

CHAPTER 1

THE ROLE OF RAIL IN STATEWIDE TRANSPORTATION

INTRODUCTION

The 2025 Kentucky Statewide Rail Plan (SRP) highlights the goals, objectives, and system-level strategies necessary to promote safe, reliable, efficient, and effective rail transportation in Kentucky. The SRP is designed to help Kentucky achieve key statewide transportation goals as outlined in the 2022-2045 Long-Range Statewide Transportation Plan (LRSTP) and other statewide planning documents, including supplementing the goals in the Statewide Freight Plan. In addition, it follows the Federal Railroad Administration (FRA) recommended guidelines for state rail planning by providing detailed information about Kentucky's railroad system and identifying potential future rail projects.

Chapter 1 highlights the role of the rail industry within Kentucky's economic, social, and cultural landscape. Identifying the role of the rail industry helps provide a basis for the Kentucky SRP vision, goals, and objectives, within the larger LRSTP framework. It also supports the development of the state rail investment program.

1.1. KENTUCKY'S RAIL SYSTEM VISION AND GOALS

1.1.1. Long-Range Statewide Transportation Plan Vision and Goals

Kentucky's 2022-2045 LRSTP outlines a clear multimodal vision along with goals, guiding principles, and an implementation plan to achieve that vision.

The Kentucky LRSTP Vision is for a viable, reliable, and resilient multimodal transportation system to provide access and mobility for all users for the safe movement of people and goods.

The five interconnected LRSTP goals that support this vision include:



Enhance safety



Deliver a high level of maintenance and resiliency



Establish a reliable flow of people and freight



Provide local, regional, and global connectivity for communities



Deliver and operate a system that protects or enhances the natural and human environment

The plan's five guiding principles provide the process framework for the delivery of improvements and the development of policies designed to achieve the five LRSTP goals. They include:



Quality of Life – Create a clean and efficient system that promotes healthy and fully engaged lifestyles while protecting the natural and human environment



Equity – Seek fairness in mobility and accessibility to meet the needs of all community members



Adaptability/Sustainability – Develop and operate a system that can adjust to the potentially disruptive forces of advances in technology, funding challenges, or human-made and natural disasters



Seamlessness - Integrate connectivity across all modes to provide reliable trip choices for people and freight



Economic Vitality - Deliver and operate a system that improves the ability of the state to provide employment and market opportunities

1.1.2. State Rail Plan Vision and Goals

The Kentucky Transportation Cabinet (KYTC) recognizes that an efficient and effective rail system will help alleviate highway congestion, contribute to economic development, improve public safety, improve energy efficiency, and enhance quality of life and the environment for all Kentuckians.

Kentucky's SRP vision aligns with the LRSTP vision and goals:

Kentucky's State Rail Plan Vision is to support and work with rail carriers to provide a safe, reliable, efficient, and effective rail transportation system for the movement of passengers and freight within the commonwealth, as well as to connect Kentucky to domestic and international markets.

The SRP goals and objectives supporting this vision include:

Goal #1 – Support the Preservation and Enhancement of the Network

Objective 1.1 – Support service preservation or rail right-of-way where it serves the public interest

Objective 1.2 – Identify funding to preserve and enhance the existing network

Goal #2 – Promote Rail System Safety and Reliability

Objective 2.1 – Support rail safety programs, including grade-crossing safety programs

Objective 2.2 – Identify and fund grade crossing safety enhancements

Goal #3 – Facilitate Economic Development and Connectivity

Objective 3.1 – Promote rail and intermodal connectivity through communication, planning, and funding

Objective 3.2 – Support economic development efforts related to rail served sites and businesses

Goal #4 – Encourage Communication Between Railroads, Customers, and Public Agencies

Objective 4.1 – Involve and share information with the railroads regarding planning initiatives

Objective 4.2 – Continue to facilitate interagency and rail coordination activities and meetings

Table 1-1 illustrates how the rail plan goals support the goals of the LRSTP.

Table 1-1. State Rail Goals Compared to LRSTP Goals

State Rail Goals	Long-Range Statewide Transportation Plan Goals				
	Safety	Maintenance & Resiliency	Reliability	Connectivity	Environment
Support the Preservation and Enhancement of the Network	✓	✓	✓	✓	✓
Promote Rail System Safety and Reliability	✓	✓	✓		
Facilitate Economic Development and Connectivity			✓	✓	✓
Encourage Communication Between Railroads, Customers, and Public Agencies	✓	✓	✓	✓	✓

1.1.3. Coordination with Other State and Federal Plans

In developing Kentucky’s SRP, the KYTC has considered and integrated several other state transportation plans (see list in sidebar). This is essential to achieving the system-level goals and coordinating across modes and topics.

