



February 17, 2025

Senate Committee on Taxes  
Capitol 328  
Saint Paul, MN 55155

RE: Support for S.F. 1046

Dear Senators,

On behalf of the Minnesota Regional Railroads Association (MRRA), thank you for your past support and current consideration of a fix to the Short Line Infrastructure Modernization (SLIM) Tax Credit enacted in 2023. The SLIM tax credit could help Minnesota's 14 regional and short line railroads make track investments to handle today's heavier railroad cars, as well as construct industrial leads, switches, spurs and siding to help Minnesota farmers and manufacturers move goods to global markets. To do so, limitations on the transferability of the credit that were erroneously included in the 2023 law need to be removed.

The language in the enacted version devalues the SLIM tax credit by delaying its transferability until after a tax return is filed. Due to the highly intensive capital nature of railroads, many local railroads may not have a state income tax liability. They would rather elect to transfer the tax credit once it is generated rather than claim it on their tax return. This is also what could make the credit so valuable: its transferability can help leverage financing for extremely expensive infrastructure projects. Delaying the transferability until after the filing of a tax return minimizes the value of the credits and substantially diminishes the overall effectiveness of the program.

The regional and short line railroads that provide "first mile/last mile" freight service to hundreds of Minnesota rail customers appreciate your help in giving them the tools to keep their track infrastructure updated and safe. Your willingness to address the transferability language will be a boon to local economic development projects across the state and keep heavy loads on the rails and off the roads.

Sincerely,

A handwritten signature in blue ink that reads "Amber L. Backhaus".

Amber L. Backhaus  
Executive Director  
Minnesota Regional Railroads Association