

S. 2785 The Freight RAILCAR ACT of 2025

Introduced by: Sen. Jim Banks (R-IN) & Sen. Chris Coons (D-DE)

Supported By: The Railway Supply Institute, The National Industrial Transportation League, Private Railcar Food and Beverage Association, American Iron and Steel Institute, and American Foundry Society



Freight Rail Assets Investment to Launch Commercial Activity Revitalization Act of 2025 (“Freight RAILCAR Act”) is a bipartisan bill, sponsored by Sen. Banks (R-IN) and Sen. Coons (D-DE) in the Senate and Rep. Darin LaHood (R-IL) and Rep. Brad Schneider (D-IL) in the House, to ensure that North America’s freight rail network remains the most efficient, reliable, and secure freight system in the world.



250,000 railcars will need to be replaced over a 15-year window. Due to advancements in manufacturing, preventive care and proactive upgrades can save millions by up-cycling old cars before they are taken out of service.

The domestic freight railcar supply chain directly sustains more than 65,000 high-skilled American jobs, underpinning a freight rail system that employs 240,000 manufacturing, assembly, operating, and maintenance personnel across the U.S. Yet the average freight car on U.S. tracks is more than 30 years old, hampering capacity and fuel economy, while leaving domestic manufacturing vulnerable.

The Freight RAILCAR Act tackles these challenges by offering targeted, time-limited tax incentives that:



- Modernize and replace aging railcars through a 10% tax credit for newly built equipment or major rebuilds, paired with the retirement of two older cars for every new one;
- Promote domestic capacity by encouraging the scrapping and recycling of aging cars, keeping high-value steel and aluminum in the U.S. circular

Collectively, these provisions will cut fuel usage, reduce shipper costs, improve network fluidity, and fortify a critical industrial base.

Eligibility.

- ✓ Available for three years after enactment
- ✓ Limited to 1,000 new cars per taxpayer per year
- ✓ Railcars must have been in service within 48 months prior and be permanently retired

BY THE NUMBERS



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