In particular, the goals of the various plans have been considered as well as the high-level strategies for accomplishing those goals. Some key coordination areas include: Safety, Resiliency, Multimodal Integration, and Economic Development.

- **2022 State Freight Plan** – Provides an overview of the rail system. Addresses rail at a high-level in the statewide freight goals, objectives, and performance measures.
- **2020 Riverports, Highway & Rail Freight Study** – Highlights the importance of the rail connections to inland ports. Recommends on and off-site rail improvements.
- **2022 Highway-Rail Grade Crossing Action Plan** – Focuses on where and how Kentucky can improve grade crossing safety.
- **2024-2030 Highway Plan** – Includes funding for projects related to at-grade and grade-separated rail crossings. There is also funding in a separate bill for rail infrastructure upgrades.

- **2022 Transportation Asset Management Plan** – Is focused on system maintenance and preservation and refers to the State Rail Plan as a key modal transportation system plan.
- **2023 Transportation Resilience Improvement Plan** – Considers the impact of natural disasters (e.g., seismic activity or flooding) on the rail transportation system.
- **2020-2024 Strategic Highway Safety Plan** – Focuses on identifying and outlining approaches to address the critical highway safety issues in the state.
- **2023 Highway Safety Plan and Strategies** – Outlines specific strategies, actions, and projects to address key highway safety issues in the state.
- **MPO Freight Plans** – Several Metropolitan Planning Organizations (MPOs) in the state have freight plans including: Ohio-Kentucky-Indiana Regional Council of Governments (OKI), Kentuckiana Regional Planning and Development Agency (KIPDA), and the Kentucky-Ohio-West Virginia Interstate Planning Commission (KYOVA), which has a freight plan for Greenup and Boyd Counties in Kentucky. All of these plans address rail and its role in the regional freight system. MPOs also address rail freight planning through their regional long-range plans.

Other Kentucky Plans:

- 2022 State Freight Plan
- 2020 Riverports, Highway & Rail Freight Study
- 2022 Highway-Rail Grade Crossing Action Plan
- 2024-2030 Highway Plan
- 2022 Transportation Asset Management Plan
- 2023 Transportation Resilience Improvement Plan
- 2020-2024 Strategic Highway Safety Plan
- 2023 Highway Safety Plan and Strategies
- MPO Freight Plans



Source: Kentucky Transportation Cabinet

Table 1-2. State Rail Goals and Other State Planning Documents

Planning Documents	Rail Plan Goals			
	Preservation & Enhancement	Safety & Reliability	Economic Development & Connectivity	Communication & Coordination
2022 State Freight Plan	•	•	•	•
2020 Riverports, Highway & Rail Freight Study	•			•
2022 Highway-Rail Grade Crossing Action Plan		•		•
2024-2030 Highway Plan	•	•	•	
2022 Transportation Asset Management Plan	•			
2023 Transportation Resilience Improvement Plan		•		
2020-2024 Strategic Highway Safety Plan		•		
2023 Highway Safety Plan and Strategies		•		
MPO Freight Plans	•	•	•	•

1.1.4. Federal and Multi-State Freight Plans

National Rail Plan – The FRA published the National Rail Plan Progress Report in 2010. It specified two long-term high-performance freight rail system goals: 1) Support the current freight rail market share and growth and 2) Develop strategies to attract 50 percent of all shipments 500 miles or greater to intermodal rail. It also outlined one long-term passenger rail goal 1) Connect communities with High-speed and Intercity Passenger Rail where population densities and competitive trip times create markets for success. The document also addressed the need for improvements to capacity, safety, system connectivity, and intermodal linkages.

National Passenger Rail Study – In 2025, the FRA released the Amtrak Daily Long-Distance Service study, which identified 15 Preferred Routes that could be added to the national long-distance passenger train network, including two that would serve Kentucky: a new Detroit-New Orleans route and a new Chicago-Miami via Louisville route. That study was authorized by the 2021 Infrastructure Investment and Jobs Act (IIJA) and seeks to identify routes that would 1) serve as part of a regional rail network, 2) advance the economic and social well-being of rural areas, 3) enhance connectivity for the national passenger rail system, and 4) reflect public engagement and local and regional support.

Regional plans – Two relevant regional plans were completed in the early 2020s: Southeast Regional Rail Planning Study (2020) and the Midwest Regional Rail Planning Study (2021). Kentucky was considered a border state for both studies but was not directly included in either. They both recommended long-term plans with passenger rail service through Kentucky (generally Chicago – Indianapolis – Louisville – Nashville – Atlanta). A multi-state High-Speed Rail Planning Service Study was also completed in 2012, which proposed a similar route.

