Short Line and Regional Railroads: Challenges and Opportunities

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THE SHORT LINE AND REGIONAL RAILROAD INDUSTRY

- Nearly 10,000 customers
- 49 states
- Invest 24% of revenue in capital & maintenance
- 47,500 miles of track
- Nearly 18,000 employees
- 603 short lines
- $4.64 billion in revenue
- 29% of total track in U.S.
- 1 in 5 cars are moved by short lines
Short Line (Class III) and Regional Railroads (Class II) Carloads By Commodity
Class II and III Railroad Miles Operated by Type

- Self-owned: 51%
- Leased: 30%
- Trackage Rights: 11%
- Government Owned: 7%
- Other: 1%
Railroad Ownership by Type: Class II & Class III

- Independent: 84%
- Shipper: 9%
- Govt.: 5%
- Class I: 2%
Class II and III Railroad Investment by Source

- Cash Flow, 73%
- State Grants/Loans, 9%
- Fed. Grants/Loans, 7%
- Commercial Loans, 5%
- Owner, 3%
- Other, 1%
BUILD Grants

• Replaces TIGER Grants
• FY18: $1.5b
• Maximum award $25 million
• No more than $150 million to single state
• At least 30% awarded to rural areas
CRISI Grants

- Consolidated Rail Infrastructure and Safety Improvements (CRISI)
- $65 million for FY17
- $593 million for FY18
- NOFO for 1st CRISI for FY17 out now
  - Applications due June 2018
INFRA Grants

• $4.5 billion for FY16-20
• $1.5 billion to be awarded for FY 17-18
• Project Sizes
  – Large project: at least $25M
  – Small project: at least $5M
• Set asides
  – 10% funds reserved for small projects
  – At least 25% awarded to rural projects
Railroad Rehabilitation & Improvement Financing (RRIF)

- Railroad loan program run through the Build America Bureau
- Remaining loan authority of almost $25 billion
- Rates approximates 30 year treasury rate (3.12% currently)
- Can be used to: improve rail infrastructure, refinance debt, or establish new intermodal or rail facilities
Section 45(g): Short Line Tax Credit
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Biggest Policy Challenge
*Truck Sizes and Weights (TSW)*

**Increased Sizes**
- Who wants it: Parcel shippers such as Amazon, FedEx and UPS
- Last Congress: Sought to make Twin-33 trailers legal nationwide

**Increased Weights**
- Who wants it: Shippers of bulk goods, most notably Anheuser-Busch
- Last Congress: Pushed a 15-year, 10 state, 91k lbs. truck pilot project

The fight on TSW has been ongoing for many years, and only looks to get more intense.