



Romaine Robert Quinn

STATE SENATOR • 25TH SENATE DISTRICT

From: Senator Romaine Robert Quinn
To: Senate Committee on Insurance, Housing, Rural Issues, and Forestry
Re: **Testimony on Senate Bill 213**
Relating to: a tax credit for rail infrastructure modernization
Date: June 3, 2025

Thank you, Chairman Testin and committee members for hearing Senate Bill 213 today. This bill is designed to incentivize investments into our state's rail infrastructure, an asset that will help our transportation system and the economy.

SB 213 allows Class II and Class III railroads, as defined by the Surface Transportation Board, to claim a tax credit for rail infrastructure modernization expenditures. These are the railroads that primarily serve regional and local transportation needs. The credit is comprised of two key components:

- **Maintenance Expenditures:** Claimants may receive a credit equal to 50% of their qualified short line railroad maintenance expenditures. This portion is capped at \$5,000 multiplied by the number of miles of railroad track owned or leased in Wisconsin.
- **New Infrastructure Expenditures:** Claimants may receive a credit equal to 50% of qualified new rail infrastructure expenditures with a cap of \$2 million per project. The credit is capped at \$10 million per year.

Wisconsin's short line railroads comprise around 1,400 miles of track which is about 40% of the total track miles in our state. In allowing these credits, railroads will be able to modernize systems to enhance safety, increase efficiency, and look towards expansion throughout the state, which also takes more traffic off our roads. Rail also supports our agriculture and industrial sectors by providing a more cost-effective transportation solution.

Similar programs have already been successful in 12 other states, including Minnesota and Kansas, and we believe this bill will have benefits for Wisconsin. We need a rail network that remains competitive and continues to provide economic growth for our state.

I would appreciate your support of this bill, and I am happy to answer any questions.



TODD NOVAK

STATE REPRESENTATIVE • 51ST ASSEMBLY DISTRICT

(608) 237-9151

Toll-Free: (888) 534-0051

Rep.Novak@legis.wi.gov

P.O. Box 8953

Madison, WI 53708-8953

DATE: June 4, 2025

RE: Testimony on Senate Bill 213

TO: Senate Committee on Agriculture and Revenue

FROM: State Representative Todd Novak

Thank you Chairman Testin and members of the Senate Committee on Agriculture and Revenue for holding a public hearing on Senate Bill 213 relating to a tax credit for rail infrastructure modernization for short line rails.

Short rails are utilized throughout Wisconsin as a transportation resource for many Wisconsin businesses, particularly the Ag and industrial sectors. Short rail is often utilized as a proven cost effective, reliable and more efficient alternative transportation of freight.

In my Assembly district, over 100 million bushels of grain are shipped each year on short rail lines, highlighting the importance of short rail lines particularly for the Ag economy.

Unfortunately many short rail lines are aging and rapidly deteriorating. Many rail lines are over 50 years old, some tracks were laid over 100 years ago. These outdated tracks can create safety concerns for both trains and automobiles. With short rail freight usage projected to increase nearly 120% by 2050, there is a serious need to modernize rail infrastructure to support this reliable cost effective transportation solution.

The credit comprises two key components:

1. **Maintenance Expenditures:** Claimants may receive a credit equal to 50% of their qualified short line railroad maintenance expenditures. This portion is capped at \$5,000 multiplied by the number of miles of railroad track owned or leased in Wisconsin.
2. **New Infrastructure Expenditures:** In addition, a credit equal to 50% of qualified new rail infrastructure expenditures is available, with a cap of \$2,000,000 per project. This credit is capped at \$10 million per year.

These incentives are designed to bridge the funding gap in a capital-intensive industry, where constructing a new mile of track can cost up to \$3 million and ongoing maintenance ranges between \$15,000 and \$25,000 per mile per year. By providing these tax credits, the Act will encourage railroads to modernize their systems—thereby enhancing safety, increasing efficiency, and stimulating economic development.



