



# Specializing in Rail Transportation Solutions

We are a railcar and locomotive operating lessor, broker, rail consultant and transportation manager with a tactical and boutique approach to providing rail transportation solutions.

## Tealinc Touchbase Newsletter –February 2019

### In This Issue

- Open Top Hoppers
- Tealinc Scholarship
- The Edge
- Mechanical Brief
- Railroad Traffic
- Industrial Inside
- Financial Focus
- Railroad & Policy Updates

Open top hoppers-  
unload from both  
sides of the railcar

Tealinc 2019  
scholarship-now  
accepting applications!

Railroad performance  
measures

### Tealinc Equipment Listing

Tealinc has steel bodied, manual open top hoppers available. The cars are equipped with or without Rapid Release Cam Locks, which allow for the car to be unloaded on both sides of the railcar.

If you're interested, [contact Julie Mink!](#)



### Tealinc Scholarship

Tealinc is now accepting applications for our 2019 scholarship! Tealinc, Ltd. is an adamant supporter of post-secondary education providing over \$30,000 in scholarships at the local and national level over the past several years. The scholarship program is offered to a child (or dependent) of a person working in an industry that raises, manufactures or produces goods or provides services or is involved in transporting them.



**Applications are due April 1, 2019.**

[Learn more and download the Scholarship application.](#)

### The Edge with Darell Luther

Many of our customers are telling us that cycle times are getting better across the Class I railroads. It seems that there are more resources (physical and mental) being directed to solving the age-old service issues that plaque most railroads. In fact, I thought I'd look at railroad performance measures as reported to the Surface Transportation Board to see where and if this statistic was moving or not. To arrive



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### Comparing early 2018 with late 2018 train speeds

Overall better service across all Class I's

Contrary to the saying "a rising tide floats all boats," in the railroad industry the rising tide sometimes causes some boats to sink

at a meaningful conclusion, I compared early 2018 with late 2018 early 2019. It appears that for the western Class I's service is better than previously in the year but not as good as the start to 2018. CSX does not report train speed (at least not that I can find anywhere) but if NS is representative of what's happening in the eastern Class I world, service is improving. The NS has recorded train speed improvements of 22.4% over its low in January 2018 to it's high in 2019. They've also taken 6,000 cars per week out of their system when compared to Q1 2018 versus 2019 year to date.

Train Speed Miles per Hour			
Date	BNSF	Union Pacific	NS
1/12/18	27.5	25.7	20.0
1/19/18	28.5	25.1	19.8
1/26/18	26.5	25.0	18.7
12/7/18	24.7	24.7	19.5
12/14/18	24.5	24.6	19.1
12/21/18	25.1	24.8	20.3
12/28/18	25.3	25.3	20.5
1/4/19	25.0	25.7	22.8
1/11/19	25.3	25.7	22.3

It seems that overall service is better across all Class I's when looking back to the summer months; however, contrary to the saying "a rising tide floats all boats," in the railroad industry the rising tide sometimes causes some boats to sink. By sink I mean get lost in the sea of service resulting in a railcar being set on a siding somewhere or delayed at an interchange between carriers or simply be in the way of train service and not convenient to pick up or set out.

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**It is tedious work tracking a railcar every day, but important in order to understand your cycle times**

Tedious as it may be tracking every railcar every work day is a way to be sure your railcars are not part of the sinking ships and are part of the boats on the rising tide. When you track railcars daily you generate a cycle report that allows you to access important movement statistics for that railcar. The data will usually come in a format that is not easy to initially decipher from a strategic management perspective but very effective from a daily management perspective.

Imagine the power in having the following data daily:

- Equipment initial and number
- Bill of Lading number
- Origin
- Destination
- Shipper
- Consignee
- Carrier
- Event Code
- Current Location
- Current Event Date
- Status
- Ship Date
- Original ETA
- Confirmed Delivery
- Current ETA
- Commodity
- Load Status

**Knowing where your car is located, and the load status adds value to you and your customer by giving you full visibility to the movement of the commodity in the supply chain**

Knowing where your railcar is, or more importantly the load status of the commodity or finished product you are shipping in that railcar, is of incredible value to you and to your customer. With proper communication of a railcars' status a receiver or shipper can better plan their work load, inventory and processing requirements. As a shipper you can gauge how the movement of a railcar is progressing against a normal route or how a new route can be expected to perform. The real value of this information is that it gives a shipper and receiver full visibility to the movement of their commodity or product in the supply chain. Tracking and managing railcars daily also point out sticking points in yards and interchange locations. Keep in mind railroads want to move your railcars quickly if they do not interfere with the movement of most of the railcars moving in any

