

GEORGIA RAILROAD ASSOCIATION

Panel Discussion

House Rural Economic Development Council

October 24, 2017

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CaterParrott Railnet

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

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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
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- Notable customers include:
 - Berry Plastics (Washington)
 - Sunoco Logistics (Washington)
 - Dow Chemical (Washington)





RAIL MADE
EASY

- 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)



Hartwell Railroad Company

- 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.

Senate Bill 89

- ▶ 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 Pidge 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.