



**American Short Line and
Regional Railroad Association.**

SURFACE TRANSPORTATION REAUTHORIZATION PRIORITY ITEMS FOR THE SHORT LINE FREIGHT RAILROAD INDUSTRY

WHO WE ARE

The American Short Line and Regional Railroad Association (ASLRRA) represents the nations over 600 Class II and Class III railroads and hundreds of railroad industry suppliers. Class II and Class III railroads, commonly referred to as short line railroads, are the “first-mile, last-mile” of the freight rail network. Short lines are small businesses: the typical short line employs about 30 people, operates about 80 route miles and earns about \$8 million in annual revenue. Our significance is not our size but who and where short lines serve. For large areas of rural and small-town America, short lines are the only connection to the national rail network.

America’s short line railroads manage one-third of the national freight rail network and touch in origination or destination one-fifth of all carloads moving on that national network. Together, short lines operate in 49 states, are tied to 478,000 jobs nationwide, \$26.1 billion in labor income and \$56.2 billion in economic value-add – providing a service that over 10,000 agricultural, energy, manufacturing, and industrial businesses nationwide rely upon to receive their raw materials and get their products to market.

The next Surface Transportation Reauthorization bill will impact railroad transportation for years to come. It is vital that a strong rail title be included. Below are ASLRRA’s policy priorities that are top of mind for the short line industry. We believe these priorities will help America build and we are very eager to do our part.

SURFACE TRANSPORTATION POLICY PRIORITIES

1. Rail Transportation Grant Programs:

1.1 Improve the Consolidated Rail Infrastructure and Safety Improvements (CRISI) Program

In 2015 Congress created the Consolidated Rail Infrastructure and Safety Improvements (CRISI) program to invest in projects that improve railroad safety, efficiency, and reliability for freight rail and intercity passenger rail.

CRISI has allowed short lines to invest in hundreds of **transformational projects** which would not otherwise be possible. **Short lines can directly apply for CRISI grants**, enabling them to focus on short line-sized projects, like crosstie replacement, which would likely not be competitive in programs like BUILD and INFRA that fund many different modes, that often support complex multi-mode and multi-stakeholder projects, and that have broader applicant eligibility.

Every dollar invested in improving rail infrastructure is a dollar invested in rail safety. For short lines, the biggest causes of derailments are worn-out track (i.e., broken rail) and rotten ties (i.e., wide gauge). The best way to address those is simply to invest in the track, which is exactly what CRISI funds do, making rail transportation safer for short line employees and for the communities they serve.

Since the program was enacted, some 240 CRISI grants have been awarded that benefit short lines, totaling over \$2.7 billion. In the most recent round of CRISI awards, 81 of the 122 awards were to short line projects, totaling \$1.29 billion, about half of the \$2.48 billion in awarded funds.

Under the last surface transportation authorization law, the Infrastructure Investment and Jobs Act (IIJA), CRISI received \$1 billion per year guaranteed by advance appropriations through FY26, plus up to \$1 billion per year through discretionary appropriations. **Maintaining at least those funding levels in the next surface transportation reauthorization bill – in guaranteed and discretionary funds – is the top priority for short lines.**

The advance appropriations in IIJA created funding stability and predictability that has been particularly important for the short line community, including their suppliers, contractors, and rail shippers nationwide. This predictability helps short lines to have the time needed to invest in project planning and to marshal their non-federal matching funding from slim internal resources. **Short lines urge Congress to include guaranteed annual funding for CRISI as part of the new surface transportation reauthorization bill.** Going back to simply authorizing funds and hoping for support through annual discretionary appropriations process would be a huge step backwards for short lines and CRISI. It would put short line freight rail at a massive disadvantage to the competition.