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**Tracking and managing railcars can alert you to bad ordered cars in your fleet**

**Track loaded and empty railcars daily!**

**Take advantage of the shipment data you've acquired to take proactive steps to keep your cars moving**

given rail carrier lane or route of movement. Additionally, tracking and managing railcars allows you to quickly see bad order railcars in case you need to intervene with parts supply or being sure the railroad mechanical personnel are focused on repairing your railcar. Other items that tracking railcars can help with is to identify billing errors, credit issues / holds, incomplete instructions, etc. It's no fun and a bit costly having a railcar stuck for a typo or misunderstanding on how the railroad is going to collect their rate. To be sure you are on the floating tide boat be sure your railcars aren't stuck somewhere for a reason you're not aware of – track and manage your railcars both empty and loaded daily.

Consider daily tracking and management tactical management events. You'll also want to move into strategic management events. There is a necessary next step required to take advantage of the shipment data you'll have acquired. This step is a strategic review of the data you've been collecting. Start this review by asking yourself a few questions.

**An example of relevant questions include:**

- What are my cycle times by lane?
- Which lanes are better performers?
- Which lanes are the worst performers?
- What event takes the most time in the cycle?
- What's the next most time-consuming event?
- What can I do about those events?
- Where are my railcars hanging up while in transit?
- If shipping from multiple origins to multiple destinations, am I optimizing those origin-destination pairs to minimize my transportation costs?
- Is there a yard or location that constantly bad orders railcars?

To adequately answer these questions, you will need to develop a set of statistics.

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**Develop a set of statistics that works best for you- tracking programs work great and are time effective!**

**If you're confused on how to gather this data or how to interpret it call us at [Tealinc](http://Tealinc.com), we're happy to help.**

**Repair maintenance billing and auditing**

This set of statistics can be developed in any manner you deem necessary from pen and paper to spreadsheets to tracking programs that accumulate the data and do the summarization for you. I've done all three methods, but most recommend that tracking program route as you don't want to spend all your time accumulating data when you be analyzing it.

Strategic data has a more meaningful impact on understanding the railcar shipment and empty return trends over time. These trends will help you understand your overall railcar shipment patterns, what lanes perform well, and which ones don't perform well. Additionally, this data will serve as a basis for management of accessorial charges such as demurrage, ordered but not used, waybill errors and coupled with your commodity values and sales information will tell you where you're making money on shipments and where you're not. Review the questions above. If you're looking for answers to those questions look at your railcar movement data.

If you're confused on how to gather this data or how to interpret it, reach out to us at [Tealinc](http://Tealinc.com), we're happy to help.

*Darell Luther is the founder and CEO of Tealinc, Ltd. You may contact Darell directly in his office at (406) 347-5237 or via email at [darell@tealinc.com](mailto:darell@tealinc.com).*

### Mechanical Brief with Dan Madden



Railcar repair shop BRC/Estimate Auditing-Billing Repair Cards/estimates are the documented record of required repairs that need to be done to a railcar for the railcar to be returned to service and comply with the AAR and FRA mechanical requirements. The estimate is prepared by the railcar repair shops inbound inspector once they have inspected the car for defects.

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**As a railcar owner, lessor, lessee and/or shipper involved responsible for paying these invoices, I cannot over stress the importance of auditing your invoices**

**One of my job responsibilities here at Tealinc is auditing the invoices we receive for equipment we own, manage and lease out**

Once an estimate is completed, it is presented to a car owner or car manager for review. The estimate can be submitted in several different formats. Most estimates are presented to the car owner in a pdf file format and others are submitted in a 500-byte file format. They are presented in the preference of the railcar/car mark owner.

The PDF files require the estimate auditor to visually look at each line of the estimate for correct locations, quantities, job codes, qualifiers, descriptions, why made codes, labor dollars and material cost. The 500-byte files need to be run through an automated computerized scrubber that will help identify errors in the above-mentioned items in relationship to the AAR Office Manual formatting requirements. Once they have been scrubbed, they are presented to the estimate auditor in a format that is readable and at that point can be audited. Typically, this automated process is performed by a 3<sup>rd</sup> party data service provider.