This SRP addresses all of the above topics at a scale appropriate to the state and in line with the authority of the Kentucky Transportation Cabinet.

1.2. RAIL'S ROLE IN THE STATE'S TRANSPORTATION SYSTEM

1.2.1. History of Rail in Kentucky

Kentucky has a rich railroading heritage dating back to the 1830s when the Lexington and Ohio Railroad was chartered with state dollars. The charter called for building the railroad from Lexington to the Ohio River. By 1834, the railroad had reached Frankfort, but not without setbacks. When disagreements on the Ohio River landing point near Louisville were finally settled, local opposition had prevailed and sections west of Frankfort were not fully connected to those near Louisville. The railroad changed ownership during economic hard times and ultimately failed. The state confiscated its assets as repayment.

The Louisville and Nashville (L&N) Railroad, an iconic railroad name, was chartered in 1850 by Kentucky with state dollars and grew into one of the most successful private businesses of its day. The railroad provided both passenger and freight services continuously under one name in the Southeastern United States for 132 years, surviving the Civil War as well as national economic boom and bust cycles including the Great Depression.

After the Civil War, the 1870s were the dawn of a new era in Kentucky's transportation history. More markets in Kentucky, the South, and the Eastern Seaboard, cheaper goods, and expanded shopping facilities combined to produce the "Age of Railroading." Railway mileage in Kentucky tripled between 1870 and 1900. Many new railway companies were created, connecting even the smallest towns to the national rail network.

As with most states, railroads contributed significantly to the early economic growth of Kentucky. They provided a cost-effective means to transport tobacco and other agricultural products from farms to eastern markets and to ports for shipment to global markets. The railroads provided access to Kentucky's natural resources of coal and limestone deposits, stimulating the growth of the mining industry in the state. Thanks to improved rail transportation, total coal production rose to one million



Source: Charles Shober & Co., Chicago Lithographing Co. (1876) / Adobe Stock

tons in 1879. By the end of the century, the output equaled more than five million tons. The eastern coal industry welcomed the railroads as an alternative to the uncertainties of slack water navigation. Due to topography, the mountain railroads had to follow the course of the waterways, with tracks often clinging to riverbanks.

Railroads also greatly altered the lifestyles of all but the most isolated Kentuckians by stimulating the industrial and economic development of the state. In addition to facilitating the movement of goods, the railroads also improved the mobility of people living in or visiting the state. The ability of people to move fluidly among economic centers improved commerce among those centers and also supported population migration to areas of increasing activity.

In the 19th and 20th centuries, the railroads provided needed linkages for both passengers and freight across Kentucky, complementing the newly constructed roadways. Following World War II, trucks and personal vehicles proved to be too much competition for some railroad companies and particularly for lightly used rail lines. Rail companies suffered financially and many that were not profitable went out of business.

In 1970, Congress passed the Rail Passenger Service Act, which created the National Railroad Passenger Corporation, commonly known as Amtrak. On May 1, 1971, Amtrak took over most of the remaining intercity passenger rail services that were operated by private railroad companies throughout the U.S. Two long-distance Amtrak routes, the Chicago-New York Cardinal (originally the James Whitcomb Riley) and the Chicago-New Orleans City of New Orleans, have provided Kentuckians with intercity passenger rail connectivity since 1971. A third Amtrak route through Kentucky, the Chicago-Miami Floridian, was discontinued in 1979. A fourth route, the Chicago-Louisville Kentucky Cardinal, operated from 1999 to 2003.

The Staggers Rail Act of 1980 removed many regulatory restraints on the freight rail industry, providing railroads with increased flexibility to adjust their rates and tailor services to meet shipper needs and their own revenue requirements.¹ In the years that followed, financial performance of Class I railroads improved significantly as operations became more optimized. During this time, many new Class II and Class III railroads were formed to take over operations of lighter-density railroad lines and preserve local rail service.

Despite the development of the interstate and state highway systems and the growth of the motor carrier industry, freight railroads still play an important role in the economy of Kentucky. Improvements in service, successful efforts to reduce costs, and growing recognition of the economic, safety, and environmental benefits of rail transportation have increased the demand for transporting freight by rail.

1.2.2. Rail in Kentucky in 2025

Kentucky is presently served by five Class I railroads, one Class II railroad, nine Class III railroads, and six riverport, recreational, and passenger railroads. These railroads operate over approximately 2,800 miles of track across the state.