CRISI has been powerful, effective, and popular on a bipartisan basis. The program, however, can be further improved in the following ways:

- **Protect CRISI's Ability to Bolster the Freight Rail Network** – ASLRRRA discourages set-asides within CRISI for passenger rail projects or expansions of the program to include major new eligible applicants, such as commuter railroads. With so many challenges facing our freight supply chain, short lines need to remain viable competitors for these limited funds. While we have no opposition to passenger rail, there are other federal grant programs which provide passenger rail applicants with funding levels that dwarf CRISI.

- **Speed** – CRISI projects should move from announcement to obligation to completion faster than they currently do. For almost all short line projects, most of which are quite simple in the context of infrastructure investments, this would result in better outcomes for the public, for short lines, for communities, and for shippers with no additional risk, and would help avoid the significant cost escalation associated with delay.

- **Increase Transparency Across the Grant Lifecycle to Enable Benchmarking and Process Improvement** – Congress should require that FRA file regular reports, more often than annually, on the status of processing grants, from award notification through obligation to closeout. This data will help stakeholders understand how long it takes the agency to move through the process for each award. It will also create beneficial pressure encouraging the agency to innovate to move the process faster.

- **Improve Elements of the Federal Permitting Process** – Short lines are an environmentally friendly way to move goods. We encourage efforts to ensure National Environmental Policy Act (NEPA) and other federal permitting requirements reflect this sustainable way to move freight and do not undermine it.

- There is room within USDOT's NEPA implementing regulations to expand definitions of selected categorical exclusions (CEs) without risking significant environmental impacts. CEs for projects involving facilities and bridges should be revised to increase agency discretion on class of action and level of analysis required.
- CEs with no or very low environmental impacts should be routinely bundled for approval, a practice that Congress can encourage. Examples of these are projects for routine rehabilitation of existing infrastructure in operational rights of way, and projects for locomotives, research, or engineering activities.
- ASLRRA supports proposals to create a broad statutory NEPA CE covering DOT-grant-funded projects that take place on existing, operational railroad rights-of-way. To benefit short lines, such a CE should not be restricted to projects in state rail plans. It is very rare for short line railroad projects to be identified in such plans.
- Section 106 National Historic Preservation Act. ASLRRA supports targeted and commonsense reform to the federal historic preservation review process for railroad rights-of-way. Congress should accelerate freight rail infrastructure investments that promote safety while preserving protections for truly significant historic assets. Under proposed new language, DOT would have one year to identify individual railroad elements with exceptional historic significance. Any portions of railroad rights-of-way not specifically identified within that timeframe would automatically be excluded from Section 106 and related historic site review requirements.

• **Codify Holding Structure Eligibility for Class II and III Railroad Projects** – Even small groups of short lines can be organized into holding structures for legal and administrative purposes. It can be optimal for these holding entities to be the grant applicant and the party to the grant agreement instead of the individual railroad. Appropriators have recognized this and for many years included this eligibility in annual appropriations laws. Relying on this approach can reduce complexity for the agency and risks for applicants. Congress should incorporate this eligibility permanently into statute.

• **Revise Grant Conditions to Reduce Delays and Complications** – Many short line railroad projects funded through CRISI take place on infrastructure owned by another party but operated by the short line under agreements such as long-term leases. Current law requires the agency to obtain additional written agreements from those owners and stakeholders. This often creates unnecessary, complex legal processes on top of existing agreements. Congress can fix this by clarifying that the agency may accept existing agreements if they already meet the intent of the law.

1.2 Authorize a Permanent Grant Program within FRA to Provide Emergency Disaster Relief to Short Lines

Short line railroads are fiscally constrained small organizations that manage significant and expensive infrastructure assets that provide a critical transportation function to the public. These small railroads can nowhere near fully insure themselves against the massive costs that can be incurred in a natural disaster. A hurricane, flood, earthquake, or other major event can take a small railroad out of service permanently. Short lines are not eligible for FEMA disaster funding. Highways and transit systems have their own long-standing federal disaster relief programs at USDOT, but nothing equivalent exists to assist short lines, which are just as important to the communities they serve. We urge Congress to establish a program at FRA to provide a rapid grant lifeline to short lines when they are struck by a natural disaster. Congress should provide an authorization of \$30 million per year for the length of the bill.

