



# PULLING FOR AMERICA

March 11, 2019

Congressman Mike Thompson  
Chairman, Select Revenue Measures Subcommittee  
House Ways & Means Committee  
406 Cannon House Office Building  
Washington, DC 20515

Dear Chairman Thompson:

Founded in Lakeville, Minnesota, in September 1996, Progressive Rail Incorporated (PGR) has grown to operate eleven short line railroads across eight states and now employs 161 team members committed to providing the best transportation service possible to our customers.

Thank you for allowing the opportunity to submit comments regarding the federal short line tax credit, known as "45G" for its place in the Internal Revenue Code. The credit allocates \$3,500 miles per mile to short lines for investing in track maintenance. It was established in 1986 and expired at the end of 2017.

Short line rail lines have been spun off by larger railroads as marginal to operate, frequently with significant deferred maintenance costs. PGR invests heavily in replacement rail ties, new ballast stone, new and recycled relay rail, and bridges to upgrade the track we operate across the states in which we do business.

The 45G credit provides a strong incentive for companies like PGR to continue improving and reinvesting in the short lines we operate, keeping additional heavy truck traffic off the highway system, reducing traffic accidents and congestion, improving air quality through lower emissions, and saving taxpayer funds by reducing wear and tear on the national highway system's roads and bridges caused by long-haul heavy truck traffic.

Making the 45G credit permanent will help short line railroads continue operating and improving this crucial national infrastructure, which will only grow in value as the volume of freight moving across our country's port, highway, and rail network continues to expand.

I would be happy to address any questions you have regarding the short line industry. Please feel free to reach me on my cellular phone at (612) 791-3255.

Sincerely,

A handwritten signature in black ink that reads "Dave Fellon". The signature is stylized and cursive.

Dave Fellon  
President  
Progressive Rail Incorporated



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## St. Paul & Pacific Railroad – Watsonville, California

### *More Connections*

Passing 45G helps build a business case to rebuild sidings that haven't seen railcars in decades and bring back customers to the financial efficiencies, convenience, and safety of rail transportation. More connections mean more opportunities for economic growth with a whole lot less carbon, which is happening real time in Watsonville, California.



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## **Wisconsin Northern Railroad – Norma, Wisconsin**

### *New Capacity*

Passing 45G allows PGR to invest in brand new capacity to better prepare for the federal Government Accountability Office's prediction of a doubling of freight traffic over all modes of transportation by 2036. More capacity means more jobs created here in the USA and more specifically in Chippewa Falls, Wisconsin.



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## Central Midland Railway – St. Louis, Missouri

### *Bridge Rehabilitation*

Passing 45G makes it possible to completely rebuild railroad bridges that are capable of handling the heavier payloads that a growing economy requires. More bridge renewals only further advance that railroads are the safest mode of land-based transportation in Union, Missouri and throughout the rest of the United States of America.



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## **Progressive Rail Incorporated – Lakeville, Minnesota**

### *New Careers*

Passing 45G is a massive high-paying career creator as evidenced by this brand-new track that ushered in over \$25,000,000.00 in an expanded custom design corrugated box plant located in Lakeville, Minnesota. More tracks serving more industrial parks creates more jobs.



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## St. Paul & Pacific Railroad – Watsonville, California

### *Breathe Easier*

Passing 45G allows Progressive Rail to onboard a whole lot of brand-new, never-used rail before customers as seen here in Watsonville, California. PGR is a proven conduit to encourage businesses both big and small to source their domestic raw materials for less and sell their finished goods worldwide at a better margin with far lower emissions, which allows all of us to breathe easier.



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## **Progressive Rail Incorporated – Lakeville, Minnesota**

*PGR's Headquarters and Multimodal Transload Center*

Passing 45G allows Progressive Rail to heavily commit in far more brick and mortar investments throughout America. Case in point, PGR has expanded our flagship multimodal transit campus three times and now we need to build another facility to grow with America's economy.



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## **Progressive Rail Incorporated – Northfield, Minnesota**

*Moving You Forward*

Passing 45G most assuredly helps dramatically further Progressive Rail's motto, which is "Moving You Forward". Progressive Rail is truly a dynamic, market-focused railroad. Like PGR, build bigger and better business right here in America.