

HR.721/ S.407 The Building Rail Access for Customers and the Economy Act (“BRACE Act”)

Support the American economic resurgence by encouraging growth and job creation for industry and agriculture across America!

What are short line and regional railroads?

Short line and regional railroads are small, local job creators building for growth. Short lines invest in and connect communities to the American economy. Privately and locally owned short lines are the first and last miles of a rail network that provides safe and affordable freight service for manufacturers and farmers in 49 of 50 states.





“Our customers demand from us a long-term relationship, and to serve them properly, we need our short line railroad to have the stability of a permanent Short Line Tax Credit.”

*Mark Marasco, President, Maple Leaf Distribution Services, Inc.
Palmer, Massachusetts*

Preserving and improving infrastructure to provide a tremendous opportunity for America

Short lines were cast aside or abandoned by larger railroads that couldn't make them profitable. Short line entrepreneurs saw value in those connections to local community businesses and began investing to rebuild and upgrade unwanted lines to be safe and efficient.

Now short lines serve over 10,000 rail customers. But railroading is capital intensive. To keep these lines open, these small railroads need access to capital. By lowering their tax burdens, these small businesses can invest immediately—and with certainty—to keep their track safe and well-maintained for the benefit of customers and communities.

Situation		Before	After
<p>America's "short line" freight railroads are the logistical lifeline for agriculture and industrial employers across the country.</p> <p>These 550 small railroads serve areas across 49 states that otherwise would have no connection to the national freight rail network.</p>	<p>The challenge faced by many short lines is that they were formed by the divesture of less-desirable lines of the large railroads.</p> <p>They inherited track and bridges that were not modernized or capable of handling modern rail freight shipments without large private investment.</p>		
<h3>Solution</h3> <p>Since 2005, the Short Line Tax Credit has allowed smaller freight railroads to upgrade their infrastructure to better serve their customers.</p> <p>The tax credit requires \$2 of private investment for every \$1 of credit, supporting even more investment.</p>		<p>Above: B&H Rail Corporation — Track Rehabilitation Below: Illinois & Midland Railroad — Bridge Replacement</p>	
<h3>It Works!</h3> <p>In an independent analysis, the Railway Tie Association finds up to 1.2 million more crossties a year are installed on smaller freight railroads when the Short Line Tax Credit is available.</p>			

“A permanent Short Line Tax Credit would give my serving short lines a much better ability to plan long-term to support our future growth and development.”

*Simon Smith, Sr. Manager, Supply Chain
Columbian Chemicals Company
Marietta, Georgia*



The Building Rail Access for Customers and the Economy Act

The Building Rail Access for Customers and the Economy Act (or the “BRACE Act”) is built on an effective, proven and very popular public policy: The Section 45G short line tax credit. Section 45G expired at the end of 2016. Since 2005, a series of one- and two-year extensions of the credit enabled small freight railroads and their customers to reinvest billions of dollars to improve American transportation. Now, America has a tremendous opportunity for more investment: The BRACE Act.

The BRACE Act will promote safe, efficient, and cost effective transportation for thousands of railroad customers. American short lines bind the nation’s industrial and agricultural heartland to urban consumers and export opportunities. They are a lifeline to these communities and the manufacturers, farmers, and local businesses that keep America strong.

Comprehensive tax reform will improve U.S. business. However, eliminating Section 45G would bring short line track investment to critically low levels. This will negatively impact businesses that depend on short line service. Tax proposals to increase expensing and lower rates are unlikely to fully replace the infrastructure investment created by Section 45G.

Short lines promote American growth

Short lines keep American businesses competitive in global markets by moving grain from the Great Plains to the Gulf Coast ports, sand from Wisconsin to Pennsylvania gas fields, ore to steel mills, coal to power plants, and finished Michigan-made cars for export abroad. Short lines are “Made in America” with virtually all wood ties, bridge timbers, steel rail, and rock for ballast manufactured in the U.S.A. These assets last 40 or more years and are impossible to move off-shore.

Section 45G is a private solution to a public problem. The credit helps short lines prioritize infrastructure investments based on market demand and community needs without being subject to the inconsistencies of bureaucratic and political will.

Rail projects employ thousands of rail construction workers, and railroad jobs pay wages that support American bread-winners and their families. The BRACE Act is a good deal for the American people with great economic benefits.

Contacts to Co-sponsor

HR.721:

Representative Lynn Jenkins – Colin Brainard
Colin.Brainard@mail.house.gov, 225-6601

Representative Earl Blumenauer – Laura Thrift
Laura.Thrift@mail.house.gov, 225-4811

S.407:

Senator Mike Crapo – Andrew Earl
Andrew_Earl@crapo.senate.gov, 224-6142

Senator Debbie Stabenow – Sarah Shive
Sarah_Shive@stabenow.senate.gov, 224-4822