1.3 Facilitation of Real Property Acquisition for FRA Grant-funded Projects

Securing land for a federal-grant-funded rail project can be challenging. USDOT has often delayed authorizing property acquisition by grantees during the lengthy grant obligation process. ASLRRRA supports proposals to update the law to facilitate early property acquisition by grantees while still adhering to the requirements of the National Environmental Policy Act.

2. Modal Equity with Trucks:

The existing 80,000-pound trucks on our interstate system do not cover the full cost of the damage they cause to roads and bridges. Increasing the size and weight of those trucks would make the problem worse and have negative consequences for both the short line railroad industry and the public. It would shift freight from rail to trucks, resulting in more trucks on our nation's roads and highways, more congestion and wear and tear on already subsidized roads, more air pollution, and more deadly crashes. Small railroads are largely privately-owned, and they reinvest 25% to 33% of their annual revenue into maintaining and improving their infrastructure. There would be tremendous public policy benefits to the country if the playing field is level and freight movement by rail grows, such as:

- **Safety** – Rail is 3-20 times safer than trucking, depending on the metric being measured.
- **Congestion Reduction** – One train can keep hundreds of trucks off the road.
- **Taxpayer Savings** – Heavy trucks produce a disproportionate share of highway damage.
- **Environmental Benefits** – Railroads are widely recognized as the cleanest way to move freight over land.
- **Cost Efficiency** – Freight rail is generally a less expensive way to move freight, providing an enduring competitive advantage for America's energy, agricultural, industrial, and manufacturing industries and helping to keep inflation in check.

Since 2008, the Highway Trust Fund (HTF) has received a stunning \$275 billion from the U.S. Treasury's general fund to cover shortfalls. This is a gigantic subsidy to our biggest competitor. Given that, public policies that support freight rail make sense for Congress to consider. But at the very least, we ask that Congress not drive policy in the other direction and further shift freight to trucks.

According to a 2016 USDOT report, thousands of interstate and other National Highway System bridges could not accommodate heavier trucks.¹ These bridges would need to be reinforced or replaced, costing billions of dollars. USDOT estimated the 91,000-pound, six-axle configuration would negatively affect more than 4,800 bridges, costing \$1.1 billion. The 97,000-pound, six-axle configuration would negatively affect more than 6,200 bridges, costing \$2.2 billion. Triple-trailer trucks weighing 129,000 pounds with nine axles would cost an additional \$5.4 billion.

Congress should oppose any efforts in reauthorization to increase the present truck size and weight limits on the highway system, including pilot projects and equipment and commodity-based exemptions.

¹ USDOT; 2016.

3. Rail Safety Regulations

As any new regulations are considered for what is already a highly regulated industry, we urge that they be focused on solving actual safety problems and be practical for small business short line railroads to implement. Further, we encourage Congress to be aware of unintended consequences to broader transportation safety—when regulations increase the cost of freight railroading or degrade freight rail service, they risk shifting freight traffic from the largely privately funded and safer rail network to the largely publicly funded and less safe highway network. Short lines can only thrive if they are given the flexibility and discretion to run their railroads in a manner that is safe, customer-focused, and still cost-effective. As noted previously, for short lines the biggest risks of derailment come from worn out track and ties. The best way to address that is simply to invest in the infrastructure, which is exactly what CRISI does.

Give Railroads Flexibility to Use Better Safety Solutions

The Problem: The RRP is designed to require railroads to identify and address safety risks. However, a railroad may be able to address a particular safety risk more effectively through a technology, process, or other solution that differs from an existing federal regulatory requirement.

The Ask: Allow a railroad operating under an approved RRP to propose an **alternative method of compliance** when it can demonstrate that its proposed technology, process, or other measure provides equal or greater safety protection than the existing regulation.

Under this approach, FRA would review and approve the alternative as part of the railroad's RRP. Once approved, the railroad would be exempt from the specific regulatory requirements addressed by the alternative, as long as it continues to maintain the approved safety mitigation.