As a railcar owner, lessor, lessee and/or shipper involved responsible for paying these invoices, I cannot over stress the importance of auditing your invoices. Just like with any other invoice you pay, reviewing the invoice and understanding your costs is key to managing costs and furthermore managing the maintenance of rail equipment you own or lease. It is the car owner’s or the management company’s responsibility to do their due diligence when completing these reviews. It is much more than just looking at the final dollar amounts. The formatting should follow AAR Field and Office Manual rule requirements and a thorough audit will shed light on errors, overbilling, and the use of incorrect job codes that you might have otherwise overlooked and simply paid.

One of my job responsibilities here at Tealinc is auditing the invoices we receive for equipment we own, manage and lease out. These audits are crucial to helping manage maintenance costs and program work for our fleet which are realized

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**Labor hours are calculated by multiplying the current labor rate by the quantity of time it takes to make the repair- make sure the decimal point is in the correct location!**

**Reporting accurate data is critical for addressing a railcars health in the past, present and future**

internally and passed on wherever possible to our customers. Herein I am sharing with you some of the most recent experiences I've had with these audits and am hoping you can glean some education from this summary.

During a recent BRC audit I found several issues that need to be corrected. The issues included improper formatting, double billing, missing repair lines and missing other inspection/repair items that are required by the AAR when a car is on a shop repair track. Some examples of these issues and the correct process are summarized below with some examples of recent issues I've identified.

**Improper formatting.** It is important when reviewing a BRC that you watch for proper formatting and ensure that the repair shop has prepared and formatted the BRC correctly. For example, when using job code 4450 the billing party is required to enter a quantity. This quantity should reflect the labor hours it takes to accomplish the task. If you take the quantity entered and multiply it by the labor rate, then the dollar amount should correctly reflect the math in labor dollars. Another example of this is the use of the quantity of 0.1. If the labor rate is \$70 per hour, then the dollar total should be \$7.00. During my recent audit, I recognized that the shop was creating an error by overriding the \$7.00 and hand entering a dollar amount that did not correctly add up. Not only was the decimal point in the wrong place, the amount was incorrect. In this case they did not understand how their billing system worked. It was an error created by an innocent mistake and I happily walked the shop through the process of how to correctly bill a 4450-job code which made them aware of the formatting and alerted them to pay more attention to the details of their Billing Repair Cards. *So why is this important?* Well because historical data is a critical component when addressing a railcars general health in the past, the present and what the future cost could be to keep the car in service. As mentioned previously, the formatting should follow AAR Field and Office Manual rule requirements. It is important for all data to be accurate. Not

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**Check for double billing errors- reference the AAR field manual to make sure the labor is not already included in the job code**

**It is critical when auditing repair estimates and invoices that the shop is not double billing for repairs**

only is this important from a data stand point to a car owner, but it is also important at the shop level. Typically, when a shop produces a work order for the production floor, it reflects in how many hours the production department must complete the repairs on the car in order to be 100 percent efficient on the car. These hours are driven by job code time standards and quantities entered on the BRC. In the case of a 4450-job code and using the example above of 0.1 then then production believes they only 1/10th of an hour to do the repair and in realty the shop overrode the labor dollar amount and entered \$280 and the repairs is estimated to take 4 hours.

**Double Billing.** It is critical when auditing repair estimates and invoices that the shop is not double billing for repairs. Most all job codes have a time standard associated to them with the exception of material only job codes and informational job codes, both of which can be found in the AAR Office Manual. A simple thing for you to keep in mind as you audit your invoices is that when a shop has a repair that requires the use of fasteners or weld inches and they use the appropriate AAR job code for repairs, the bill should have a time standard associated to such repairs and no further labor should be charged for this repair. This means that you cannot bill for additional labor using job code 4450 on a job code that already has labor included in the job code. Be sure you understand the AAR Field Manual rules and what additional job codes are and are not billable a to associated job code. This can save you a lot of money in the short and long term!

**Missing Repair Lines on a BRC.** Something that you may be overlooking is missing repair lines on a BRC. It is critical that a shop understand what is required for a railcar on a shop repair track. It is the shops responsibility to check UMLER upon car arrival for alerts and other required associated repairs. These requirements can normally be found in the AAR Field Manual but may also require some additional research as directed by the field manual references. A

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**Repair shops need to pull the UMLER records for all cars in their possession to perform all necessary checks**

**Have a question about railcar repairs? Contact [Dan Madden](#) directly**

**Meet Dan in person at the PNWARS meeting in March. Setup a meeting by emailing [Dan Madden](#) today!**

recent example from an invoice that I audited showed that the shop had not correctly applied reflective sheeting for a railcar. Rule 66 in the field manual references 49 CFR 224.111. (CFR stands for Code of Federal Regulations) which indicates that reflective sheeting on any railcar is required to be renewed after 10 years of the application date in UMLER. During my audit I recognized that the reflectorized application event date in UMLER was not in compliance and the shop completely overlooked it. This was an important find for our customer so that it could be addressed while the car was still in the shop.