TODD NOVAK

STATE REPRESENTATIVE • 51ST ASSEMBLY DISTRICT

(608) 237-9151
Toll-Free: (888) 534-0051
Rep.Novak@legis.wi.gov

P.O. Box 8953
Madison, WI 53708-8953

Similar credits have proven successful in many of our neighboring states. Passing this bill will ensure that Wisconsin can remain competitive and reliable for Wisconsin businesses.

Thank you for your consideration of Senate Bill 213.

Testimony on Senate Bill 213

June 4, 2025

Chairman Testin, committee members, thank you for holding a hearing this morning on Senate Bill 213 creating a tax credit for rail infrastructure modernization.

The Wisconsin Farm Bureau Federation (WFBF) is the state's largest general agriculture organization with over 51,000 members. WFBF represents farms of different sizes, commodities and management styles. WFBF appreciates Senator Quinn and Representative Novak bringing this bill forward to help short line railroads in Wisconsin upgrade and expand access to rail transportation.

At a time when we face long-term shortages of truck drivers, improvement of access to short line and regional rail transportation could help relieve the pressure this workforce problem causes the agriculture industry and improve our supply chains. The tax credits made available under SB 213 would allow Class II and III railroads to invest in improvements more quickly by matching their investments and as a result improve the value of the investments our industry is making in Wisconsin ports, transloading facilities, grain storage and transfer facilities, and other infrastructure.

While you will most often hear from agriculture about the need for programs like the Agricultural Roads Improvement Program that address the first and last mile improvements, the middle mile is just as important, be that on a county or state highway, the interstate system or on rail. When large portions of the rail track available is degraded to the point that they are limited to operating at speeds of five or ten miles per hour, the efficacy of those alternatives becomes questionable.

We believe SB 213 will provide a valuable incentive for infrastructure investment in Wisconsin and we ask for your support in moving the bill forward.



PULLING FOR AMERICA

DATE: June 3, 2025

TO: Honorable Members of the Wisconsin State Legislature:

RE: Letter of Support for SB 213 & AB 219
The Wisconsin Short Line Railroad Modernization Act

Dear Honorable Members of the Wisconsin State Legislature,

On behalf of the Wisconsin Northern Railroad (WNR), a Class III railroad, I write in support of the Wisconsin Short Line Railroad Modernization Act (SB 213 & AB 219). This legislation is a vital step toward enabling much-needed infrastructure reinvestment that will strengthen Wisconsin's economy and freight transportation network.

WNR operates approximately 40 miles of track in Wisconsin and plays a crucial role as the "first and last mile" of the national rail system. We connect local agricultural producers, manufacturers, and industrial shippers to the broader freight network, enabling efficient, cost-effective movement of goods across state and national markets. This service is not only critical for economic competitiveness but also helps reduce truck traffic on highways—lowering transportation costs and reducing congestion on highways.

Like many short line railroads, WNR operates on infrastructure that requires continual investment, often due to years of deferred maintenance by previous owners. A share of our annual revenue is reinvested into track rehabilitation, bridge upgrades, and safety improvements—costs that can be difficult to shoulder without targeted support.

The Wisconsin Short Line Railroad Modernization Act would help address this challenge by establishing a 50% tax credit for qualified maintenance and new infrastructure expenditures.

We respectfully ask your support for SB 213 and AB 219. Investing in short line infrastructure is an investment in rural economic growth, freight efficiency, and a more resilient transportation system for Wisconsin.

Sincerely,

Andrea Dobbeltmann

Chief Executive Officer

Wisconsin Northern Railroad

Good morning, Chairman Testin and members of the committee.

Thank you for the opportunity to testify in support of Senate Bill 213. My name is Justin Bentaas with Mickelson & Company, a consulting firm that helps short line railroads, including those here in Wisconsin, grow through reinvestment in track infrastructure.

Senate Bill 213 is a two-part, results-driven proposal designed to strengthen Wisconsin's freight infrastructure and boost rural economic development.

