



# SHORT LINE RAILROADS 101

## By the Numbers

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 railcar load at a time.

- Short lines provide the first and last mile of service, handling **1 in 5** of the freight railcars that move throughout the national system each year.
- **50,000 route miles** are operated by short lines, making up **29% of the freight rail network** in the U.S.
- **10,000+ customers** are served by short lines.

## Driving 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.

## Advancing Safety

Short lines annually invest up to **one-third** of operating revenues to upgrade rails and bridges to modern standards and to implement technologies to ensure that railroads are the safest form of surface transportation. According to Federal Railroad Administration data, the Short Line Tax Credit (45G) has helped drive a **50% reduction** in train derailments. Since 2005, this credit has 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. This reduces highway congestion and accidents, and keeps our air cleaner.

## Reducing Costs

Moving more freight by rail lowers the cost of heavy truck damage on the nation's beleaguered highway system. This helps preserve federal, state and local road budgets, lessening the cost burden to the taxpayer. The current modal balance maximizes value and efficiency in the national freight supply chain.

### Hallmarks of the Short Line Industry

#### Customer Focus



As the first and last mile of the shipment, short lines provide flexibility and responsiveness to the unique needs of each customer.

#### Entrepreneurial Spirit



These small businesses operate the most vulnerable segments of the railroad system. They succeed by competing aggressively for business, and investing significant revenues in rail infrastructure.

#### Connecting Customers to Markets



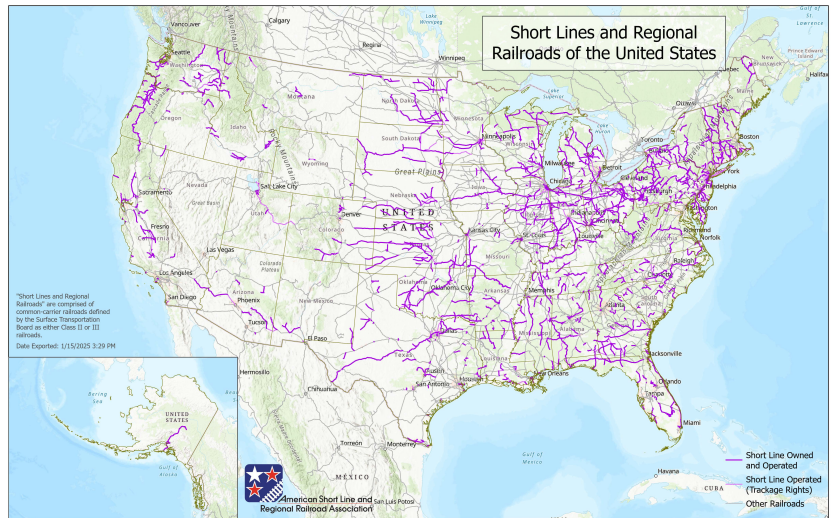
For large parts of rural and small town America, short line and regional railroads are the only direct connection to the national rail network.

# SHORT LINE CONNECTIONS ARE A CRITICAL PIECE OF THE U.S. FREIGHT RAIL SYSTEM

## Short Line Freight Rail Provides Essential 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, mining, and manufacturing.

## Our Industry's Top Policy Requests



*Short Line and Regional Railroads of the United States*

**Modernize the 45G Tax Credit.** The Short Line Railroad Track Maintenance Tax Credit, referred to as 45G, from the line item in the tax code, has been a very successful public policy tool. It has driven more than \$8 billion in private investment in infrastructure since 2005. But inflation and limitations on eligible track threaten to erode its potency. Congress should pass legislation that adjusts the credit for inflation and allows all short line track to be included.

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

**Oppose Bigger and Heavier Trucks.** Federal law limits the weight of commercial motor vehicles to 80,000 pounds. But there are regular efforts to pass laws to make these trucks bigger and heavier. Bigger and heavier trucks disproportionately damage taxpayer-funded roads and bridges. They harm the environment and increase roadway deaths and accidents. Congress should oppose efforts to increase truck size and weight limits.

**Support Balanced and Effective Industry Regulation.** Rail industry regulations should be data-driven and performance-based. The regulatory process must take into account the differences between large and small railroads and the diversity of operational models that exist across the nation's rail system. The root causes of safety concerns should be determined by thorough and careful investigation and analysis to inform effective regulatory actions. The freight rail industry is a key element of interstate commerce and regulation of railroads is an inherently federal responsibility.

**Fund the Short Line Safety Institute (SLSI).** SLSI helps build a stronger, more sustainable safety culture through safety culture assessments, outreach activities, research, training and education, including for the safe transportation of energy products and hazardous materials. Congress should continue to support funding for SLSI.

### ASLRRA Government Affairs Team

Nicole Brewin  
VP, Congressional Affairs  
nbrewin@aslrta.org; (202) 585-3433

Richard Sherman  
AVP, Policy and Industry Affairs  
rsherman@aslrta.org; (202) 258-8955

Crystal Gitchell  
AVP, Legislative & Regulatory Affairs  
cgitchell@aslrta.org; (202) 585-3442