

Impacts of Public Policy on Rail Development in Missouri

presented to

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presented by

Allan Rutter
Cambridge Systematics, Inc.

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Study Outline

- **Task 1: Describe how Missouri's current rail related public policy is viewed from an industry perspective.**
- **Task 2: Prepare an overview of peer states' statutes, policy and practice and Missouri's relative position to those states.**
- **Task 3: Describe future issues and new frontiers with regards to logistics, policy, operations, and business practices.**
- **Task 4: Translate findings into legislative and policy changes to increase rail development within the state.**



Research Strategies

- Information gathered from literature review and direct interviews with business and government officials
- Recommendations shared with railroad representatives in a Workshop this past December
 - Follow up to interviews
 - Test recommendations
- Final report will share task results



Examination of Missouri Rail Policies

- Railroads acutely aware of state incentives for railroad development
- Missouri state programs for railroad development similar to peer states (states contiguous to Missouri)
 - Property taxation
 - Rail safety
- Missouri does not share some rail development incentives of peer states



Consideration of Future Issues

How will changes in business and regulatory environment affect railroads?

- **Logistics**
- **Equipment**
- **Environment**
- **Federal rail funding**
- **Safety regulation**
- **Economic regulation**
- **Security measures**

Changes in these issues may increase the effects of state railroad development programs on rail investments



Recommendations

- **State rail funding program**
- **Investment tax credits**
- **State sales tax exemption for railroad equipment**



State Rail Funding Program

- Peer states have state funding programs for rail development
- MoDOT administers State Transportation Assistance Revolving Fund (STAR Fund) for non-highway projects
- Recommend capitalization of STAR Fund for regional and short line loans and/or funding assistance for RRIF loans



Investment Tax Credits

- **Peer states have tax credits for rail investments for economic development**
- **MoDOT has an existing highway investment program targeted for economic development**
- **Recommend investment tax credit for rail projects related to economic development**



State sales tax exemption for railroad equipment

- Peer states exempt rail equipment used in capital and maintenance projects
- MO exempts rolling stock and repair and maintenance-related materials and parts
- Recommend exemption of all railroad equipment, including materials used in capital and maintenance projects (rail, ties, ballast, etc.)



Conclusion

- **In a volatile economy, state policies and incentives can influence rail investment decisions**
- **Missouri rail development programs could enhance state benefits from railroad traffic in state**



Rail Policy Study from the MoDOT perspective

What type of research is this project?

- **Informative**
- **Outreach tool**
- **Research outside of the engineering arena**
 - **Other examples (surveys, information on other states)**
 - **Approximately 40% of our research efforts involve social science research (policy, economics, finance, surveys)**



Rail Policy Study from the MoDOT perspective

How will MoDOT use this information?

- To take a stance on public policy efforts
- To assure industry we are their partner in Moving Missouri Forward
- To help the Multimodal division make more informed decisions
- For strategic planning



Rail Policy Study from the MoDOT perspective

How did OR become involved?

- This idea came from the Multimodal division
- This particular research is a sister to the Air policy



Questions?

