



TESTIMONY – HOUSE BILL 96

OHIO HOUSE FINANCE COMMITTEE

March 12, 2025

Chair Stewart, Vice Chair Dovilla, Ranking Member Sweeney and members of the House Finance Committee, thank you for the opportunity to present this testimony on House Bill 96.

House Bill 96 contains the line-item funding for the Ohio Rail Development Commission (ORDC), one of the small state transportation offices not funded via the gas tax. Though the agency is small, over its thirty-year history, the ORDC has delivered significant benefits for Ohio's short line and regional railroads, rail-dependent businesses around the state, and Ohio's economy and jobs. On behalf of Ohio's freight rail industry, I want to thank the General Assembly for their past support of the ORDC. It has been well-placed trust.

The ORDC has supported freight rail infrastructure improvements for both railroads and businesses around the state. Over the past decade, they have leveraged their General Revenue Fund allocations to access federal rail improvement programs with great success, helping to make Ohio's railroads safer and more efficient. A noteworthy project supported in part by the ORDC is the Louis Dreyfuss Company soybean processing facility in Upper Sandusky. This new \$541 million facility will employ 114 and will be served by the Chicago, Fort Wayne & Eastern Railroad. Soybeans will arrive by truck and the oil will be shipped out by rail. According to the Louis Dreyfuss Company, every Midwestern state and even Canada was under consideration for this investment, but a principal driver for this project landing in Ohio was the rail service option offered by the network of Ohio railroads. This is only one example of the important work of the ORDC to support Ohio businesses that depend on rail transportation.

Freight railroads are privately owned, so the state only provides funding for projects with public benefits that require public investment to come to fruition. This means that



everything the ORDC does is some form of public-private partnership. According to the ORDC, since 2019 the ORDC has approved grants and loans to 101 projects. These projects, which received funding assistance of \$28.9 million, are creating more than 1,900 jobs, retaining about 4,200 jobs, and supporting an additional 16,300 jobs, for a total of 22,400 jobs positively impacted.

In addition to traditional grants and loans, the ORDC sponsors, administers, and financially leverages federal discretionary awards. The ORDC staff have been remarkably successful in winning these competitive federal grants through the Consolidated Rail Infrastructure and Safety Improvements (CRISI) Program. Since the program's inception in 2017, the ORDC has won fourteen awards, bringing \$87 million in federal funding to Ohio projects. These fourteen projects were funded with \$6.4 million from the ORDC and \$46.7 million in private railroad funds. According to the ORDC, the return on every dollar committed by the ORDC for all projects is approximately \$21 in related investments.

Freight rail transportation is critical to Ohio's economy. Freight rail delivers meaningful public benefits, like lower cost transportation services for Ohio businesses. Ohio also saves wear and tear on the state's highway system since freight rail keeps millions of miles of heavy truck traffic off the road. Because Ohio businesses rely on rail, such as the Louis Dreyfuss project, Ohio has one of the densest rail networks in the country. That network is an economic development advantage for Ohio. Railroading is one of the most capital-intensive industries in the world, and Ohio's short line railroads often need the financial partnership of the ORDC to make timely improvements. Maintaining the short line network is important to the state's manufacturing, agribusiness, and bulk industries, to name just a few of the major short line rail users.

The ORDC has demonstrated outstanding capabilities in making the most of the limited funds available. HB 96 proposes flat funding for the ORDC at \$6 million per fiscal year. But every year, the ORDC is oversubscribed, and millions of dollars of projects are pushed back to the next fiscal year, creating a backlog of needed improvements. Even a slight increase in this funding would allow more freight rail-related projects to be evaluated and funded each year, making the state's rail system safer and more efficient.

On behalf of the members of the Ohio Railroad Association, thank you for your consideration of this testimony and of our request for additional financial support for the Ohio Rail Development Commission.