credit, the Pioneer Valley Railroad (PVRR) was able to replace over 500 ties and ballast to upgrade railroad track at the local transfer facility. Because of this upgrade, the PVRR brought 1,000 jobs to the Holyoke, MA Yankee Candle facility by securing rail service and employing contractors to do the rail work. The work also included site cleanup, fencing, and general work on the steam plant which involved contractors for the air compressor, pipe fitters, fabricators, valves, electrical, plumbing, etc. All of the hired contractors were based in Holyoke, MA.



St. Lawrence & Atlantic Railroad

Auburn, ME

Congressional Districts ME 1, 2; VT At-Large; NH 2



“Upgrading the old inferior rail to handle today’s industry 286,000 lb. shipments is critical in order for us to remain competitive in our marketplaces. The St. Lawrence & Atlantic Railroad plays a critical role in our supply chain logistics. Without them, we could be at a competitive disadvantage and possibly not even be here today.”

Steve Griffin
Isaacson Structural Steel

Project: Main line rail replacement

Description: Much of the St. Lawrence & Atlantic Railroad (SLR) mainline was made of old, inferior, light-weight rail. This rail limits the ability of SLR to handle the modern typical loaded freight car weighing up to 286,000 lbs. The old rail is prone to failures that require repairs on a continuous basis. The worn out rail creates premature damage to the ties and ballast stone, another source of maintenance expense and problems. SLR began replacing the old, worn-out rail with modern, heavier continuous welded rail. By upgrading rail, the SLR is overcoming limitations imposed by the 263,000 lbs. per freight car load limit which creates economic hardships for SLR customers that otherwise could enjoy the benefits of shipping and receiving heavier, more modern rail cars.



Minnesota Commercial Railway

Minneapolis, MN

Congressional Districts MN 4, 5, 6



Project: Yard rebuild and installation of a passing track

Cost: \$300,000 (passing track)

Description: With help from the short line tax credit, the Minnesota Commercial Railroad (MNNR) was able to rebuild a yard replacing eight tracks that were over 60 years old and had light rail not compatible with the heavier loads of today. The MNNR also built a 25 car length team track which is used as a loading facility to serve an industrial park. The MNNR would not have been able to build a team track without resources made available by the extension of the tax credit in 2008.



Aberdeen & Rockfish Railroad

Aberdeen, NC

Congressional Districts NC 2, 6, 8, 9, 12



Project: Rockfish Creek Bridge upgrade

Cost: \$535,000

Description: The Rockfish Creek Bridge was upgraded to 286,000 lb capacity during 2008. Rebuilding this bridge was critical to provide service to a major new ethanol facility under construction in Hoke, County. Significant improvements were made to the structure of the bridge, replacing timber components with steel and concrete. This bridge is located at milepost 27.0 on the Aberdeen & Rockfish Railroad's line between Fayetteville and Raeford, NC, near the town of Rockfish, NC. The total length of the bridge is 315 feet.



Aberdeen, Carolina & Western Railway

Aberdeen, NC
Congressional Districts NC 2, 6, 8, 9, 12



Project: Bridge Replacement

Description: The Aberdeen, Carolina & Western Railway (ACWR) has completed the renewal of a timber bridge that had been deemed unsafe for continued operation. In conjunction with outside contractors, the deteriorated bridge structure was completely removed, new concrete footers were formed and poured, and an entirely new bridge structure was built. This project will allow the ACWR and its customer base additional routing options for future operations and business development.



Aberdeen, Carolina & Western Railway

Aberdeen, NC

Congressional Districts NC 2, 6, 8, 9, 12



Project: Candor siding

Description: The Aberdeen, Carolina & Western Railway's (ACWR) recently completed construction of a 7,000 foot siding at Candor, North Carolina. This siding increased efficiency in providing unit train service capability to two feed mills serving the poultry industry in North Carolina. The addition of this siding has allowed the ACWR to increase traffic levels, and decreased cycle times for Perdue Farms and Mountaire Farms.