4. Continued Federal Support for Grade Crossing Safety Issues

Continue to fund Operation Lifesaver (OLI), the Section 130 grade crossing program, and the Rail Crossing Elimination (RCE) program to protect the public. By far the most significant concerns with rail safety are related to interactions with the public at grade crossings and trespasser issues. OLI is an industry and government-supported effort which focuses on educating the public about the importance of staying off railroad tracks and the need for passenger and commercial vehicle drivers to exercise caution at grade crossings. The federal government has been an important participant in these efforts, largely through the FHWA Railway-Highway Crossings Program, known widely as the "Section 130" program. This program significantly improves grade crossing safety by providing funding to improve grade crossing protection equipment. More recently, the RCE program has also been successful in providing options for communities to close unnecessary crossings. ASLRRRA recommends that Congress continue to fund the Section 130 program, RCE, and OLI at robust and guaranteed levels.

5. Short Line Safety Institute

ASLRRRA asks Congress to authorize federal support for the Short Line Safety Institute (SLSI), which helps build a strong, sustainable safety culture throughout the short line industry. Beginning in 2015, with a modest \$2 million grant from the FRA directed by Congress, SLSI has developed a program of safety culture assessments, training, and education, including a focus on the safe transportation of energy products and hazardous materials, outreach activities, and research. SLSI has become a trusted entity within the industry and at FRA, providing safety culture assessments that have been identified as the

most robust in the industry with suggestions for improvement based on industry's best practices.

SLSI has been funded by report language in the annual appropriations process, directing about \$2.75 million annually from the FRA's Research and Development account to fund SLSI's operations. Short lines encourage Congress to establish a line-item authorization and annual appropriation of \$2.75 million for SLSI to ensure stable, direct funding for this proven safety program.

6. RRIF Loan Program Improvements

The Railroad Rehabilitation and Improvement Financing (RRIF) Program, established in 2006, makes available up to \$35 billion for long-term loans on favorable terms for rail capital projects, with a set-aside of \$7 billion for small railroads. Short line RRIF lending was successful early in the program but has since waned. ASLRRA is supportive of proposals to improve RRIF, to include:

- Expanding eligibility to support rail shipper facility investments including production facilities. By generating new rail traffic, such projects support the economic health of the short lines serving the facilities, and will spur their internal investment in rail infrastructure.
- Enabling interest-only loans for up to ten year terms. This gives DOT a tool it may deploy in support of investments where such a structure is advantageous, such as for projects with multi-year ramp-up periods.
- Enabling and facilitating use of FRA rail grant program funds for the cost of RRIF loan risk premiums.
- Expanding DOT's ability to draw on external credit risk analyses by qualified institutions when conducting due diligence of RRIF loan applications. This can reduce redundant analyses by DOT and help streamline the credit risk review process.
- Facilitating DOT consideration of credit risk mitigating factors in their analyses, such as high levels of project readiness, high percentages of non-federal support in project capital structures, and public-private joint liability agreements.

We also support the expansion of available RRIF credit from \$35 to \$50 billion.

SHORT LINE HEALTH IS VITAL TO OUR NATION'S ECONOMIC SUCCESS

Short lines continue to face significant economic challenges that threaten their ability to maintain secure operations. With aging infrastructure requiring substantial investments, they are burdened by a backlog of over \$12 billion in necessary improvements, a legacy from when they were created from loss-making lines at much larger railroads, in order to preserve rail lines from abandonment. Despite earning only an estimated 6% of the total U.S. freight railroad industry's revenue, short lines are responsible for maintaining roughly 33% of the nation's rail infrastructure. Support from CRISI and reasonable regulations have been crucial to short lines' ability to maintain investments. As Congress shapes the nation's next surface transportation bill, the short line industry urges that these vital programs and policies be secured in legislative text to help ensure the continued success and growth of the short line industry, and the nation's freight rail network