The first part of the bill creates a 50% tax credit for qualified track maintenance and capital improvements made by short line railroads. These small, locally owned railroads are the lifelines of rural freight—connecting businesses to national and global markets.

In Wisconsin, there are five short lines operating across the state, serving farmers, manufacturers, and energy producers. These railroads were often formed by entrepreneurs who stepped in to save rail lines from abandonment—rebuilding freight service in the communities where they live and work.

The challenge is that railroading is extremely capital-intensive. Short lines own and maintain 30% of the U.S. freight rail network but generate less than 5% of industry revenues. They invest over 30% of annual revenue back into their infrastructure, often \$20,000 to \$25,000 per mile per year just for maintenance. And that doesn't even account for the cost of major upgrades or repairs.

Senate Bill 213 directly addresses this imbalance by incentivizing the private investment needed to keep these lines operational and competitive. We've worked in several states including Minnesota with similar programs and have seen three clear outcomes:

1. A dramatic boost in private investment and economic activity;
2. Immediate and significant ROI—often 10 to 22 times every public dollar spent;
3. And overwhelming demand—rail infrastructure needs always exceed available resources.

The second part creates a 50% tax credit for new rail infrastructure projects—like spurs that connect industrial parks, ports, and manufacturers to the mainline rail network. These spurs are often the deciding factor in whether a business can locate or expand in Wisconsin—but they're expensive, sometimes costing up to \$3 million per mile.

This portion of the bill is a game-changer for economic development. It gives local leaders, economic developers, and businesses a powerful tool to make their industrial parks site-ready and competitive by providing the rail access many companies require. The model follows Oklahoma's program—the only one of its kind in the nation—which has driven over \$250 million in private investment in just two years. In one standout example, a \$100

million project and 100+ jobs landed in a rural Oklahoma town after it beat out five other states, thanks in large part to this incentive.

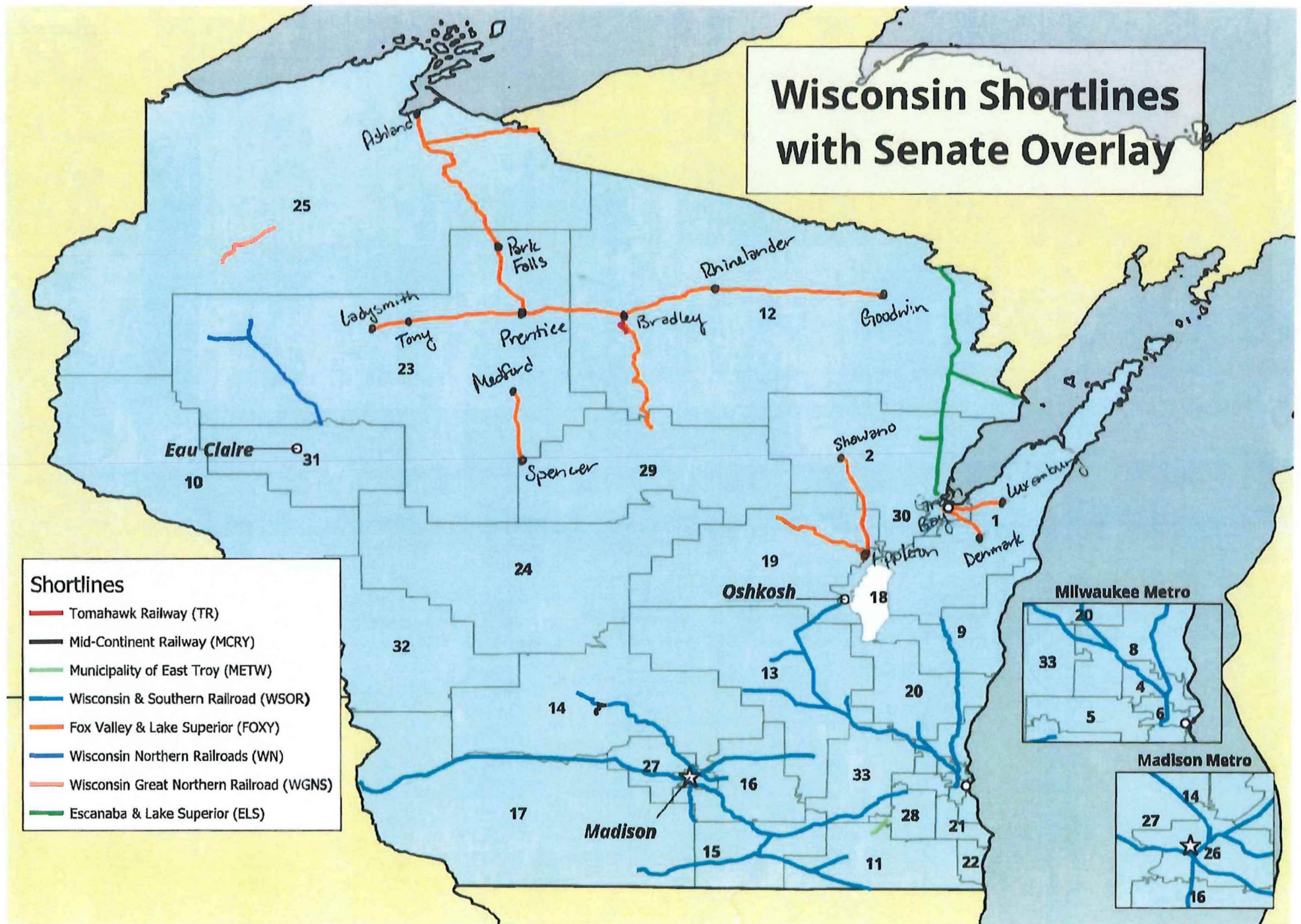
Together, the two components of Senate Bill 213 form a comprehensive strategy to strengthen Wisconsin's freight infrastructure—both by preserving the critical short line network you have today and by enabling the construction of new connections that will drive tomorrow's economic growth. It's a results-oriented approach that empowers short lines, communities, and businesses alike. Most importantly, it ensures that Wisconsin remains competitive in attracting jobs, investment, and industry—especially in the rural areas that rely most on freight rail to thrive.

