



April 1, 2019

The Honorable Autumn Burke
 Chair, Assembly Revenue & Taxation Committee
 State Capitol, Room 5150
 Sacramento, CA 95814

RE: AB 1397 (Burke): Income taxes: credit: railroad in reconstruction or replacement

Dear Assemblymember Burke,

The following California organizations and businesses wish to commend you for your continued pursuit for policy solutions that invest in California's transportation infrastructure and economy.

We write to you in strong support of the Short Line Railroad Modernization Act of 2019 – AB 1397. This innovative tax credit will help short lines drive investments based on market demand, community needs and, most importantly, will help keep California farmers, agri-businesses, manufacturers, and retailers competitive in the national and global markets. The tax credit will also promote efficient and cost-effective transportation for short line customers that support California workers and their families.

As you know, California's short lines handle approximately one-tenth of the state's carload freight tonnage and are a critical link between many of the state's freight-intensive industries, ports, and principal trade corridors. According to the 2018 California State Rail Plan (CSRP), inbound and outbound freight traffic are expected to increase by approximately 70 million tons by 2040 - that is on top of the near 100 million tons of total freight traffic that moves through California today.

AB 1397 would provide the needed incentives to afford the short line rail industry opportunities to improve track conditions for seamless connections with the Class I network. These

improvements will not only make the short line rail system modern and efficient but also provide reductions in emissions, traffic congestion and trade corridor bottlenecks.

We support California's short line railroads, shippers, and business and urge you to pass AB 1397 – the Short Line Railroad Modernization Act of 2019.

Sincerely,



Don Norton

Executive Director

California Short Line Railroad Association

Brad Ovitt
Arizona & California Railroad

Al Cardona
BMW Group

Brad Ovitt
California Northern Railroad

Brad Ovitt
Central Oregon & Pacific Railroad

Tracy Alves
Modesto & Empire Traction Co.

Christian D'Anna
NCP West LLC

Chris Stotka
Oakland Global Rail Enterprises

Kimia Khatami
Pacific Harbor Line

Laura McNichol
Pacific Sun Railroad

Casey Doelman
Quality Grain

Barbara O'Neill
Richmond Pacific Railroad

Joe Gallegos
Sacramento Valley Railroad

Brad Ovitt
San Diego & Imperial Valley Railroad

Nick Kendall
San Francisco Bay Railroad

Brad Ovitt
San Joaquin Valley Railroad

Kennan Beard
Sierra Northern Railway

Jason Culotta
St. Paul & Pacific Railroad

Alan Thiem
Stockton Terminal & Eastern Railroad

Arzell Hale
Trona Railway

Brad Ovitt
Ventura County Railroad