Wilmington Terminal Railroad

Wilmington, NC
Congressional District NC 7



Project: Wilmington Terminal Railroad (WTRY) new siding

Cost: Funding was through a partnership with the Port of Wilmington, North Carolina DOT, and the Wilmington Terminal Railroad. The Short Line Tax Credit directly facilitated the required railroad match for this project by freeing up funds that would have otherwise not be available

Description: Continued growth in rail traffic on the Wilmington Terminal Railroad resulted in delays in making the daily interchange of rail traffic with CSX. The solution was construction of a new interchange siding along with WTRY main line in the Port complex. The project consisted of construction of a new 5,300 foot siding, including necessary grading, and the installation of new ties, rail and ballast. The new siding greatly improves rail operating efficiency and capacity at the Port.



"My company, Cape Fear Bonded Warehouse, is served by the Wilmington Terminal Railroad. Approximately 60% of our export traffic through the NC States Ports in Wilmington arrives at my facility by rail, and we would be severely impacted without the efficient and dependable rail service we enjoy."

W.W. Stanfield, Jr.
President
Cape Fear Bonded Warehouse

Yadkin Valley Railroad

Rural Hall, North Carolina
Congressional District NC 5



Project: Tie replacement project

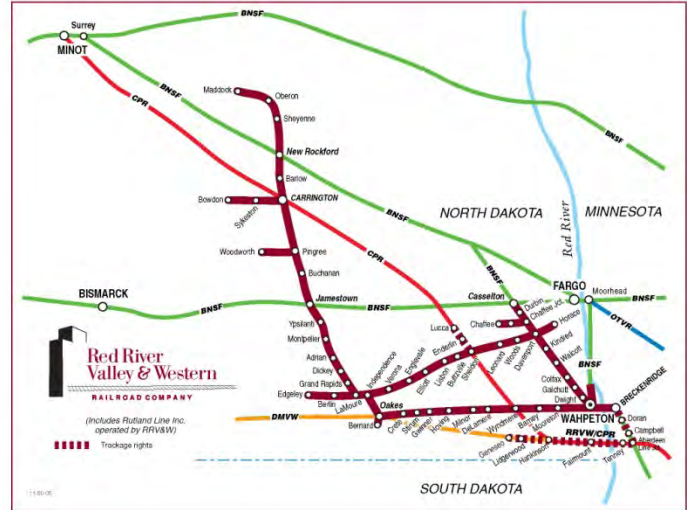
Cost: \$850,000

Description: Using resources made available by the short line tax credit, the Yadkin Valley Railroad is undertaking a large tie replacement project that will install 20,000 new ties over the period of 12 months.



Red River Valley & Western Railroad

Wahpeton, ND
Congressional District ND At-large



Project: Rail replacement

Description: The Red River Valley & Western Railroad (RRVW) replaced light rail with heavier rail from Independence to Oakes, N.D. which then allowed a grain elevator to do a major expansion to their facilities in Edgley. The replacement allowed the western half of the RRVW to utilize heavier cars that can now pass from Oakes to Independence. The RRVW also upgraded rail from LaMoure to Lisbon.



“It is not an exaggeration to say that if [the Red River Valley & Western] could not serve our facility we would have to close down. We ship approximately 10 million bushels a year and it is just not feasible to move that kind of volume by truck. Even if we could, the damage that level of truck traffic would do to our local roads would be enormous.”

Jerry Moen
Larson Grain Co.

Morristown & Erie Railway

Morristown, NJ
Congressional Districts NJ 7, 10, 11



Project: Siding excavation

Cost: \$1.8 million

Description: The Morristown & Erie Railway (ME) is in the process of excavation work on their Whippany Main Line in Cedar Knolls, N.J. The ME is adding a 1,500 foot siding and an adjoining roadway for transloading, which will include the siding, the road, a two track loading dock, a truck scale and a rail scale. With the new transloading site, the ME anticipates additional plastic and food grade transloading.



B&H Rail Corporation

Cohocton, N.Y.