Thank you for your time, and I'd be happy to answer any questions.

Wisconsin Shortlines with Senate Overlay

Shortlines

- Tomahawk Railway (TR)
- Mid-Continent Railway (MCRY)
- Municipality of East Troy (METW)
- Wisconsin & Southern Railroad (WSOR)
- Fox Valley & Lake Superior (FOXY)
- Wisconsin Northern Railroads (WN)
- Wisconsin Great Northern Railroad (WGNS)
- Escanaba & Lake Superior (ELS)





**To: Senate Committee Chairman Patrick Testin
Honorable Members of the Wisconsin State Senate Committee on
Agriculture and Revenue**

From: Shawn Brantmeier, Director of Operations, WPC

Re: Senate Bill 213: A Tax Credit for Rail Infrastructure Modernization

Chairman Testin and Honorable Committee Members:

Thank you for the opportunity to provide written comments to the Senate Committee on Agriculture and Revenue regarding **SB 213 – The Railroad Modernization Act**.

The Wisconsin Paper Council (WPC) is the premier trade association which represents and advocates for Wisconsin's paper, pulp and forestry industries. The papermaking industry is a key economic driver for our state, employing over 30,000 highly skilled men and women whose efforts continue to make us the #1 papermaking state in the United States.

Our industry is dedicated to global sustainability and strong environmental stewardship of our forests and natural resources. Our nonpartisan statewide trade association supports SB 213 as rail infrastructure modernization and maintenance are critical elements of ensuring reliable delivery of raw and finished product throughout our entire supply chain.

The Wisconsin Short Line Railroad Modernization Act establishes a tax credit program which will modernize short line railroads, improve freight efficiency and help drive economic development throughout our great state. This will be particularly important for the rural communities of our state in which many of our mill operations are located.

