

The Honorable Jerry F. Costello
House Ways and Means Committee
"Member Day" Hearing on Tax Extenders
April 26, 2012

Chairman Camp, Ranking Member Levin and members of the House Ways and Means Committee, thank you for the opportunity to offer my support for legislation, H.R. 721, I co-authored regarding the railroad track maintenance tax credit previously included in the 2010 tax extenders law. I respectfully request that you include this important tax credit in any related tax legislation the House may consider this year.

The railroad track maintenance tax credit, known as Section 45G and utilized by the short line railroads to rehabilitate and improve freight railroad tracks, expired on December 31, 2011. My colleagues and I introduced H.R. 721, the Short Line Railroad Rehabilitation and Investment Act of 2011, which extends Section 45G through 2017. A straight extension of current law is scored at \$165.5 million per year extended.

This legislation has strong bipartisan support in the House with **252 cosponsors, including 20 members from your Committee.**

Today, short line railroads operate 50,000 miles of track and serve more than 12,000 facilities that employ over one million people. The majority of these businesses are located in rural and small communities lacking any other rail service. The Federal Railroad Administration estimates that half of every dollar spent on short line rehabilitation goes to pay workers.

Railroad rehabilitation requires materials such as wood ties, steel rail and spikes, rock for ballast, and timber and steel for bridges. Almost all of this material is manufactured in America by American workers. Further, the railroad track maintenance tax credit maximizes investment in assets that will preserve rail service, reduce transportation rates and help customers grow their small businesses. These assets will be producing a positive return on investment for 30 to 40 years.

It is critical that this tax credit be included in future tax extender legislation to provide important long-term planning and certainty necessary to maximize transportation infrastructure investment, preserve rail service and rail jobs.

Thank you for your consideration and I am happy to answer any questions you may have.