Congressional District: N.Y. 29



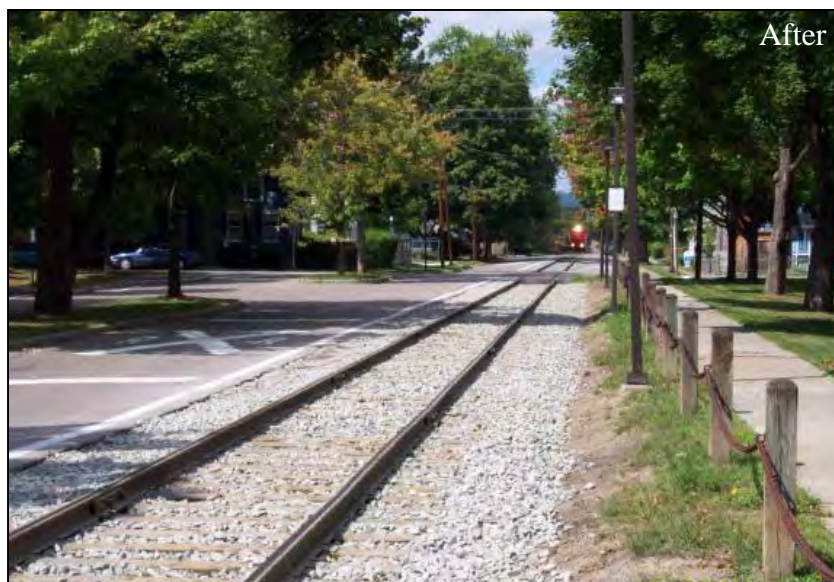
“The existence of the County-owned rail line to Wayland, operated by B&H Rail Corporation, permits Sweeteners Plus to be more competitive in its market. For a light-density line like this, maintenance is vital, and the availability of the federal short line railroad maintenance tax credit helps to assure that the bridges and track linking us to the national rail network are kept in good repair.”

Carl Myers
President
Sweeteners Plus
Wayland, N.Y

Project: Main Track rehabilitation and bridge repairs

Cost: \$230,000

Description: During 2008, the B&H Rail Corp. continued the maintenance and rehabilitation of the County-owned and leased railroad utilizing funds made available through the short line tax credit. Because the railroad transports hazardous butane and propane gasses, the safety of its track structure is paramount to the County and the railroad, yet under previous owners, the track had been allowed to deteriorate over the previous decades. Among other work, in 2008 the railroad secured the abutment of a major truss bridge over the Cohocton River at a cost of \$40,000. Without this work, the main route of the railroad would have been closed and all service to its customers would have ceased. The short line tax credit enabled this work to proceed without adversely impacting other efforts toward the rehabilitation of the railroad. In addition, the railroad spent \$190,000 on additional improvements, such as those pictured here, that were made more affordable due to the availability of the 45G tax credit.



Buffalo & Pittsburgh Railroad

Rochester, NY

Congressional Districts NY 27, 29; PA 3, 4, 5, 9, 12



Project: Buffalo & Pittsburgh Railroad rail replacement

Description: The Buffalo & Pittsburgh Railroad (BPRR) completely rebuilt 26 miles of a branch line that suffered from significant deferred maintenance by prior owners. Track condition was extremely poor, resulting in numerous derailments. BPRR, with a mix of funds directly supported by the Short Line Tax Credit, replaced the old rail with heavy continuous welded rail, replaced thousands of cross ties, and rebuilt all grade crossings. This work greatly improved safety, operating efficiency and customer service on the line, as well as improving the highway-rail interface for motorists at grade crossings.



“The ability of Homer City to compete and succeed in our markets depends upon reliable and efficient rail freight services provided by the Buffalo & Pittsburgh Railroad. Without these services, we would be handicapped receiving the coal necessary to support the requirements of our units.”

Jerome A. Stephens, Jr.
Edison Mission Energy Fuel Services

Livonia, Avon & Lakeville Railroad

Lakeville, N.Y.

Congressional Districts: N.Y. 26, 29



Project: Expanded side track capacity in the Towns of Avon and Livonia

Cost: \$250,000

Description: In support of traffic growth by local industries, the Livonia, Avon & Lakeville Railroad (LAL) added a siding in Livonia, NY, and extended one in Avon, NY. The 29-mile long railroad would have struggled to fund both projects without the availability of the short line tax credit. The enhanced side track capacity permits the railroad to serve its agribusiness customers more efficiently and to stage cars for customers closer to their locations for faster response times for customer shipping or delivery schedules. In addition, the railroad spent \$50,000 on track smoothing to improve the reliability of its service, and another \$200,000 on essential track maintenance.

