

Railroads, Suppliers, Labor Join Forces For Railroad Day On Capitol Hill

Railroad Day On The Hill Draws Record Crowd



From Staff Reports

On March 14, more than 400 representatives of rail industry interests flooded Capitol Hill in Washington to meet with congressional leaders. The event, the ninth annual Railroad Day on Capitol Hill was the largest ever of its kind. The Railway Tie Association (RTA) was one of several sponsors of the event organized by the American Short Line and Regional Railroad Association (ASLRRA) and the Association of American Railroads (AAR).

Three issues were the focus in more than 250 scheduled meetings with legislators: re-regulation of railroads, tax credits for rail capacity expansion, and extension of the section 45C credit for short line track maintenance and upgrades.

Some shippers have approached Congress with proposals to re-regulate the industry because rates have risen as demand for rail service has increased. Rail industry representatives urged Congress to recognize the benefits that

deregulation of railroads over 25 years ago has brought about. Since the landmark 1980 Staggers Act legislation, railroads have been able to consolidate, have remained solvent and, in fact, have been capable of investing billions of dollars in maintenance and infrastructure vital to the transportation needs of America. Productivity has increased, safety is vastly improved, and rail rates have actual remained stable or decreased when taking into account inflation over that time period.

Yet, railroads still remain below the median of all U.S. industries in return on equity. And, most railroads still do not even earn their cost of capital. For these reasons, lawmakers were asked to resist any efforts to re-regulate the railroads.

Additionally, because railroading is such a capital-intensive business and return on equity so constrained, it is very difficult for railroads to increase capacity even though the nation's demand for intercity freight transporta-



Secretary of Transportation Mary Peters addressed Railroad Day on Hill banquet attendees.

Photo courtesy of Jennie Lam-Nagata



RTA contingent ready for work on the Hill: Robby Johnson, Tony Helms, Tony Chambers, Gary Ambrose, Phil Stanley and Tom Niederberger (*George Caric not shown*).



A preview conference for the more than 400 in attendance to prepare for the day's activities.



A meeting with Sen. Richard G. Lugar's (R-IN) staff.



RTA Executive Director Jim Gaunt presents Rep. John Lewis (D-GA) with an RTA wood (neck) tie.

tion continues to grow at a torrid pace. Forecasts are that between now and 2020 intercity freight transportation will expand by 70 percent.

Thus, the second issue on everyone's mind was how to economically increase rail capacity in order to relieve some of this burden. The proposal from Class 1 railroads is a 25 percent tax credit for building new track. This incentive would be available to any entity that builds new railroad track. Such incentives would help to bridge the gap between available private sector funding and the enormous costs of new track construction. And, without this investment in rail, hundreds and hundreds of additional trucks will have to travel the already overcrowded roadways to meet freight transportation needs. Legislators were urged to support this tax relief initiative.

Finally, legislators were asked to extend the Section 45G tax credit for short line railroads that is due to expire at the end of this year. This section of the tax code allows short line railroads to receive a tax credit for infrastructure maintenance or upgrade. One problem in the existing law is that the measure was only approved for three years. Another problem in the law was that many short lines were unable to take advantage of the credits due the Alternative Minimum Tax (AMT). The soon-to-be-introduced legislation designed to extend the credit for three more years also has a fix in it to allow those roads subject to AMT to utilize the legislation and assist in the funding of infrastructure improvements.

RTA was well represented. George Caric, RTA president, and Tom Niederberger and Tony Chambers, co-chairmen for the Committee for Legislative & Environmental Affairs Response (CLEAR), were joined by Gary Ambrose, Research & Development Committee chairman, Tony Helms, immediate past president of RTA, Robby Johnson, first vice president, Phil Stanley of Burke-Parsons-Bowlby Corp., a CLEAR committee member, and Jim Gauntt, executive director, in making the case to lawmakers throughout the day. §

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