The Wisconsin Paper Council urges this committee to pass this common-sense, pro-development legislation out of committee. The tax credits in this bill will promote new rail infrastructure, create new economic development opportunities and keep Wisconsin competitive with other states.

This legislation has proven successful in 12 other states which have already implemented this program to accelerate investment in rail. Currently, 6 other states are also considering similar legislation.



In conclusion, we believe that SB 213 will support safe, efficient and cost-effective transportation options for Wisconsin manufacturers and, at the same time, will help strengthen Wisconsin's proud workforce and local economies.

On behalf of the members of the Wisconsin Paper Council, I urge you to pass SB 213 at your earliest convenience. Thank you for your time and consideration of this request.

Sincerely,

A handwritten signature in cursive script that reads "Shawn Brantmeier".

Shawn Brantmeier

Director of Operations
Wisconsin Paper Council

Senate Committee on Agriculture and Revenue

Remarks by Ken Lucht
Wisconsin & Southern Railroad
Phone (414) 750-6402



June 4, 2025 10:00a.m.
State Capitol, Madison, WI

My name is Ken Lucht and I'm representing Watco, the Fox Valley & Lake Superior Rail System and Wisconsin & Southern Railroad.

With over 3,300 miles of railroad lines here in the State of Wisconsin, our privately owned freight railroads move over 200 million tons of freight within and across our state each year. By year 2050, freight rail shipments are expected to increase by 226 Million tons or a 119% increase.

Our Short line and Regional Railroads help serve the first and last mile connections between Wisconsin Businesses and our Class 1 Railroads, also our interchange partners. Wisconsin is fortunate to have these vital connections within the state that help move product to local, national and global markets.

Whether its sugar or corn used for making syrup, grain and sand used for producing renewable energy sources, or lumber and forest products used to feed the paper industry, rail plays a big role in moving commodities across our state's transportation network, safely and efficiently. More importantly here today, Rail plays a big role in freeing up capacity on our federal, state and local roads, by moving over 200 million tons of freight by rail each year. This is the equivalent of 5 ½ Million trucks that would be moving on our federal, state and local roadways. Additional capacity on our roads means safer roads, less deteriorated roads, and overall better roads for Wisconsinites to travel each year. Wisconsin's Railroads will continue doing our part in moving commerce within and across our great state over the long-term.

Wisconsin's Short Line & Regional Railroad Network consists of five railroads spanning over 1,400 miles touching all points across Wisconsin. From Milwaukee to Prairie du Chien, Janesville to Wausau, the Fox Valley to Chippewa Falls, our five short line

railroads represent over 40% of all railroad miles in Wisconsin. The short line and regional railroads are Wisconsin's smaller, family-run businesses that strengthen our rural economies and connect Wisconsin to the nation's railroad network. Today, our industry is one of the safest and most efficient forms of surface transportation. Railroads can move one ton of freight nearly 500 miles on just one gallon of fuel making our industry an environmental leader in transportation.

Due to the efficiencies of rail, manufacturers and producers are looking at rail as their primary mode of transportation. In Reedsburg, companies like Riffey Transloading are asking the Wisconsin & Southern Railroad to increase service and investment in infrastructure throughout Sauk County so their company can grow in the future. In Appleton, local companies such as McKinley Paper, Warehouse Specialists and U.S. Oil are asking the Fox Valley & Lake Superior Rail System to rebuild track and bridges so they can fully load their railroad cars versus having light loading and track speed restrictions. In Luxemburg, Rio Creek Feed Mill recently approved construction of a new state-of-the-art \$2M 1.4M bushel grain bin and other loading equipment to improve rail car loading efficiencies. In Bangor, Stella-Jones is a leading North American manufacturer of industrial pressure-treated wood products such as railway ties. Stella-Jones out of Bangor supports the entire railroad industry in Wisconsin and throughout the nation.

