

**W. MATHEW TONN**Standard Car Truck Company
Chairman**Marshall G. Beck**New York Air Brake Company
Vice Chairman

The Railway Supply Institute (RSI) is the international trade association of the railway and rail rapid transit supply industry. There are approximately 750 railway supply companies in the United States ranging from large, multi-national corporations to small, privately owned concerns. Total employment in those companies approaches 200,000. Total domestic sales of the railway supply industry are approximately \$20-25 billion per year. Approximately one quarter of sales is to commuter rail, rail rapid transit and Amtrak.

RSI member companies build virtually all the locomotive and freight cars operated on our nation's railroads; other RSI members own and provide for lease some 700,000 freight cars to shippers and railroads. Six RSI member companies own 70 percent of the 300,000 railroad tank cars operating in North America. Other RSI member companies provide component parts to the freight car and locomotive builders and still others provide communication and signaling technology and maintenance of way machinery to Class I, passenger and short line railroads. In the twenty seven years since the Staggers Act, the railway supply industry has introduced more technology than in its previous 150-year history

Given the current global economic situation, the railway supply industry is looking at difficult times in the next few years. Layoffs have begun and bankruptcies are not out of the question. Obviously, the well being of our nation's railroads is crucial to our success.

We are pleased to give our views on issues facing our industry.

THOMAS D. SIMPSON

Executive Director - Washington

HOWARD E. TONN

Executive Director - Chicago

CHICAGO, ILLINOIS29W 140 Butterfield Road, Suite 103-A
Warrenville, Illinois 60555
Phone (630) 393-0106 • Fax (630) 393-0108**WASHINGTON, D.C.**50 F Street, N.W., Suite 7030
Washington, D.C. 20001
Phone (202) 347-4664 • Fax (202) 347-0047



SAFETEA – LU REAUTHORIZATION

RSI strongly urges that the Section 130 Grade Crossing Safety program, reauthorized in every transportation bill since its inception in the 1970s, should be reauthorized and expanded. Grade crossing safety and trespasser prevention projects can rarely compete with other highway projects at the state level. It is important that states devote adequate funding to these two safety issues. Also, funding for Operation Lifesaver should be maintained and expanded. With its “Look, Listen and Live” safety message, no one is better at educating our society to the dangers at highway-rail crossings and along our railroad rights-of-way.

The federal government should not increase truck sizes and weights. Heavier trucks are a legitimate safety concern to motorists and contribute to pavement damage while not paying their fair share in taxes. It is much safer and fuel efficient to move trucks and trailers by rail.

To create more balance in federal transportation policy, RSI encourages the White House and Congress to include funding for rail in any transportation reauthorization legislation.

INTERCITY PASSENGER RAIL

RSI supports expansion of intercity passenger rail and development of high speed rail systems in the United States. States are demanding increased intercity passenger rail and Amtrak simply doesn't have the equipment to handle that demand. As the Congressional appropriation process has proven an inadequate resource for funding passenger rail we need to look at other sources of funding. The White House and Congress should look to a combination of various creative solutions that are outside the appropriations process. For example a combination of using a stimulus package for funding rail infrastructure and equipment, energy tax credits, tax credit bonds, allocations from a cap & trade system and incentive funding for energy efficient locomotives could increase investment in passenger rail.

OTHER ISSUES

Federal Preemption. To maintain a safe and efficient interstate railroad system, any efforts to relax the federal preemption doctrine should be opposed.

Positive Train Control (PTC). The federal government should provide some method of access to federal funding for the installation of PTC. Interoperability issues especially where freight and passenger railroads operate, such as they do in the NE Corridor, need to be identified and overcome.

RRIF Loans. To encourage the use of RRIF loans, the process should be simplified and the loan rate should be dropped to one percent.



INFRASTRUCTURE TAX INCENTIVE

RSI supports the railroad industry's efforts to enact legislation creating an infrastructure tax incentive for certain freight rail capital expenditures. Such legislation would increase capacity, place capital cost recovery of rail infrastructure on the same basis as competing modes and create jobs in the railway supply industry especially in the communication and signaling and MOW industries.

NEW RAILROAD FREIGHT CARS

Beginning in 2002, the six RSI member companies who build new railroad freight cars enjoyed a steady growth in orders and deliveries. Orders and deliveries peaked in 2006 when 92,000 cars were ordered, 75,000 were delivered, and the backlog of cars ordered but not yet delivered was 85,000. Total orders for new railroad freight cars in 2008 may be less than 40,000 cars with deliveries in the 55,000 range. The current backlog is 52,000 cars. The general consensus is that orders in 2009 could be less than 30,000. The current annual capacity of the freight car building industry approaches 100,000 cars. Tax incentives to build new railroad freight cars were in place in the 1970s and led to a glut of freight cars that took a decade or more to work into the system, but tax incentives aimed at replacing older cars with new freight cars that are more efficient, increase capacity, improve safety or incorporate technologies that increase capacity should be considered. The accelerated depreciation, which has helped freight car builders, should be extended.

RAILROAD TANK CARS

There is no safer method of moving hazardous materials than by railroad tank car. Through the RSI/AAR Tank Car Safety Project the railroad and railway supply industries have invested more than \$20 million in tank car research and more than \$700 million in safety improvements to the tank car fleet. The industry is currently discussing funding an advanced tank car collaborative research program designed to eliminate more risk in the movement of hazardous material by rail. It is important that the Departments of Homeland Security and Transportation join this effort and they should be directed to do so. Current capacity of the tank car building industry will allow for any increase in demand for railroad tank cars for bio fuels and other commodities. As the economic life of a railroad tank car is 40 years, tax incentives to replace existing cars with safer and more secure cars should be considered.