

# Section 45G Short Line Tax Credit: Helping Smaller Railroads Modernize and Better Serve Rural Companies

**Freight Rail Policy Stance:** The government should make the Section 45G short line tax credit permanent tax policy.

**Why This Matters:** Short line and regional railroads connect more than 10,000 customers to the national main line rail network. The tax credit makes it possible for these smaller railroads to upgrade and modernize their infrastructure to meet customer needs.

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The freight rail industry supports the continuation of the short line railroad Section 45G tax credit, which was originally enacted in 2005 to spur infrastructure investment by hundreds of short line and regional railroads.

The tax credit helps nearly 600 short line railroads preserve nearly 50,000 miles of track, which connect more than 10,000 rail customers to the national main line rail network. These freight rail connections are critical to preserving the first and last mile of connectivity to factories, grain elevators, power plants, refineries, mines and facilities that employ over one million Americans.

The short line tax credit must be made permanent policy so that short line and regional railroads can make the investments necessary to support the more than 10,000 customers who depend on them.

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## At a Glance

- **Railroad Impact**  
An impressive 42% of rail carloads and intermodal units and 35% of annual rail revenue are directly associated with international trade. About 50,000 rail jobs, worth over \$5.5 billion in annual wages and benefits, depend directly on international trade.
- **A Big Part of the Rail Network**  
Privately and locally owned short lines are often the first and last miles of a rail network that provides safe and affordable freight service for a wide range of customers in 49 of 50 states.
- **Empowering Global Competitiveness**  
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.
- **Helping Preserve Highway Infrastructure**  
Not only do short lines help connect the entire freight rail network, they keep 30 million truckloads per year off the highway.