

**RTA Updates Short Line
Tax Credit Impact Analysis**

Recent tax reform initiatives have led the House Ways and Means Committee to revisit all tax credits. There is strong indication from congressional leaders that if the effect of any given tax credit cannot be quantified as having its intended effect, then that tax credit would be eliminated. Conversely, if a tax credit can be shown to increase economic activity, such a credit would be considered for permanent inclusion in the tax code.

In 2011, RTA provided an economic analysis for the impact of the 45G tax credit on tie demand and installations. That analysis illustrated that when 45G was in effect, more than 1 million more wood crossties were purchased and installed annually by short line and regional railroads.

In support of ASLRRA's efforts to make 45G permanent, RTA's economic team recently updated the analysis. The update includes more data points (greater than the initial five years) and also sought to investigate whether the effect would be muted if the credit were enacted retroactively rather than earlier in the year.

Now, with 12 years of measurable effect under the industry's collective belt, the report submitted to ASLRRA makes a strong case for 45G to be made permanent. The most recent econometric work confirms that whenever 45G is in effect the trend of increased demand remains as robust as the earlier analysis suggested. RTA can now confidently report that when 45G is part of the tax code over 1 million ties are purchased annually. That means since 2005 that approximately 12.5 million more ties have been installed by short line and regional roads than if there had not been a credit. If the "installed" cost of a wood tie is \$100 or more, that means the economic impact of 45G over the past 12 years exceeds \$1.2 billion (USD) in additional rail infrastructure investment.

Other economic impacts would also flow from permanence of 45G. Improved track and facilities would allow more efficiencies in handling freight, which should stimulate more shipping by rail. ■

Strength In Numbers

Industry Descends On Capitol For Meetings With Legislators

By **Kristen McIntosh**

Railroad Day on the Hill drew record-breaking participation on March 7.

Nearly 700 people from 200 companies engaged in activities on that day, paying visits to 330 Congressional offices and generating 2,600 handshakes.

Conversations about making the 45G tax credit permanent as part of the BRACE Act was a major component of discussions, resulting in nine new co-sponsors, eight in the House of Representatives and one in the Senate. The Building Rail Access for Customers and the Economy Act would amend Section 45G of the tax code by removing the sunset provision currently facing the tax credit.

"Railroads are a critical part of our nation's infrastructure, which will be a focus of this Administration in the coming year," said Linda Bauer Darr, ASLRRA president. "Understanding our contribution to the system and our needs from a funding and regulatory perspective is critical for ensuring a transportation network that works."

Darr added, "Our Washington team of Chambers, Conlon & Hartwell did an outstanding job in preparing hundreds of railroaders to underscore our positions with our elected officials."

New this year was an advocacy app for Android and iPhone users that allowed attendees to see their individualized schedules on their smart phone. The advocacy app also included issue talking points, maps of the Capitol, logistics and information, and the ability

to connect via social media.

Numerous RTA member companies sent representatives to meet with congressional officials during the event, including Gross & Janes Co., whose president, Bill Behan, attended.

"Railroad Day on the Hill was a great success. If you've never been to see your representatives, I highly recommend the experience. Every day you are comfortable in discussing your business with your own customers, and this is just an extension of that same message. If you don't ask for the order, you'll never get the sale."

Dave Koch, sales manager for Wheeler Lumber LLC, also attended. "Most

of the feedback from the legislators was positive. Almost all were in favor of the 45G tax credit and understood our reasoning for making it permanent," he said. "Unfortunately, no one thought it would be made permanent after the most recent tax reform. There was a mixed response to the truck size and weight issue. About half were on the railroad's side to oppose heavier trucks and the other half were in favor of the weight increase. On a positive note, even those in favor of heavier trucks thought it was unlikely to move forward. Everyone agreed the railroads and their customers have been much better off since the Staggers Act and deregulation in 1980."

Koch added, "Railroad Day on the Hill proved once again to be an effective way to promote the railroads' itinerary with a unified message. There is definitely strength in numbers, and



Linda Bauer Darr, ASLRRA president, presided over the Railroad Day on the Hill event, where nearly 700 people paid visits to 330 Congressional offices.

I encourage everyone to participate in this exciting day.”

Timothy R. Ries, RTA president and Koppers Inc.’s North American Operations Manager of Railroad Products and Services, also attended. “This was my first opportunity to participate in Railroad Day on the Hill. The support from the various business groups and organizations was fantastic. Being able to spend time and send a common message with members of both the House and the Senate was not only productive but was also a rewarding experience.

There is no doubt in my mind, Railroad Day on the Hill was a complete success.”

Stella-Jones Vice President of Marketing George Caric said, “I always enjoy my time spent on the Hill sharing how important the railroad industry is to the success of our country. The 45G tax credit is so helpful in allowing our short line customers to spend capital to improve their infrastructure with new ties. It’s also important to our sawmills and all the local businesses that support our industry. The enjoyment for me is calling on our leaders with our customers

for such a great cause.”

“We are on the brink of something special. With RTA’s economic work proving the over 1 million tie demand increase when 45G is in effect, and the most bipartisan co-sponsors of any bill in front of Congress, there is a real chance that we can make it a permanent part of the tax code,” said RTA Executive Director Jim Gauntt. “The 13 years of hard work that we all have put in to support ASLRRA’s efforts have paid off along the way; now the time is at hand to make that final push for permanence.” ■



Hundreds of railroaders, suppliers and rail labor officials gathered this year to advocate for railroad legislative efforts on The Hill. As always, the RTA contingent is up front and center to go to work on RR Day on the Hill.



RTA VP Bill Behan of Gross and Janes (r) and others visit with 45G sponsor Bruce Westerman (R-AR 4) to thank him for supporting the short line tax credit.



RTA’s Jim Gauntt had a one-on-one meet and greet with Barry Loudermilk (R-GA 11) to ask for his support for rail issues.