**Missing other required repairs.** It is important to understand when a car is on a repair track, the AAR dictates what other inspections and follow up repairs are necessary. For instance, when a railcar is on a repair track, a shop is required to do a full single car air brake test if the car is out of date as indicated in UMLER. What you should also know is that even if the air brake test is in date, there are additional actions needed. If the air brake test is in date, then the shop is required to do a set and release air brake test. During a recent audit of an invoice I noticed that even though an air brake test was in date the shop did not have the set and release on the estimate. For our records, I requested that they add the line to the invoice. You can always refer to Rule 3 for the most up to date requirements.

These are just a few of the items I've noticed during my recent audits and they are truly a high-level overview of some of the things we look for. Tealinc owns and manages a lot of railcars and we look forward to earning the opportunity to work with you. If you've got a railcar maintenance question or are looking for someone to manage your fleet, Tealinc stands ready to assist you!

*Dan Madden is the Manager Value Creation-Operations for Tealinc, Ltd. You may contact Dan directly in his office at (541) 915-8981 or via email at [dan@tealinc.com](mailto:dan@tealinc.com).*

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**January 2019 carloads up 1.7% compared to January 2018**

**Commodities that experienced a gain included petroleum & petroleum products, chemicals & primary metal**

**Commodities that experienced a decline included crushed stone, sand & gravel, coke, motor vehicles & parts**

**“January rail traffic**

### Railroad Traffic

The Association of American Railroads (AAR) today [February 2, 2019] reported U.S. rail traffic for the week ending February 2, 2019, as well as volumes for January 2019.

U.S. railroads originated 1,238,487 carloads in January 2019, up 1.7 percent, or 21,054 carloads, from January 2018. U.S. railroads also originated 1,316,168 containers and trailers in January 2019, up 0.5 percent, or 6,008 units, from the same month last year. Combined U.S. carload and intermodal originations in January 2019 were 2,554,655, up 1.1 percent, or 27,062 carloads and intermodal units from January 2018.

In January 2019, 11 of the 20 carload commodity categories tracked by the AAR each month saw carload gains compared with January 2018. These included: petroleum & petroleum products, up 12,791 carloads or 23.9 percent; chemicals, up 3,841 carloads or 2.5 percent; and primary metal products, up 3,103 carloads or 7.2 percent. Commodities that saw declines in January 2019 from January 2018 included: crushed stone, sand & gravel, down 2,118 carloads or 2.2 percent; coke, down 2,046 carloads or 9.9 percent; and motor vehicles & parts, down 2,015 carloads or 2.7 percent.

“January rail traffic painted a mixed picture, with healthy gains for some key commodities, while others continued to be a drag on overall carload numbers,” said AAR Senior Vice President of Policy and Economics John T. Gray. “Intermodal volumes, chemicals and petroleum and petroleum products all continued their momentum from 2018. On the other hand, motor vehicles and parts were down in January – and overall carloads were held back by declines in coal and grain, but these fluctuations don’t reflect weakness in the economy.”

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**Painted a mixed picture, with healthy gains for some key commodities, while others continued to be a drag on overall carload numbers...”**

Excluding coal, carloads were up 21,864 carloads, or 2.7 percent, in January 2019 from January 2018. Excluding coal and grain, carloads were up 22,984 carloads, or 3.3 percent.

Total U.S. carload traffic for the first month of 2019 was 1,238,487 carloads, up 1.7 percent, or 21,054 carloads, from the same period last year; and 1,316,168 intermodal units, up 0.5 percent, or 6,008 containers and trailers, from last year. Total combined U.S. traffic for the first five weeks of 2019 was 2,554,655 carloads and intermodal units, an increase of 1.1 percent compared to last year.

Learn more at: <https://www.aar.org/news/rail-traffic-for-january-and-the-week-ending-february-2-2019/>

**Goldman and its biggest critic agree on iron ore, finally...**

### Industrial Inside

It took massive output cuts from the world’s largest iron ore producer to get Goldman Sachs Group Inc. analysts and their biggest critic to agree on their outlook for the steelmaking ingredient.

