

September 21, 2018

The Honorable Mitch McConnell
Majority Leader
U.S. Senate
H-230 Capitol Building
Washington, DC 20510

The Honorable Chuck Schumer
Minority Leader
U.S. Senate
322 Hart Senate Office Building
Washington, DC 20510

The Honorable Orrin Hatch
Chairman
Senate Committee on Finance
104 Hart Senate Office Building
Washington, DC 20510

The Honorable Ron Wyden
Ranking Member
Senate Committee on Finance
221 Dirksen Senate Office Building
Washington, DC 20510

Dear Majority Leader McConnell, Minority Leader Schumer, Chairman Hatch, and Ranking Member Wyden:

The American Association of Port Authorities (AAPA) strongly supports making Short Line Tax Credit (45G) permanent as soon as possible, to help the U.S. economy better compete in the world marketplace. AAPA is the unified voice of the seaport industry in the Americas, representing more than 130 public port authorities in the U.S., Canada, the Caribbean and Latin America. This letter is on behalf of our U.S. members. Seaports deliver vital goods and services to consumers, ship U.S. exports, create jobs and support local and national economic growth. Seaports are vital economic engines whose cargo activity supports over 23 million American jobs and accounts for over a quarter of the U.S. economy. In 2014, U.S. seaports generated nearly \$4.6 trillion in total economic activity.

Seaports and short line railroads share a strong partnership within the supply chain. Port rail access is vital infrastructure that connects American farmers, manufacturers and consumers with international markets. American ports rely on safe, efficient surface transportation that connects U.S. seaports with all the communities located away from the Atlantic, Pacific, or Gulf coasts and the Great Lakes. Short line freight railroads provide the critical “first mile and last mile” for these interior surface moves.

Improving rail access and providing tools to build multimodal rail infrastructure is a top AAPA priority. AAPA’s recently released [The State of Freight III](#) report which identified that in the coming decade one-third of ports have pressing rail project needs that cost more than \$50 million, 43 percent said better rail access would add more than 25 percent throughput capacity through their ports and 90 percent said better rail access would help meet these growing demands and secure new cargo. In fact, rail access is so important to the port industry and supply chain that within the next ten years, 77 percent of ports are planning on-dock, near-dock or rail access projects

There are over 600 smaller U.S. short line and regional freight railroads in every state except Hawaii. Ports on all three coasts and the Great Lakes rely on these railroads for on-dock or near-dock support of AAPA-member facilities. These smaller railroads also play a critical role in supporting the inland origins and destinations for international port traffic, ranging from originating American grain and U.S.-manufactured goods shipments to export markets, to servicing inland ports for international shipments. Short line railroads often make the vital

supply connections that Class 1 railroads cannot or will not do. All these services are critical for the growth and long-term health of U.S. seaport facilities.

The Short Line Tax Credit is a very important part of the U.S. tax code that assists smaller freight railroads to reinvest more back into their track and bridge infrastructure to handle freight more efficiently and safely. These improvements typically target ways to allow short lines to handle modern, heavier freight cars that are the standard on the large, Class I national rail network. Helping smaller railroads increase their ability to handle these modern cars creates public benefits for the thousands of communities and customers that depend on their freight services across the entire U.S.

AAPA supports making the Short Line Tax Credit permanent, to bring private sector investment into building out our national multimodal freight network, so our U.S. economy will continue to prosper, and U.S. goods and agriculture will better compete in the world marketplace.

We look forward to working with you on improving our national multimodal freight network.

Sincerely,

A handwritten signature in black ink, appearing to read "Kurt J. Nagle", with a long horizontal flourish extending to the right.

Kurt J. Nagle
President and CEO

cc: All Members of Congress