1. Federal Railroad Administration, Impact of the Staggers Rail Act of 1980. Retrieved from: https://railroads.dot.gov/sites/fra.dot.gov/files/fra_net/1645/STAGGER_%20RAIL_ACT_OF_1980_updated_31811.pdf

Freight rail is essential to Kentucky's daily industrial and commercial activity. Rail moved over 22 million tons of freight out of Kentucky and near 20 million into Kentucky in 2021. This included large quantities of coal, but it also included chemicals and automotive manufacturing shipments. Without rail, many of Kentucky's largest industries and employers would not be able to get their products produced and to market. According to the Association of American Railroads (AAR), there are 2,457 railroad industry employees in Kentucky, as of 2021.²

Amtrak passenger rail service in the state is limited to four locations. Fulton has daily service (served by Amtrak's City of New Orleans long distance service) while Ashland, South Shore, and Maysville currently have service three times per week (served by Amtrak's Cardinal long distance service). Amtrak Thruway Connecting Service offers bus services between Louisville's Greyhound station and the Indianapolis Amtrak station. Amtrak's Cardinal also serves Cincinnati, directly across the Ohio River from urban areas in northern Kentucky.

Additional details on the rail service in the state are provided later in this chapter and in Chapter 2.

Table 1-3. Kentucky Railroads, 2025

Class I Railroads	Class II Railroads	Class III Railroads	Riverport, Recreational, and Passenger Railroads
<ol style="list-style-type: none"> 1. BNSF Railway (BNSF)* 2. Canadian National Railway (CN) 3. CSX Transportation (CSXT) 4. Norfolk Southern Railway (NS) 5. Union Pacific Railroad (UP)* <p>* Trackage rights only</p>	<ol style="list-style-type: none"> 1. Paducah and Louisville (PAL) 	<ol style="list-style-type: none"> 1. Fredonia Valley Railroad (FVRR) 2. Kentucky and Tennessee Railway (KT) 3. Kentucky and West Tennessee Railway (KWT) 4. Louisville and Indiana Railroad (LIRC) 5. Paducah and Illinois (PI) 6. RJ Corman – Bardstown Line (RCJR) 7. RJ Corman – Central Line (RJCC) 8. RJ Corman – Memphis Line (RJCM) 9. RJ Corman – Knoxville and Cumberland (KXCG) 10. Tennken (TKEN) 11. Transkentucky Transportation (TTIS) 12. West Tennessee Railroad (WTNN) 	<ol style="list-style-type: none"> 1. Big South Fork Scenic Railway (BSFX) 2. Bluegrass Railroad Museum (BRMI) 3. Kentucky Railway Museum (KRM) 4. Louisville Riverport (LORJ) 5. My Old Kentucky Dinner Train (KDT) 6. National Railroad Passenger Corporation (Amtrak)

2. Association of American Railroads, Kentucky State Fact Sheet, 2021. Retrieved from: <https://www.aar.org/wp-content/uploads/2021/02/AAR-Kentucky-State-Fact-Sheet.pdf>

1.3. INSTITUTIONAL GOVERNANCE STRUCTURE OF KENTUCKY'S STATE RAIL PROGRAM

1.3.1. Kentucky Transportation Cabinet Organization and Roles

The KYTC is led by the Secretary of Transportation, which is a cabinet-level position that reports directly to the Governor of Kentucky.

The KYTC Modal Programs Branch within the Division of Planning administers rail programs for the commonwealth. Modal Programs staff are responsible for prioritizing safety upgrades to public rail/highway crossings and the programming of funds for the work done to maintain and upgrade the crossings. Modal Programs Branch staff also maintain all rail GIS datasets and maps for the cabinet. Datasets include but are not limited to: active and abandoned rail centerlines, active railyards, and rail transload facilities.

The Utilities and Rail Branch within the KYTC Division of Right of Way and Utilities inventories the location, condition, and other information for all public highway-rail grade crossings in Kentucky. The Utilities and Rail Branch staff also administers the federal Section 130 program that funds the improvements of railway-highway crossings. The Utilities and Rail Branch within the KYTC Division of Right of Way and Utilities administers the Railroad Crossing Safety Program and Rail Coordination Program. The Utility and Rails Branch supports projects identified throughout the state and work towards implementing highway-rail grade crossing safety improvement projects. The staff reviews plans and proposals, and drafts agreements involving railroad companies. The projects funded through the Kentucky Rail Crossing Improvement (KCRI) program are jointly administered by the Modal Programs Branch and the Utilities and Rail Branch. The Utilities and Rail Branch assists with railroad agreements, paying of invoices, and coordinating construction work with other agencies and other Cabinet Divisions.