“The LAL is the reason Sweeteners Plus is able to exist in Lakeville. It is essential that it be well-maintained, and they took over a line that had not been well-maintained. This tax credit helps them make up for lost time and keep up the reliable service we need.”

Carl Myers, President, Sweeteners Plus, Lakeville, N.Y.



South Buffalo Railway

Lackawanna, Erie County, New York
Congressional District NY 27



“South Buffalo Railway provides very important freight transportation services to shippers in Buffalo and Lackawanna, New York, and they are an integral part of Lackawanna and Buffalo, New York’s transportation infrastructure and economy”

David Franczyk
Council President
Buffalo Common Council

Project: Lackawanna Yard Rebuild

Description: This project involved a complete rebuilding of numerous yard tracks and turnouts that suffered from significant deferred maintenance under the previous bankrupt owner. Track conditions were extremely poor, compromising ability to efficiently and reliably serve important South Buffalo Railway (SB) customers in Lackawanna, including the Ford Buffalo Stamping plant. The 80-foot “high cube” auto part boxcars used by Ford do not operate well on inferior track, and therefore, upgrades were required to serve this important customer. SB, with a mix of funds directly supported by the Short Line Tax Credit, rebuilt critical tracks in the yard with heavier rail and new turnouts. This work greatly improved safety, operating efficiency and customer service on the line.



Western New York & Pennsylvania Railroad, L.L.C.

Falconer and Olean, NY, and Meadville, PA
Congressional Districts: NY 27, 29; PA 3, 5



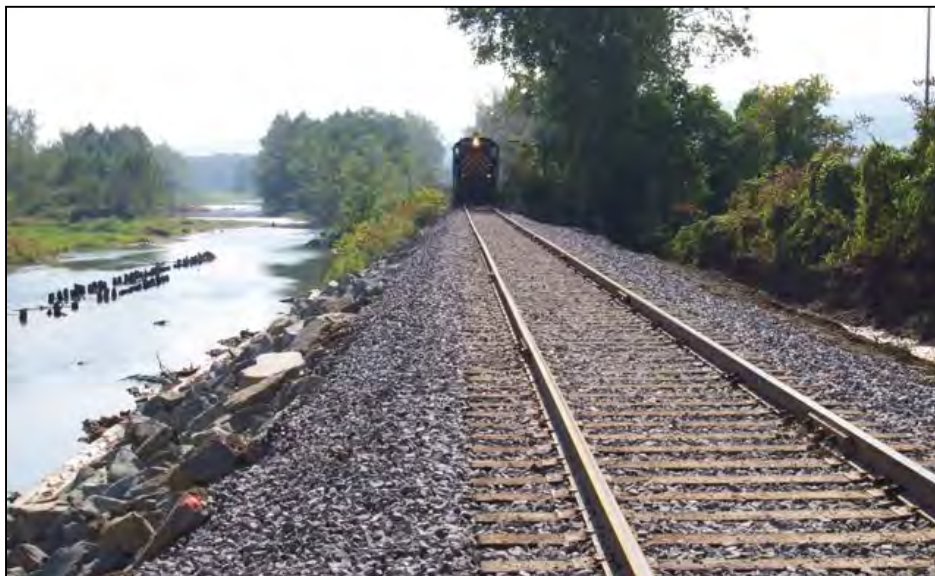
"This Company is in the environmental business, and we value having an environmentally-friendly source of transportation. The WNYP Railroad has been rehabilitated from the dead in places, and we can be thankful for public support in that effort. To accomplish basic maintenance and more catch-up, they need all the resources they can get. I am a strong supporter of the 45G tax credit in helping to do that."

Elton "Sparky" DeLong,
Manager of Traffic,
Pennsylvania Brine Treatment Co.
Oil City, Pa.

Project: On-going Rehabilitation

Cost: \$1.75 million

Description: Working in cooperation with vendors and customers to fully utilize the 45G credit, the Western New York & Pennsylvania Railroad (WNYP) has essentially doubled the amount of track and bridge rehabilitation it can do. The lines of track it took over in 2001 and 2002 were in desperate condition, some having not seen a train wheel in ten years, and some not having seen full maintenance since the 1950s. The WNYP has been able to get its main line track speeds up to 25 miles per hour and, in some extended stretches, 40 miles per hour, thus enhancing service to its customers. As a consequence, traffic has grown, thus reducing wear and tear on adjacent highways. The WNYP handles stone for road construction, paraffin wax, brine from gas wells, and cheese shipped across the country in refrigerated rail cars, among other commodities. In addition to this tax credit supported rehabilitation, the railroad was able to double its maintenance expenditures to \$1.2 million and purchased six American made and equipped specialized maintenance vehicles at a cost of almost \$400,000, none of which could have been purchased without the credit.



