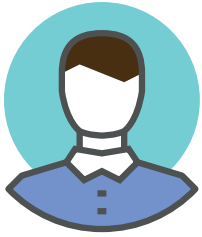


SHORT LINE & REGIONAL RAILROADS 101

The nation's more than 600 short line freight railroads are small, hometown businesses directly tied to their local economies. They address challenging public issues by connecting the communities they serve to the national rail network, providing local jobs and helping more than 10,000 shippers reach domestic and international markets. Short lines:



DRIVE THE ECONOMY

Short lines provide an efficient alternative to other transportation modes, allowing shippers to compete effectively in domestic and global markets. For many shippers in rural areas and small towns, a short line railroad provides the only connection to the national freight rail network.

The industry supports **478,000 JOBS** at customer locations across the country that require short line services, driving **\$26 BILLION** in labor income and **\$56 BILLION** in economic value-add.*

* The Section 45G Tax Credit and the Economic Contribution of the Short Line Railroad Industry, PricewaterhouseCoopers LLP (PwC), July 2018.



ADVANCE SAFETY

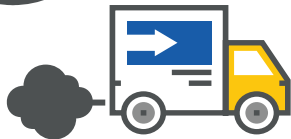
Short lines annually invest up to one-third of operating revenues to upgrade rails and bridges to modern standards and implement technologies to ensure that railroads are the safest form of surface transportation. The Short Line Tax Credit (45G) has helped drive a 50% reduction in train derailments, and since 2005, according to Federal Railroad Administration data, incentivized more than \$8 billion in industry investments.

Short line railroads keep **31.8 million heavy trucks off local roads**, and away from the motoring public. One railcar can move three to four full truckloads of heavy freight.

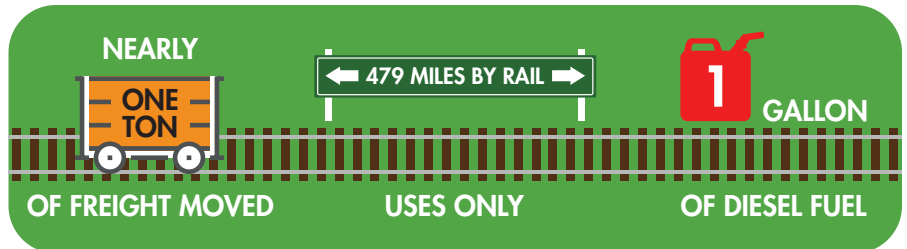


PROTECT THE ENVIRONMENT

Freight rail is a sustainable, environmentally friendly mode of transportation. U.S. Environmental Protection Agency data show **freight railroads account for 40% of long distance freight volume**, but only 1.9% of transportation-related greenhouse gas emissions.



Moving freight by rail **reduces** highway congestion, lowering idling emissions, fossil fuel consumption and **greenhouse gas emissions by 75% vs. trucks.**



REDUCE TAXPAYER BURDENS

Short lines are privately funded, **investing up to 33% of annual revenues in infrastructure.** **Moving more freight by rail lowers the cost of heavy truck damage** by \$1.5 billion annually on the nation's beleaguered highway system, **lessening the cost burden to the taxpayer.**



THE SHORT LINE CONNECTION: A CRITICAL PIECE OF THE U.S. FREIGHT RAIL SYSTEM

Comprising of more than 600 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. Their success is driven by a relentless focus on safety, customer service and seeking growth opportunities one carload at a time.

FIRST & LAST MILE OF SERVICE
for 1 in 5 cars moving throughout the system each year

50,000
route miles
are operated
by short lines

29%
of the freight
rail network
in the U.S.

10,000+
customers are
served by
short lines

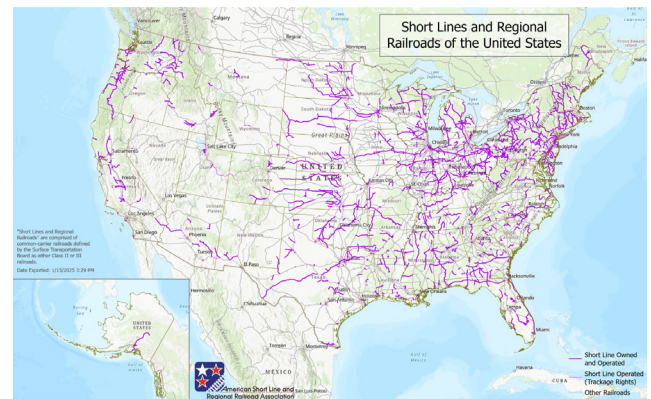
100%

25+%

Short lines provide 100% of rail service in some states, AND more than 25% in 36 states.

SHORT LINE FREIGHT RAIL IS ESSENTIAL IN PROVIDING SERVICE TO MORE THAN 10,000 SHIPPERS

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. Short lines serve every industry but are particularly critical for energy, agriculture and manufacturing.



TOP LEGISLATIVE ISSUES

Modernize 45G Tax Credit – The Short Line Maintenance Tax Credit, referred to as 45G, a reference to its the line item in the Tax Code, has been a wildly successful public policy vehicle, driving more than \$8 billion in private investment in infrastructure since 2005. However, inflation and limitations on eligible track threaten to erode its potency. Congress should pass H.R. 9522 and S. 5008 which adjust the credit for inflation, and allow all short line track to be included.

Provide Robust CRISI Funding – The Consolidated Rail Infrastructure and Safety Improvements (CRISI) program is a popular and successful grant program that includes short line railroads as directly eligible recipients. The CRISI program should be funded at the maximum level annually: \$2 billion, which includes guaranteed and discretionary appropriations. Congress should avoid new set-asides to ensure an even playing field for small business freight railroads.

Call on EPA to Deny State-Level Emissions Regulations – Allowing state-level regulations of locomotive emissions, such as the recent California Air Resources Board rulemaking, will damage the fluidity and sustainability of the national freight rail network, and cause short lines in California to go out of business. EPA should continue to regulate locomotive emissions on a national level, and not allow for frameworks such as CARB's, which calls for locomotives not yet in production, not yet tested, and not affordable for short line railroads to be in use by 2025.

Fund the Short Line Safety Institute (SLSI) – Continue federal support for the SLSI, which helps build a stronger, more sustainable safety culture through safety culture assessments, outreach activities, research, training and education, including the safe transportation of energy products and hazardous materials.

For more information, visit www.aslrra.org/policy