1.3.2. Kentucky Legislation Relating to Railroads

Following the abolition of the Kentucky Railroad Commission in 2000, the KYTC has been tasked with the responsibility of regulating railroads within the commonwealth, pursuant to Kentucky Revised Statute (KRS) 174.057, as described below:

174.057 Railroad regulation – Division of Planning – Administrative regulations.

The Transportation Cabinet shall have the responsibility of regulating railroads within the Commonwealth. The cabinet shall delegate to the Division of Planning within the Department of Highways' Office of Project Development the powers necessary to carry out the provisions of this section. The secretary may employ such personnel as necessary to perform the duties, functions, and responsibilities associated with the regulation of railroads. The division shall have all the powers previously vested in the Kentucky Railroad Commission. The cabinet shall promulgate administrative regulations under KRS Chapter 13A to carry out the provisions of this section.

Effective: June 25, 2009

History: Amended 2009 Ky. Acts ch.13, sec 6, effective June 25, 2009 – Created 2000 Ky. Acts ch. 417, sec 1, effective December 1, 2000.

Legislative Research Commission Note (12/1/2000). The contingency on the effectiveness of this statute set by 2000 Ky. Acts ch. 417, sec. 18, was met, the voters of the Commonwealth having ratified at the general election on November 7, 2000, a constitutional amendment (see 2000 Ky. Acts ch. 399) abolishing the Railroad Commission.

Within the KRS and the Kentucky Administrative Regulations (KAR) are a number of statutes and regulations that relate directly to the rail system, rail safety, and the Rails to Trails Program.

CONSTITUTIONAL CONSTRAINTS

The state highway fund is constitutionally mandated to be used only on highways, via Section 230 of the Kentucky Constitution, as listed below:

Section 230: Money not to be drawn from Treasury unless appropriated – Annual publication of accounts – Certain revenues usable only for highway purposes.

No money shall be drawn from the State Treasury, except in pursuance of appropriations made by law; and a regular statement and account of the receipts and expenditures of all public money shall be published annually. No money derived from excise or license taxation relating to gasoline and other motor fuels, and no moneys derived from fees, excise or license taxation relating to registration, operation, or use of vehicles on public highways shall be expended for other than the cost of administration, statutory refunds and adjustments, payment of highway obligations, costs for construction, reconstruction, rights-of-way, maintenance and repair of public highways and bridges, and expense of enforcing state traffic and motor vehicle laws.

There is currently no dedicated source of consistent state funding for rail projects. Any rail funding provided by the state originates from the Kentucky General Fund and competes against other statewide needs.

KAR TITLE 603, CHAPTER 7, SECTION 090

In order to monitor Kentucky's rail system, the KYTC promulgated KAR Title 603, Chapter 7, Section 090 to regularly update railroad data. This regulation requires that all freight railroads must submit the following information to the KYTC:

- Kentucky Railroad Annual Report (Form TC 59-102);
- Map/GIS data of all active routes;
- Written notice of abandonments; and,
- Reports of accidents resulting in a loss of life.

The annual report and map of all active routes are to be submitted to the KYTC's Division of Planning on or before March 31 of each year. With these procedures in place, the KYTC has information readily available for reference purposes, mapping updates, future updates of the Kentucky Statewide Rail Plan, and other planning efforts the KYTC may pursue.

HOUSE BILL 1 (2024 LEGISLATIVE SESSION)³

House Bill 1 (HB1), enacted during the 2024 Kentucky Legislative Session, allocates a total of \$15 million in fiscal years 2024-2025 and 2025-2026 to the Department of Highways budget to implement the Short Line Infrastructure Preservation Pilot Project. The bill states that the KYTC shall coordinate with and make grants to Class II and Class III railroads to preserve and enhance existing rail lines and corridors, retain existing rail-served industries and attract new industries, and preserve and modernize Kentucky's rail system. Funds from the pilot project shall be used for equipment, construction, reconstruction, improvement, or rehabilitation of rail facilities or engineering work associated with capital projects. No funds shall be expended from the pilot project unless matched with non-state funds equaling at least 50 percent of the total amount for any individual project. No single project shall receive more than \$2,000,000 in grant funds from the pilot project. Notwithstanding KRS 45.229, any portion of these funds that have not been expended by the end of fiscal year 2024-2025 shall not lapse and shall carry forward into fiscal year 2025-2026. The KYTC shall submit a report to the Legislative Research Commission and the Interim Joint Committee on Appropriations and Revenue by September 1, 2025, detailing the disbursement of funds in this subsection.