Wheeling & Lake Erie Railway

Brewster, OH

Congressional Districts OH 4, 5, 6, 9, 10, 11, 13, 14, 16, 17, 18; PA 9, 12, 14, 18; WV 1



Project: Beach Road Crossing Upgrade

Cost: \$250,000

Description: With assistance from the short line railroad tax credit, the Wheeling & Lake Erie (WLE) was able to install a 36" concrete pipe on the south side of the a grade crossing and an 18" concrete pipe on the north side improving proper drainage of the roadbed which supports the track. New flashers and gates were also installed while eighty feet of new 115 pound track approaching the crossing was installed using approximately 50 new ties. The entire track was raised approximately 18" in the crossing area tapering back over 600' in each track direction to enhance the sight approaches for the traveling public, thereby improving motorist safety.



Youngstown & Southeastern Railroad

Connersville, IN
Congressional Districts PA 4; OH 17



Project: Upgrade of four grade crossings

Cost: \$152,000

Description: The Youngstown & Southeastern Railroad installed 200 new ties and replaced old rail with 112 pound rail on grade crossings which allowed the railroad to lift slow orders that were on all four of their crossings and give motorists a smoother, safer crossing.

“The Y&S could not have justified its contribution without the 45G credit.”

Powell Felix – President, Y&S Railroad

Stillwater Central Railroad

Oklahoma City, OK
Congressional Districts OK 3, 4, 5



Project: Rail maintenance

Cost: \$3 million

Description: In order to maintain a safe railroad and to provide customers with heavier rail cars, the Stillwater Central Railroad must constantly maintain their lines. This includes annual tie replacements, installing heavier rail and bridge and crossing repairs over its 130 miles of rail.



Portland & Western Railroad

Columbia County, Oregon
Congressional Districts OR 1, 3, 4, 5



“The Portland & Western plays a very important part of the logistics program which successfully supports our markets and the growth we have achieved since opening. The track needs to be upgraded to decrease the risk of derailments, safely handle modern rail freight shipments, and decrease transit times. These improvements are not just for existing customers; they will help further economic development opportunities between Portland and Astoria and bring family wage jobs to the region. Heavier track and safer switches will enable the trains to traverse through our communities more quickly, thus causing less tie-ups at highway crossings and will keep thousands of heavy trucks off of our local highways.”

Paul Langne
Teevin Bros.

Project: Astoria Line Rail replacement

Description: The Portland & Western Railroad (PNWR) is a major short line in Oregon, owned by Genesee & Wyoming Inc. and operating over 472 miles of track between Eugene, Portland and Astoria. Control of the Astoria Line, between Portland and Astoria, was acquired from BNSF in 1997. This line is a key multimodal corridor for rail traffic connecting rail-barge facilities, pipeline terminals, major rail shippers along the Columbia River with the rest of PNWR and the North American rail system. The PNWR replaced 17 miles of rail with new, heavier, continuous welded rail. Replacements were focused on areas with curves and sections of the railroad that are adjacent to the Columbia River, which are the areas with the highest risk of derailment. By upgrading the Astoria Line, PNWR ensures safe, reliable and efficient rail service capable of handling 286,000 pound rail cars through an important industrial corridor in Oregon.



Lycoming Valley Railroad Company

Williamsport, PA
Congressional Districts PA 5, 10



Project: Newberry Yard Improvements

Cost: \$120,000

Description: With help from the short line tax credit, the Lycoming Valley Railroad was able to install one new turnout with 825 new ties. This installation improved track roadbed for .6 miles. The LVRR used labor from the North Shore Railroad.



Nittany & Bald Eagle Railroad Company

Bellefonte, PA
Congressional Districts PA 5, 9



Project: Bellefonte Yard Improvement

Cost: \$82,000

Description: The Nittany & Bald Eagle installed 525 new ties and resurfaced ½ mile of track which allowed them to better handle an increase in carloads for area customers.



