

## INSIDE THE CAPITOL

## More Than 300 Participate In Congressional Meetings For Annual Railroad Day On Capitol Hill

### From Staff Reports

The largest ever Railroad Day On The Hill was attended by more than 300 railroad and rail supply industry members on March 13. Several hundred congressional meetings were scheduled to discuss three key legislative agenda items of vital importance to tie manufacturers.

The first item, historically known to provide direct economic stimulus to tie producers, was the extension of the Section 45G tax credit for short line railroad infrastructure investment. Enacted originally in 2004, the Section 45G tax credit enabled short line railroads to invest more than \$100 million in additional capital annually over the past three years. This translated into between 500,000 and 700,000 more

ties annually during that time period.

However, on Jan. 1, this tax credit legislation expired. So, the goal of most tie suppliers on the hill this year, along with the railroads they serve, was to make sure that this tax legislation was extended for an additional three years.

The need by the short lines for infrastructure reinvestment to keep pace with the demands of their customers and the Class 1 roads they feed is estimated at nearly \$7 billion. Thus, any federal assistance that accrues from this tax relief will be of enormous benefit to these feeder roads.

Committee for Legislative and Environmental Affairs Response (CLEAR) Co-chairmen Tom Niederberger of Koppers Inc. and

Tony Chambers of Burke-Parsons Bowlby Corp. both said that this legislation was the top priority for RTA in 2008 given its proven track record in increased tie demand. Every RTA member is encouraged to write their congressman and senator and ask them to co-sponsor and pass this pending legislation. In doing so, please refer the Senate bill S.881 and House bill H.R. 1584. Contact RTA headquarters at ties@rta.org for additional assistance with this effort.

The other key focus issues are interrelated in that the largest problem facing railroads today as it relates to continuing growth is capacity constraints. On one hand, Class 1 railroads are threatened by measures designed to re-regulate rates



Tony Helms of Thompson Industries and Robby Johnson of Tight Spike discuss Railroad Day on Capitol Hill.



Congressman Jerry Moran (R-KS) with Tony Chambers of Burke-Parsons-Bowlby.



Tom Loadman, Tom Niederberger and Gary Ambrose of Koppers, Inc.



Tom Loadman (center couch) in Congressman Gene Taylor's (D-MS) office discussing issues.



Florida delegates present a plaque of a full-page ad congratulating Congressman Kendrick Meek (D-FL) on his work for railroads at the capitol.

and cripple their ability to invest in maintaining existing capacity. On the other hand, the need for capacity expansion over the next 25 years exceeds 16,000 miles of new track and related capacity improvements.

Thus, the first order of business for Railroad Day On Capitol Hill attendees as it relates to Class 1 roads was to explain the dire consequences of re-regulation and educate congressional staff on the enormous capital requirements for increasing demand for freight service on rail.

To do this it was necessary to point out that since deregulation in 1980 average rail rates have plummeted by some 54 percent, saving shippers billions of dollars, and that while real rates were dropping railroads were improving safety and productivity.

Productivity increased from by 167 percent 1980 to 2006. Train accident rates decreased by 68 percent during the same time and worker injuries dropped by 81 percent.

Of course, this was the result of massive private investment made possible by deregulation. In the past 26 years railroads have spent some \$400 billion in capital improvements alone, all without government subsidy.

Congressional representatives were asked to recognize this was only as a result of deregulation and further asked to oppose any efforts to re-regulate railroads.

At the same time, legislators were asked to understand that the nation's railroad infrastructure was quickly approaching its capacity limits. And with barely enough capital to maintain

that infrastructure without federal assistance capacity improvements would only proceed marginally.

S.1125/H.R.2116 is a bipartisan measure designed to provide a five-year, 25 percent tax credit for new capacity investment by Class 1 railroads. It is estimated that if these bills are enacted that Class 1 railroads could invest another \$1.5 billion per year. It is estimated that this could mean an additional 20 percent demand for all rail supplies for track and capacity related construction.

Again, RTA members are urged to write their legislative leaders and ask them to support the tax credit measures now pending in congress and further oppose any efforts to re-regulate the rail industry. §



RTA Executive Director Jim Gauntt, second from right, pauses for a photo with NRC Chairman 2008 Manny Ramirez (second from left) and others in the capitol rotunda.



More than 300 attendees were briefed on a variety of issues prior to congressional meetings.



In Congressman Nathan Deal's (R-GA) office. Legislative Assistant Blake Fulanwider is in the foreground.



Congressman Dave Camp (R-MI), fourth from right, poses with Montana Rail Link President Thomas Welch (second from left) and others after a briefing on issues.