Further, HB 1 allocates an additional \$15 million total in fiscal years 2024-2025 and 2025-2026 to the Department of Highways budget to implement the Industrial Access and Safety Improvement Pilot Project. The bill states that the KYTC in conjunction with the Cabinet for Economic Development shall coordinate with and make grants to Class I, II, or III railroads, as well as to any Railroad Authority, Port Authority, rail-served industries, and Industrial and Economic Development Authority Board to expand rail access, enhance the marketability of available industrial sites, increase job creation and capital investment, and increase safety. Funds from the pilot project shall be used for equipment, construction, reconstruction, improvement, or rehabilitation of rail facilities or engineering work associated with capital projects. No funds shall be expended from the pilot project unless matched with non-state funds equaling at least 50 percent of the total amount for any individual project. No single project shall receive more than \$2,000,000 in grant funds from the pilot project. Notwithstanding KRS 45.229, any portion of these funds that have not been expended by the end of fiscal year 2024-2025 shall not lapse and shall carry forward into fiscal year 2025-2026. The KYTC shall submit a report to the Legislative Research Commission and the Interim Joint Committee on Appropriations and Revenue by September 1, 2025, detailing the disbursement of funds in this subsection.



Source: Alexey Stiop / Adobe Stock

3. Kentucky General Assembly, House Bill 1 (DRAFT), January 22, 2024. Retrieved from: https://apps.legislature.ky.gov/recorddocuments/bill/24RS/hb1/orig_bill.pdf

1.4. STATE AUTHORITY FOR GRANT, LOAN, AND OTHER FINANCING

There is currently no dedicated source of state funding for rail projects. As noted in Section 1.3.2, Kentucky's state highway fund is constitutionally mandated to be used only on highways. However, the Kentucky General Fund provides the mechanism for state funding for rail projects on a competitive basis with other statewide needs. Any rail funding provided by the state originates from the Kentucky General Fund and competes against other statewide needs.

Historically, the Kentucky Legislature has made funding from the Kentucky General Fund available for short line railroad improvements through the Kentucky Short Line Railroad Assistance Fund program, discussed in Section 1.4.1.

The Kentucky Legislature has also made state funding available for highway-rail grade crossing improvements through the Kentucky Railroad Crossing Improvement Program, discussed in Section 1.4.2.

1.4.1. Kentucky Short Line Railroad Assistance Fund

In May 2011, the Kentucky Legislature voted to make Highway Construction Contingency Funds available through the Kentucky Short Line Railroad Assistance (KSRA) Fund, administered by the KYTC. Grants totaling \$3,138,726 were awarded under this program for fiscal year 2011-2012. All but one of the grants represented 50 percent of the cost of a project, with each railroad providing the remainder as a match.

Kentucky statute continues to permit the KRSA to be funded from the General Fund. However, since the 2011-2012 round, no additional funding has been made available for the KRSA.

1.4.2. Kentucky Railroad Crossing Improvement Program

In October 2013, the state announced that \$3.2 million in grants would be made available through FY 2014 to short line railroads to help fund safety improvements at highway-rail at-grade crossings in Kentucky. The grants, all of which required a dollar-for-dollar match from the applicants, were funded through the Kentucky Railroad Crossing Improvement (KRCI) Program, administered by the KYTC.

In FY 2024, the KYTC processed applications for 33 crossing locations. These projects included 15 crossing rehabilitations, 17 crossing safety improvements, and 1 crossing rehabilitation and safety improvements, including upgrades to existing signage, equipment, and light emitting diode (LED) lighting. Since FY 2018, the KYTC has processed applications for a total of 140 KRCI projects.

Since 2014, the Kentucky Legislature has consistently funded the KRCI in the amount of approximately \$1.6 million annually to allow the KYTC to continue to make additional rail safety improvements statewide. These funds are restricted to public safety improvements to at-grade crossings, railroad bridge overpasses, and railroad crossing safety equipment. The funding is available to support projects with an 80 percent state share and requires a 20 percent local match.