Lancaster & Chester Railway

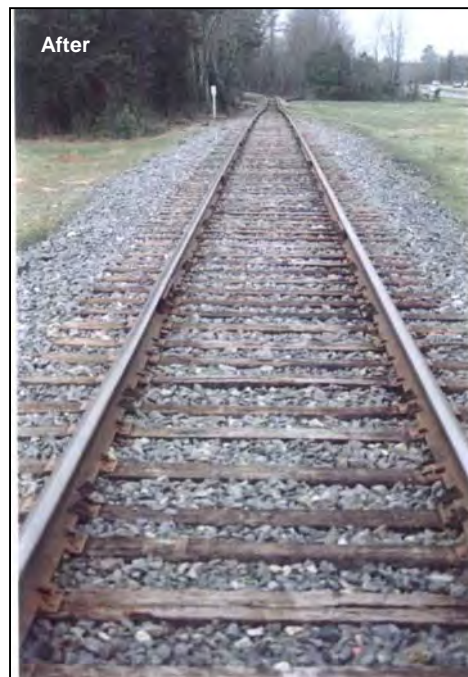
Lancaster, S.C.
Congressional District SC 5



Project: Preventive Maintenance

Cost: \$300,000

Description: The Lancaster & Chester Railway (LC) has undertaken numerous preventative maintenance projects with help from the short line tax credit. Because of funds saved with the credit, the LC was able hire Atlas Rail Construction to complete the redecking of the 600 foot Bear Creek Bridge. They also aligned, surfaced and regulated 30 miles of mainline track and turnouts and painted four of their locomotives with a 10-year protective coat.



Pickens Railway Company

Pickens, SC
Congressional District SC 3



“For us, as one of the smallest companies, the Section 45G tax credit is helping immeasurably. The tax credit is enabling us to make repairs we would not otherwise be able to do. Of all the programs that have tried to help us, this is benefiting us more than anything else.

*Nancy Johnson
CFO – Pickens Railway Co*

Project: Tie replacement program

Cost: \$41,350

Description: The Pickens Railway has installed over 5,000 ties since the enactment of the short line tax credit. The enhancement of the Pickens Railway has enabled its fourteen customers to better utilize its services. The success of Pickens Railway shows that even the smallest railroads can benefit from the short line tax credit.



D&I Railroad

Souix Falls, SD

Congressional Districts SD At-Large; IA 5



Project: Bridge Rehabilitation and Upgrade on the D & I Railroad improved

Cost: \$3.5 million

Description: Over 50 bridges were upgraded, removed, or culverts installed, which now allows the D & I to handle 286,000-pound cars. The work involved the expertise of several contractors, as well as providing several jobs for D & I personnel. The D & I Railroad replaced the shown bridge with a new ballast deck bridge with help from the short line tax credit. Total cost was \$210,000.