As we look forward to the opportunities that face our industry here in Wisconsin, we also recognize the challenges that lie ahead. Our industry is one of the most capital intensive industries around, requiring approximately \$20,000 per mile just to maintain our infrastructure. Our railway materials and track running equipment are heavy and expensive. Just one railroad tie today costs \$200 installed. With over 3,800 ties per mile, this amounts to a quarter million dollars for just one mile of ties. According to federal and state laws, our industry must conduct regular track inspections, and we must meet certain engineering standards for our ties, rail, bridges, signal systems, drainage networks, public and private crossings, and other track infrastructure such as weeds, brush, spikes and plates. These metrics all add up to approximately \$20,000 per mile.

With over 1,400 track miles here in Wisconsin, our short line network must invest \$28M just to maintain what we have. This does not account for new growth or new infrastructure to help support future industry demand.

Senate Bill 213 – the Wisconsin Short Line Railroad Modernization Tax Credit will incentivize short line railroads to make additional investments that align with market demand and local infrastructure needs. SB 213 will enable short line railroads to budget in advance for critical infrastructure improvements that strengthen their networks and improve safety in thousands of local communities across Wisconsin. This is a reimbursable credit after investments are made and certified first. A total of \$14.4M of private sector investments have to be made first, before the state offers a credit up to \$7.2M.

Additionally, this tax credit will incentivize Wisconsin industries, railroads, communities, or other track owners to expand their existing tracks, build new spurs or industry tracks and/or partner with our local short lines and communities to construct transload facilities. This tax credit will ensure that Wisconsin's farmers, agri-businesses, manufacturers, retailers, producers, and all short line railroad customers remain competitive both in domestic and global markets. For qualified new rail infrastructure expenditures, tax credits shall not exceed \$2M per individual project and \$10M annually for the program (Not to exceed \$10M). These two credits will help Wisconsin grow!

Our industry is fortunate that 12 other states across the nation have passed similar legislation to incentivize their short lines to invest more dollars into their infrastructure. Additionally, there are 7 other states that are now considering passage of this very important program, including Wisconsin and Illinois.

SB 213 already has broad support amongst railroad customers, trade associations, local units of government and the short line railroad industry. United Cooperative has spent \$12M of their own capital on railroad infrastructure, including a new shuttle loader for grain in Boscobel, WI over the past few years. Lycon of Janesville will soon be building a state-of-the-art multi-million

dollar concrete ready-mix plant in Oshkosh. Farm City Elevator of Darien is now under construction with a \$2M track expansion to help support unit trains of grain for export markets. These and many more industries all support greater investments in rail and are in full support of this bill. Additionally, the Wisconsin Towns Association, Wisconsin Counties Association, Wisconsin Agri-Business Association, Wisconsin Paper Council, Wisconsin Farm Bureau, Wisconsin Economic Development Association and many more statewide trade associations fully support SB213.

With your help, our short line railroad network consisting of over 40% of all track miles across the state, will help address our future infrastructure needs in rural Wisconsin. We ask for your support for SB213 – the Wisconsin Short Line Railroad Modernization Tax Credit.

THANK YOU!



RE: **Letter of Support for the Wisconsin Shortline Railroad Modernization Act Senate Bill 213/Assembly Bill 219**

Dear Members of the Wisconsin Legislature,

We strongly support the Shortline Railroad Modernization Tax Credit, as proposed in SB 213/AB 219. Short line railroads are essential to driving economic growth in the communities they serve. By keeping Wisconsin's agricultural producers and manufacturers—the backbone of our state's economy—connected to the national freight network, they play a critical role in sustaining and expanding economic opportunities.

This tax credit will enable short lines to make necessary investments that align with market demand and local needs. It will help ensure that Wisconsin's farmers, agri-businesses, manufacturers, retailers, and producers remain competitive in both domestic and global markets. Additionally, it will support safe, efficient, and cost-effective transportation, benefiting short line customers and strengthening Wisconsin's workforce and local economies.

We strongly encourage you to cosponsor the Wisconsin Shortline Railroad Modernization Tax Credit SB 213/AB 219 during this legislative session. Thank you for your time and consideration of this important initiative, which will enhance Wisconsin's transportation infrastructure and promote long-term economic growth.