**As a consequence of Vale’s problems in Brazil — we’re going to see not only a shortage of iron ore but a shortage of pellets**

Just two months ago, Cleveland-Cliffs Chief Executive Officer Lourenco Goncalves wasn’t shy about calling out Goldman analysts for their iron ore price forecast. “Let me refresh your minds,” Goncalves said in a presentation at the bank’s metals conference in November. “Last year, Goldman Sachs’s Jeff Currie said that I don’t know where prices go — \$65, three months later will be \$60, then it will be \$55 then \$50. It went \$65, \$70, \$75 then \$70 then \$75 so you are wrong, I was right.”

As a consequence of Vale’s problems in Brazil — we’re going to see not only a shortage of iron ore but a shortage of pellets.

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**Goldman analysts led by Currie are predicting a near-term supply shortfall... sending iron ore prices higher**

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**Tealinc can offer open top hoppers and other railcar options for your various shipping needs**

**“The full impact to the iron ore market of the catastrophic events with Vale has not been properly quantified yet”**

This time around, Goldman analysts led by Currie are predicting a near-term supply shortfall after a fatal dam disaster prompted steep production cuts by Vale SA. The New York-based bank said other iron ore producers outside of Brazil won't be able to boost their output fast enough, sending iron ore prices higher. Goncalves agreed.

Iron ore futures have surged to the highest since 2014 on concern that the increasingly severe crisis at Vale will curtail global supplies, tightening supply. Prices have climbed more than \$15 dollars a ton since Jan. 24, a day before the dam collapse that triggered Vale's production cuts.

“The full impact to the iron ore market of the catastrophic events with Vale has not been properly quantified yet,” Goncalves said in an earnings call Friday. “Another thing that you're going to see in the world — as a consequence of Vale's problems in Brazil — we're going to see not only a shortage of iron ore but a shortage of pellets.”

Vale's troubles began in late January when a tailings dam collapsed, killing at least 150 people and leveling part of a town. The company announced it's decommissioning dams similar to the one involved in the fatal accident — a move that would cut annual output by 40 million tons. The company has said it plans to offset some of the output loss by ramping up operations elsewhere.

Its fate took a turn for the worse after a court order forced Vale to halt operations at its Brucutu mine, crimping production by another 30 million tons and prompting the company to declare force majeure on some of its contracts. On Friday, Brazil's National Mining Agency ordered the evacuation of about 500 people near the company's idled Gongo Soco mine after its consulting firm declined to vouch for the integrity of a tailings dam.

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**“In the near term, the significant disruption to Brazilian supply and the uncertainties associated with it will likely keep iron ore prices elevated and volatile...”**

Goldman isn't the only bank predicting a shortfall. In January, even before Vale said it's halting operations in Brucutu, Australia & New Zealand Banking Group Ltd. analysts were already forecasting a shortfall of 10 million tons this year, revising their earlier outlook for a 15 million ton surplus.

“In the near term, the significant disruption to Brazilian supply and the uncertainties associated with it will likely keep iron ore prices elevated and volatile as supply elsewhere cannot adjust quickly enough to offset the shortages,” Goldman analysts including Currie and Hui Shan said in a note dated Feb. 7. Read the entire article at: <http://www.mining.com/web/goldman-biggest-critic-agree-iron-ore-finally/>

**Farm Belt bankruptcies are soaring**

### Financial Focus

A wave of bankruptcies is sweeping the U.S. Farm Belt as trade disputes add pain to the low commodity prices that have been grinding down American farmers for years.

**Midwest U.S. farms are filing for chapter 12 bankruptcy protection**

Throughout much of the Midwest, U.S. farmers are filing for chapter 12 bankruptcy protection at levels not seen for at least a decade, a Wall Street Journal review of federal data shows.

Bankruptcies in three regions covering major farm states last year rose to the highest level in at least 10 years. The Seventh Circuit Court of Appeals, which includes Illinois, Indiana and Wisconsin, had double the bankruptcies in 2018 compared with 2008. In the Eighth Circuit, which includes states from North Dakota to Arkansas, bankruptcies swelled 96%. The 10th Circuit, which covers Kansas and other states, last year had 59% more bankruptcies than a decade earlier. States in those circuits accounted for nearly half of all sales of U.S. farm products in

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**Multiyear slump in process for corn, soybeans and other farm commodities touched off by a world-wide glut, made worse by growing competition from agriculture powerhouses such as Russia and Brazil**

**Low milk prices are driving farmers out of business**

**Low prices and mounting farm debts have sparked fears of more farm closures to come**

2017, according to U.S. Department of Agriculture data.