Knoxville & Holston River Railroad

Knoxville, TN
Congressional District TN 2



Project: Megashredder installation

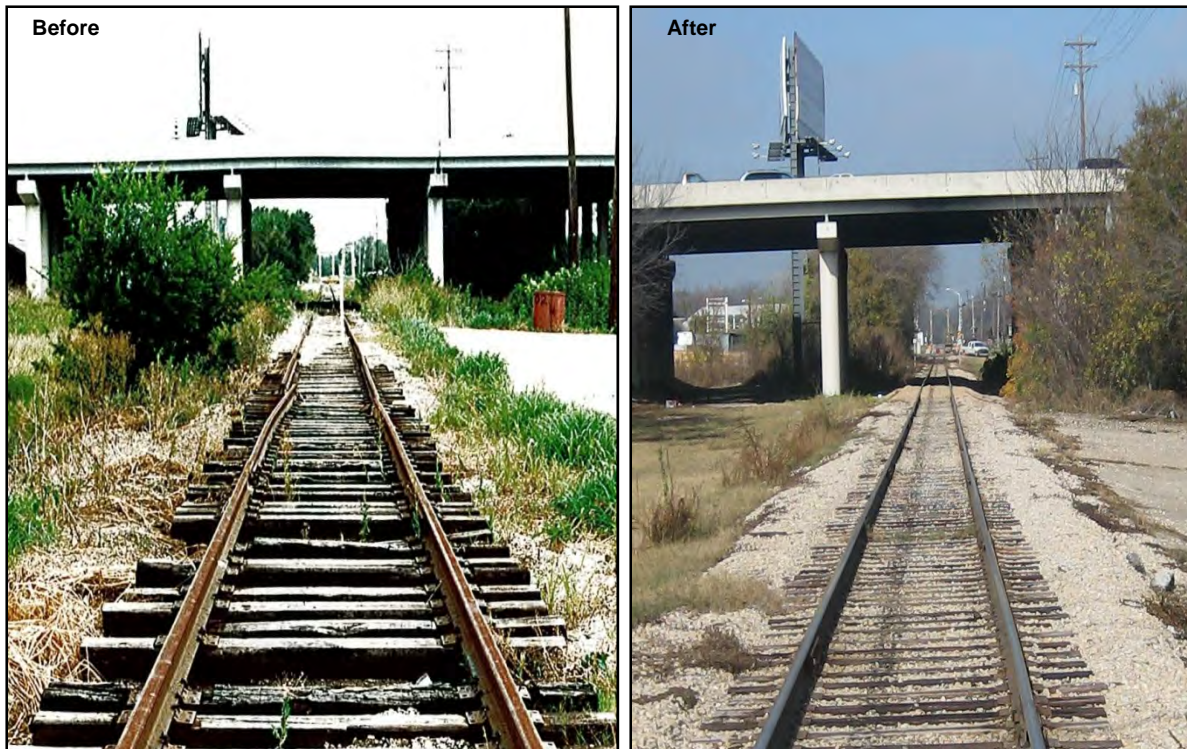
Cost: Rail Construction, ~ \$200,000

Description: PSC Metals is pursuing a project to replace three smaller facilities with a megashredder at Forks of the River industrial park on the Knoxville & Holston River Railroad (KXHR). The three facilities (located in Knoxville, Rockwood and Etowah, TN) currently ship 90% plus of their scrap to Gerdau Ameristeel in Knoxville by truck. Because of the location of the new site, the KXHR will have to construct two segments of track: a spur into the site measuring roughly 600 feet and, because geography forces the orientation of the spur the "wrong" way, a roughly 1,000 foot runaround to allow the locomotive to position correctly to serve the customer. The benefit to the local infrastructure will be the removal of roughly 2,200 railcars worth of scrap metal from the roads (6,000 to 8,000 tractor-trailers) and, since Gerdau Ameristeel is deep within the city of Knoxville, the surface streets would benefit greatly, leading to relatively less interstate traffic on this particular move.



Fort Worth & Western Railroad

Fort Worth, TX
Congressional Districts TX 6, 11, 12, 17, 19, 26, 31



Project: Installation of tie program

Cost: \$3 million

Description: In 2006, the Fort Worth & Western Railroad (FWWR) purchased and installed 20,000 ties and in 2007 purchased and installed 40,000 new ties. Previously, FWWR had relied on the installation of used ties, which, while sufficient, had a much shorter useful life. These new ties were the first new ties manufactured specifically for the FWWR. By upgrading their ties and rail infrastructure, the FWWR has been able to provide safe and efficient service to their rail customers.

“This tax credit has provided the necessary support to improve the safety and efficiency of FWWR infrastructure to support our business growth. It definitely provides some capital assistance to the small railroads that frequently struggle to generate the necessary capital to maintain their infrastructure.”

Steven George – President, FWWR

Rio Valley Switching Company

Fort Worth, TX
Congressional Districts TX 15, 27, 28



Project: Improvement of rail infrastructure

Cost: \$1,990,117

Description: With help from the short line tax credit, the Rio Valley Switching Company (RVSC) has been able to increase its annual tie installation from 7,000 ties to 30,000. Additionally, the RVSC followed up with a ballast surface project to improve the condition of the roadbed supporting the rail. By improving rail service, the RVSC has supported the growth of the Rio Valley.



“The success of the Tax Extenders Bill has allowed (the RVSC) to continue these improvements throughout the remainder of the railroad. A strong rail infrastructure further supports the growth of the economy in the Rio Grande Valley.”

Matt Cundiff –
Rio Valley Switching Company