GEORGIA RAILROAD ASSOCIATION

Panel Discussion
House Rural Economic Development Council
October 24, 2017
Shortline Railroad Revenue vs. Infrastructure Needs

- Limited traffic, generates limited revenue
- 125 miles of track serving 10 cities and 7 counties in rural Georgia
- On limited traffic routes, revenue gets absorbed by operational expenses - Crew Costs, payroll taxes, track inspections, locomotive costs/Fuel, Maintenance, required inspections, railroad Insurance costs, Signal Maintenance and inspections, and State and Federal Taxes
- There is little to-no room for investments into the Track Infrastructure for crosstie replacement, switch maintenance, or other general good practices to keep the railroad in a good state of repair to continue service to these small-rural-low traffic customers.

Switch that was retimbered and overhauled in 2015 using 45G tax credit funds to accomplish.
45G Enables Economic Growth and Job Creation

Shortlines are able to invest into their track

▶ Creates opportunities for new rail traffic

▶ Hires local Track Contractors to perform work to Crossing rebuilds, switch rebuilds and crosstie renewal projects

▶ Generates job creation by providing infrastructure funds on the local level for reinvestments.

2016 Project creating a trans-loading track - 45G paved the way for the new traffic and provided for 3 new jobs in a rural area.
Based out of Washington, GA
16 miles of road operated
2 employees, 1 locomotive
558 carloads handled in 2016
$0.67 MM in freight revenue in 2016
263K capable, FRA class I track

Notable customers include:
- Berry Plastics (Washington)
- Sunoco Logistics (Washington)
- Dow Chemical (Washington)
Based in Albany, GA
222 miles of road operated
46 employees, 11 locomotives
20,422 carloads handled in 2016
$8.6 MM in freight revenue in 2016
286K capable except 263 to Foley

Notable Georgia customers include:
- Southwest Georgia Ethanol (Pelham)
- Miller Brewing Company (Albany)
- Flint Hills Resources (Camilla)
- Procter & Gamble (Albany)
- Oil-dry Corporation (Ochlocknee)
The Hartwell Railroad Company was chartered in 1878, and its 10-mile line from Hartwell to Bowersville was completed in late 1879.

Since 1990, HRC has been owned and operated by Bennie Ray Anderson of the Great Walton Railroad.

In addition to its original line, the Hartwell now operates the 48-mile former Norfolk Southern line between Toccoa and Elberton.

In August 2017, Elbert County Development Authority announced a newly constructed 10,000 square foot grain mill will employ six people with wages of no less than $15 per hour in addition to management positions.

The mill indicated that this Elbert County site was chosen for its access to the highway and rail service capacity.

In order to grow the mill further, the mill and the railroad want to build a spur into the property.
In 2015 GDOT published the State Rail Plan that sets forth detailed lists of Short Range and Long Range Projects that have been identified as bringing public benefit. (see Handout)

Note that the projects are located all over the state and illustrate the need for more state funding for freight rail projects.

SB 89: Creates Georgia Freight Rail Program.

Unanimously passed the Senate in 2017 and is in House Transportation Committee.

The program would be subject to general appropriations and would have no effect on HB 170 funding or projects.

GDOT would create the necessary rules to operate the program, and all projects are required to have a public benefit.
Rural Railroad Tax Credit Proposal

Ryan Pidde is presenting on the creation of a 50% state tax credit for rural investment that is modeled upon the successful 45G federal program.

This program would improve the Return on Investment analysis for the railroads seeking to expand their operations to create more economic development in rural Georgia.