1.4.3. Kentucky Tax Credits

ECONOMIC DEVELOPMENT TAX CREDIT

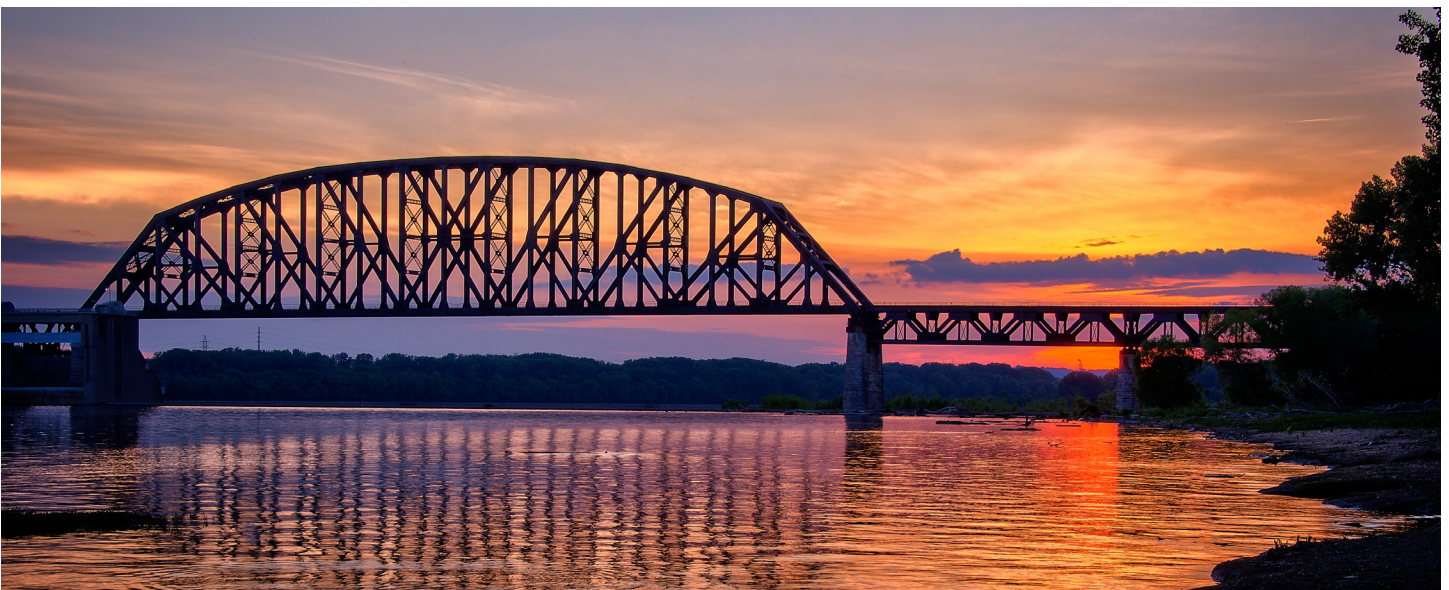
KRS 154.32-010(14)(a)7 establishes a tax credit is for corporations, LLCs, Partnerships, Limited partnerships, Sole Proprietorships, Business Trusts or other entities in manufacturing, agribusiness, non-retail service, technology or national or regional headquarters operations for the construction and installation of railroad spurs as needed to connect Economic Development projects to existing railroads.

NONREFUNDABLE TAX CREDIT FOR RAILROAD IMPROVEMENT (50% TAX CREDIT)

KRS 141.385 establishes a 50 percent tax credit is for Class II & Class III railroads, or any person who transports property using the rail facilities of a Class II railroad or Class III railroad located in Kentucky or furnishes railroad-related property or services to a Class II railroad or Class III railroad located in Kentucky, to maintain or improve railroads located in Kentucky, including roadbeds, bridges, and related structures.

NONREFUNDABLE TAX CREDIT FOR RAILROAD EXPANSION OR UPGRADE TO ACCOMMODATE TRANSPORTATION OF FOSSIL ENERGY RESOURCES OR BIOMASS RESOURCES (25% TAX CREDIT)

KRS 141.386 establishes a 25 percent tax credit for corporations that own fossil energy resources or biomass resources and transport these resources using rail facilities; or for railway companies that serve a corporation that owns fossil energy resources to expand or upgrade railroad track, including roadbeds, bridges, and related track structures, to accommodate the transport of fossil energy resources or biomass resources.



Source: otmman / Adobe Stock

1.5. SUMMARY OF RAIL SERVICES, INITIATIVES, AND STUDIES

1.5.1. Passenger Rail Services and Initiatives

Kentucky is currently served by the national intercity passenger rail carrier Amtrak with two long distance routes:

- The Cardinal (Chicago, Illinois – New York, New York)
- The City of New Orleans (Chicago, Illinois – New Orleans, Louisiana)

Amtrak trains serve four stations in Kentucky, which include:

- Ashland
- Fulton
- Maysville
- South Shore-South Portsmouth

Table 1-4 lists ridership (boardings plus alightings) at Kentucky Amtrak stations in 2023.

Table 1-4. Kentucky Amtrak Stations, Service Frequency, and Ridership

Station	Route	Service Frequency	Annual Ridership (2023)
Ashland	Cardinal	3x/week	1,579
Fulton	City of New Orleans	Daily	4,214
Maysville	Cardinal	3x/week	2,111
South Shore-South Portsmouth	Cardinal	3x/week	870
TOTAL			8,774

Source: Amtrak, Commonwealth of Kentucky Fact Sheet, Fiscal Year 2023

Amtrak previously operated a third route in Kentucky, known as the Kentucky Cardinal, with service between Chicago, Illinois and Louisville, Kentucky via Indianapolis, Indiana. Amtrak discontinued the Kentucky Cardinal in 2003. Amtrak Thruway Connecting Service offers bus services between Louisville’s Greyhound station and the Indianapolis Amtrak station.

