

H.R. 8082, Introduced by Reps. Schneider, LaHood, Blumenauer, Ferguson, Lipinski & Crawford - The Freight Rail Assistance & Investment to Launch Coronavirus-era Activity & Recovery Act (Freight RAILCAR Act)

Summary: *A bill to provide tax credits to encourage the replacement or modernization of North America's freight railcar fleet with higher capacity, more fuel-efficient vehicles, and to stabilize jobs in the railcar manufacturing and modification industry in response to the Coronavirus (COVID-19) pandemic.*

Key Points:

- **Provides a time-limited 50% tax credit for new railcars or modification of existing railcars to help offset the costs associated with either of the following:**
 - Replacing two existing railcars with a new railcar that improves fuel efficiency or capacity by at least 8%; or
 - Refurbishing or modernizing an existing railcar to improve fuel efficiency or capacity by at least 8% or to upgrade to DOT-117 tank car specifications.
 - This credit will expire on December 31, 2024.
- **Provides a separate tax credit available for the scrapping of a railcar based on the depreciated value of that particular asset.**
 - This credit also expires on December 31, 2024.
- **Provides a time-limited 50% tax credit for capital expenditures on equipment or technology enhancements in railcar-related manufacturing or repair shops if that equipment:**
 - Improves the implementation of enhanced controls to meet environmental standards including emissions limits under the Clean Air Act, or
 - Improves the efficiency, quality, or safety of railcar or railcar component manufacturing, repair, and modernization operations.
 - This credit will expire on December 31, 2023.

Eligibility:

- To benefit from the new car tax credit, the old railcars must have been in service during the 48 months prior to enactment of the bill and must be permanently taken out of service.
- Anyone utilizing the credit tied to the scrapping of a railcar cannot also use that car for purposes of meeting eligibility requirements for the new car tax credit.
- Facilities eligible to build or refurbish railcars must be privately or publicly owned and may not be under the control of a state-owned or state-supported entity.

Environmental Benefits:

- 18.9% Capacity Increase in Covered Hoppers → 6.8 million tons of CO₂ saved over 20 years
- 16.7% Capacity Increase in Double Stack Cars → 3.3 million tons of CO₂ saved over 20 years
- 20.5% Capacity Increase in Autorack Railcars → 13.2 million tons of CO₂ saved over 20 years