The rise in farm bankruptcies represents a reckoning for rural America, which has suffered a multiyear slump in prices for corn, soybeans and other farm commodities touched off by a world-wide glut, made worse by growing competition from agriculture powerhouses such as Russia and Brazil.

Trade disputes under the Trump administration with major buyers of U.S. farm goods, such as China and Mexico, have further roiled agricultural markets and pressured farmers' incomes. Prices for soybeans and hogs plummeted after those countries retaliated against U.S. steel and aluminum tariffs by imposing duties on U.S. products like oilseeds and pork, slashing shipments to big buyers.

Low milk prices are driving dairy farmers out of business in a market that's also struggling with retaliatory tariffs on U.S. cheese from Mexico and China. Tariffs on U.S. pork have helped contribute to a record buildup in U.S. meat supplies, leading to lower prices for beef and chicken.

Agribusinesses such as Archer Daniels Midland Co., Bunge Ltd. and Cargill Inc. are feeling the heat, too. Even though lower crop prices translate into less-expensive raw materials for the commodity buyers, tariffs impact the global flow of goods and in some cases drive down prices, cutting into profits.

Low prices and mounting farm debts have sparked fears of more farm closures to come, among both large-scale farms that grew rapidly on rented land and small farms run by families working multiple jobs.

For Nebraska farmer Kirk Duensing, filing for bankruptcy was a last resort, his only choice after several years of low corn and soybean prices meant too many bills

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**More than half of U.S. farm households lost money farming in recent years, according to the USDA**

**Chapter 12 bankruptcy, created during the 1980s farm crisis, allows distressed family farmers or fishermen to devise a plan to repay creditors over three to five years**

**The short line tax credit (45G) -it's good public policy**

**Short lines operate 47,500 route miles and**

he couldn't pay.

Mr. Duensing has managed to keep farming, hiring himself out to plant crops for other farmers for extra income and borrowing from an investment group at an interest rate twice as high as offered by traditional lenders. Despite selling some land and equipment, Mr. Duensing remains more than \$1 million in debt. "I've been through several dips in 40 years," said Mr. Duensing. "This one here is gonna kick my butt."

More than half of U.S. farm households lost money farming in recent years, according to the USDA, which estimated that median farm income for U.S. farm households was negative \$1,548 in 2018. Farm incomes have slid despite record productivity on American farms, because oversupply drives down commodity prices.

Chapter 12 bankruptcy, created during the 1980s farm crisis, allows distressed family farmers or fishermen to devise a plan to repay creditors over three to five years. Only farms with debts that don't exceed about \$4.1 million may file for the protection.

Learn more at: <https://www.msn.com/en-us/money/markets/farm-belt-bankruptcies-are-soaring/ar-BBTfj7M>

### Railroad & Policy Updates

Short lines were in business as early as the mid-1800s, but the genesis of the industry we know today was the Staggers Act of 1980, which enabled entrepreneurs to save light-density branch lines from abandonment by Class I (largest) railroads.

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**touches one in five cars moving annually at origin or destination**

**Short Line Tax credit was first enacted by Congress in 2005**

**House of Representatives on Dec. 20, 2018, passed a measure that would make the tax credit permanent**

Short lines today operate 47,500 route miles, or 29% of the total. The short line railroad industry touches one in five cars moving annually at origin or destination, providing first and last mile service to over 10,000 customers – particularly in rural America.

The Short Line Tax credit was first enacted by Congress in 2005. The credit, also known by its tax line item reference, 45G, has allowed short lines to privately invest over \$4B since its inception. The credit has been extended by overwhelmingly bi-partisan votes on five occasions and expired in 2017. In the 115th Congress, the Brace Act (HR721 and S407), which called for permanence of the tax credit was co-sponsored by a bi-partisan majority in both houses, and was the most co-sponsored tax bill in the Senate. On 12/20/18, the House of Representatives passed a measure that would make the tax credit permanent.

Read the entire article:

[https://www.aslrra.org/web/Advocacy/Representing the Short Line Industry/45G Tax Credit/web/Advocacy/45G Tax Credit.aspx?hkey=55c93c8b-a377-49f0-9669-f5d5b36d83e2](https://www.aslrra.org/web/Advocacy/Representing%20the%20Short%20Line%20Industry/45G%20Tax%20Credit/web/Advocacy/45G%20Tax%20Credit.aspx?hkey=55c93c8b-a377-49f0-9669-f5d5b36d83e2)

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