



RSA Applauds Leadership on the Freight RAILCAR Act of 2021

The Freight RAILCAR Act of 2021 is vital to ensuring a strong domestic freight rail industry. The bill safeguards thousands of family-wage jobs and helps modernize the North American railcar fleet, increasing efficiency and going green.

(Washington, D.C.) – The Rail Security Alliance commends the leadership of U.S. Reps. Brad Schneider (D-IL-10) and Darin LaHood (R-IL-18) for introducing the Freight “Rail Assistance and Investment to Launch Coronavirus-Era Activity and Recovery Act” (the Freight RAILCAR Act of 2021) today.

This bipartisan tax bill follows other across-the-aisle efforts to promote modernization of the North American freight railcar fleet and protect the industry’s economic impact in communities throughout the U.S.

Additional original sponsors House Transportation and Infrastructure Rail Subcommittee Chairman Donald Payne (D-NJ-10), Ranking Member Rick Crawford (R-AR-1), and Reps. Rodney Davis (R-IL-13) and Randy Weber (R-TX-14); along with Schneider and LaHood House Committee on Ways and Means colleagues Reps. Earl Blumenauer (D-OR-03), Terri Sewell (D-AL-7) and Jackie Walorski (R-IN-02); as well as Reps. Dan Bishop (D-GA-2), Suzanne Bonamici (D-OR-1) and Louie Gohmert (R-TX-1).

Rail Security Alliance Vice President Erik Olson said, “The Freight RAILCAR Act of 2021 will allow the nation’s freight rail manufacturers and suppliers to build on its investment in the North American freight rail fleet to ensure that the industry operates at peak efficiency in ordinary times and in times of uncertainty.” Olson added, “This is especially important as we seek to bolster our nation’s critical infrastructure and supply chains, as well as work toward a strong recovery from the COVID-19 pandemic. The domestic rail rolling stock industry is a cornerstone of that recovery.”

According to a [2017 report](#), the domestic rolling stock industry contributed more than \$6.5 billion to the American economy in gross domestic product and supported 65,000 family-wage manufacturing and supply [jobs](#).

Provisions of the RAILCAR Act of 2021

The RAILCAR Act of 2021 will improve the nation’s freight railcar fleet by increasing the number of high-capacity, fuel-efficient freight railcars in operation throughout the U.S. and North America. Benefits include:

- **Modernization:** A 50-percent tax credit through 2025 for new railcars or modernizing existing railcars, while scrapping two older freight railcars no longer in service, improving the fuel efficiency and capacity of the North American fleet



- **Efficiency:** By encouraging the domestic rolling-stock industry to modernize older freight railcars, downstream benefits from increased capacity include reduced shipping costs and an increase in long-haul freight moved by rail.
- **Sustainability:** A separate, time-limited tax credit through 2025 encourages the scrapping of freight railcars no longer used, so that steel could be recycled into new steel, promoting environmental sustainability in the freight railcar industry
- **Investment:** A time-limited 50-percent tax credit for capital expenditures on equipment or technology enhancements in railcar-related manufacturing or repair shops that improve the efficiency, quality or safety of railcar or railcar component manufacturing. This credit will expire on December 31, 2024.

Foreign adversaries, including state-owned enterprises backed by the Communist government of China, have used the uncertainty of the COVID-19 pandemic to [flood global markets](#) with inferior steel products, including materials used in manufacturing both freight and passenger railcars. Given these anti-competitive tactics, the Freight RAILCAR Act of 2021 includes important safeguards to prevent companies owned or controlled by foreign state-owned enterprises from accessing the tax incentives that this bill provides.

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ABOUT THE RAIL SECURITY ALLIANCE

The [Rail Security Alliance](#) exists to support and encourage the adoption and enactment of U.S. policies, procedures and laws that are designed to promote the security of the railroads and the railroad system of the United States of America. Previous bipartisan action taken to promote rail security in the U.S. and to protect the nation's critical infrastructure and transportation systems has resulted in legislation including the Transit Infrastructure Vehicle Security Act (TIVSA) and the Foreign Investment Risk Review Modernization Act (FIRRMA).

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