

HB 2978 - The Oregon Short Line Railroad Tax Credit

What are Short Line Railroads?

Oregon’s short line railroads are small, local job creators that serve more than one hundred Oregon rail customers and move over 118,000 carloads annually in Oregon – the equivalent of almost 338,600 trucks. Short lines keep Oregon businesses connected to the national freight network providing the first and last mile of safe and affordable freight service for producers, manufacturers, and farmers in Oregon.

Preserving and improving infrastructure provides a tremendous opportunity for Oregon

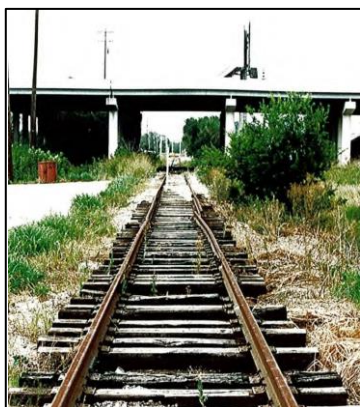
Freight railroading is one of the most capital-intensive industries in the country and privately-owned rail infrastructure must be upgraded to keep local shipping customers connected to the national rail network. According to the 2010 Oregon Rail Study, 79% of Oregon’s railroad bridges are in fair or poor conditions. “To upgrade all of these bridges to a 20-year life expectancy and handle heavier loads at 25 miles per hour would cost about \$142 million,” The Oregon Short Line Railroad Tax Credit is a private sector solution to Oregon rail shippers’ needs. The tax credit will help short lines prioritize investments based on market demand, community needs, and will help keep Oregon farmers, agri-businesses, manufacturers, retailers, producers and all customers competitive in the national and global markets. The tax credit will also promote safe, efficient, and cost-effective transportation for short line railroad customers and create jobs that support Oregon workers and their families.

“The tracks operated by short lines are classified as Excepted, Class 1, or Class 2. Forty percent are Class 1 or Excepted, allowing speeds of only 10 mph. Upgrades—for example to ease curvature or improve track structure—would be needed to allow faster speeds. Estimates to upgrade all of Oregon’s low density network for 40 miles per hour freight operation range between \$150-600 million (\$500,000-\$2 million per mile).”

-2010 Oregon Rail Study

The Solution – It Works!

The Oregon Short Line Railroad Tax Credit (**HB 2978**) introduced by Representative McKeown and Senator Roblan, is a 50 percent tax credit on track maintenance expenditures capped at \$3,500 per track mile owned or leased by a short line railroad in Oregon. The proposed tax credit is not a handout but requires private investment by the short line railroads first. The tax credit requires \$2 of private investment for every \$1 of tax credit, supporting even more investment. The tax credit is based on other successful railroad tax credit programs that have a proven record of job creation and rail safety. The tax credit will provide short lines with a much better ability to plan for the long-term to support the future growth and development of railroad customers in Oregon.



Before



After

Oregon Short Line Railroad Statistics*

Number of Oregon Short Line Railroads:	18
Estimated Oregon Short Line Railroad Track Miles :	1,300
Estimated Annual Cost of Oregon Railroad Tax Credit:	\$ 4,550,000
Estimated Oregon Short Line Employment:	310
Estimated Carloads Handled Annually:	118,000
Annual Truck Equivalents:	338,660
Estimated Annual Pavement Damage Savings:	\$ 14,619,952

**Sources:* 2016 ASLRRRA Facts & Figures; Association of American Railroads; Oregon Statewide Rail Plan (2014), Oregon Rail Study (2010). For more information contact Jeff Van Schaick w Genesee & Wyoming at 682-351-6275.