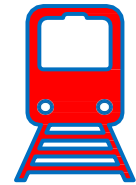


# H.R. 1200 - The Freight RAILCAR ACT of 2025



## Why this Legislation is Needed

### Current State of the Freight Rail Industry:

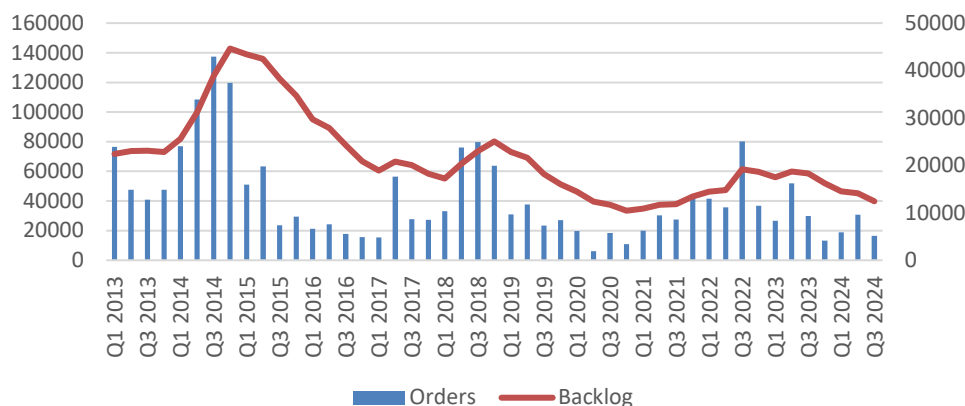
Through a time-limited tax credit, the Freight Rail Assets Investment to Launch Commercial Activity Revitalization Act (Freight RAILCAR Act) will modernize the railcar fleet, retire old and less efficient assets, and better position the industry to address supply chain constraints and support family-wage U.S. manufacturing jobs. Further, this bi-partisan legislation will provide a much needed economic boost to an industry responsible for the efficient movement of critical goods across the country.

The current North American railcar fleet is comprised of more than 1.6 million railcars with approximately 321,000 in storage, or 19.6%. The estimated number of railcars needing replacement over a 15-year window stands at 250,000 based on the average age of assets currently making up the North American fleet. Upcycling these outdated and less efficient railcars benefits manufacturers and consumers alike. Due to modern manufacturing methods, innovative new materials, and improved safety standards, new railcars have significant safety and efficiency improvements, which result in more goods being delivered to the market faster while reducing wear and tear on rail lines, further reducing incidences of service disruptions.

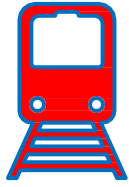
### Quick Facts

- ✓ The railway supply industry contributed \$75 billion to U.S. GDP and directly provided 240,000 American jobs in 2023.
- ✓ Over 200,000 freight railcars currently in the North American fleet are more than 40 years old.
- ✓ If just one-third of the almost 300,000 outdated hopper cars were replaced by higher capacity railcars, 4.3 million gallons of diesel fuel would be saved per in the first year alone.
- ✓ Rail moves 40% of freight (per ton-mile) and accounts for less than 1% of total U.S. GHG emissions.

### Railcar Orders and Backlog

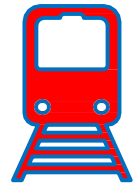


\*Data provided by the American Railway Car Institute



# The Freight RAILCAR Act of 2025

**Rep. LaHood (R-IL) and Rep. Schneider (D-IL)**



**Summary:** A bipartisan 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 that honors a commitment to better environmental stewardship, and to stabilize jobs in the railcar manufacturing and modification industry in response to ongoing market concerns.

**The Freight RAILCAR Act provides a time-limited 10% 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.

#### **Eligibility:**

- The credit will expire three years after enactment of the legislation.
- The credit is non-refundable, non-transferable, and is limited to 1,000 new freight cars per taxpayer per year.
- Existing railcars must have been in service during the 48 months prior to enactment of the bill and must be permanently taken out of service.
- Benefactors of the credits, and 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.

#### **The Freight RAILCAR Act will:**

- Protect 65,000 American manufacturing jobs in the rail sector and many more across its supply chain;
- Invest in modern, more efficient railcars that will increase economic productivity, while reducing the sector's carbon footprint; and
- Help the rail supply industry expand and thrive in the current economic climate.

#### **Environmental & Efficiency Benefits:**

A substantial amount of obsolete and aging freight railcars could be replaced over the next 3 years, making way for a more efficient fleet, while improving domestic shipping and supply chains.

New freight railcars increase capacity and reduce greenhouse gas emissions (GHG). For example:

- 18.9% capacity increase in covered hoppers → 6.8 million tons of CO<sub>2</sub> saved over 20 years
- 16.7% capacity increase in double stack cars → 3.3 million tons of CO<sub>2</sub> saved over 20 years
- 20.5% capacity increase in autorack railcars → 13.2 million tons of CO<sub>2</sub> saved over 20 years

The Freight RAILCAR Act will incentivize the market to replace the bulk of obsolete railcars years before the end of their useful life, delivering significant environmental benefits decades earlier. The Freight RAILCAR Act moves the replacement timeline forward by creating appropriate tax incentives and market certainty.