The urban areas in northern Kentucky have access to Amtrak service at the Cincinnati Union Terminal, directly across the Ohio River. Cincinnati Union Terminal is currently served by Amtrak’s long-distance Cardinal three times weekly in each direction.

The FRA’s Corridor Identification and Development Program, created under the 2021 Infrastructure Investment and Jobs Act (IIJA), is providing federal funding for public agencies to develop plans for new or expanded intercity passenger rail services, including new services from Indianapolis to Louisville and to Chicago and an increase in the operation of Amtrak’s Cardinal to daily service. A third corridor linking Cincinnati to Louisville, Bowling Green, and Nashville also has regional support for potential future entry into the program.

1.5.2. Freight Rail Services and Initiatives

Kentucky plays an important role in the U.S. rail network. According to the AAR, in 2021 Kentucky ranked 26th among all states for total rail mileage, 24th for originated carloads/units, and 21st for originated tonnage.⁴ Kentucky is served by five Class I railroads, one Class II (regional) railroad, and nine Class III (short line) railroads that each provide common-carrier freight transportation with access to the entire North American freight rail network spanning the United States, Mexico, and Canada.⁵ The North American rail network is closely integrated with coastal seaports and inland river ports to facilitate import and export of raw materials and finished products to and from overseas trading partners.

Freight rail service is provided exclusively by privately owned railroad companies that own, lease, or have joint-use agreements for all of the track that they operate on. Large Class I railroads typically achieve a sufficient return on investment to maintain rail infrastructure and other assets in a state of good repair to support ongoing operations and are expected to remain self-sufficient or attract additional private investment to meet their capital needs. Regional and short line railroads, by contrast, continue to be faced with unmet needs due to having legacy infrastructure inherited from prior Class I railroad owners where underinvestment or deferral of routine maintenance have created capital improvement backlogs that may potentially exceed the smaller railroads' own funding capabilities.

Current initiatives include ongoing work to ensure that the freight rail network is maintained in a state of good repair and is capable of accommodating loaded railcars with a maximum gross weight of 286,000 lbs. These efforts are being directly supported through recent federal grant awards. There are also initiatives underway to develop customizable industrial sites with direct rail access in order to accommodate new businesses.



Source: Kentucky Transportation Cabinet

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4. Association of American Railroads, State Rankings 2021. Retrieved from: <https://www.aar.org/wp-content/uploads/2023/03/AAR-State-Rankings-2021.pdf>
 5. Surface Transportation Board Adopts Final Rule Amending Thresholds for Classifying Rail Carriers, April 5, 2021. Retrieved from: <https://prod.stb.gov/news-communications/latest-news/pr-21-16/>

1.5.3. Previous Kentucky Rail Studies

KENTUCKY FREIGHT PLAN (2022)⁶

The 2022 Kentucky Freight Plan (KFP) approved in May 2023 was designed to supplement the KYTC's 2022 Long-Range Statewide Transportation Plan (LRSTP). The freight plan considers highway, rail, aviation, and waterway needs as they relate to freight transportation and goods movement.

The 2022 KFP serves as an update to the 2017 plan, as such, it includes new State Freight Plan requirements found in the 2021 Infrastructure Investment and Jobs Act (IIJA). A summary of the specific IIJA requirements and where they are addressed in this plan is included as an attachment.

The IIJA requires state freight plans to include supply chain cargo flows, an inventory of commercial ports, findings and recommendations from any multi-state freight compacts, the impacts of e-commerce on freight infrastructure, the considerations of military freight, and an assessment of truck parking facilities in the state.

The Kentucky Freight Plan has a long-term outlook and is intended to serve the needs of the KYTC and its partners to improve freight transportation by accomplishing the following process:

- Documenting freight assets.
- Defining freight goals and performance measures.
- Identifying future needs.
- Recommending strategic initiatives.
- Devising implementation strategies.

KENTUCKY RIVERPORTS, HIGHWAY AND RAIL FREIGHT STUDY (2020)⁷

The KYTC Riverports, Highway & Rail Freight Study's focus was to better understand the breadth and depth of Kentucky's multimodal freight infrastructure, recommend a priority list of waterway improvements based on potential return, identify potential partnerships and funding sources, and better communicate overall strengths with businesses who have a need for these services. One of the outcomes was a riverport marketing toolkit for economic development leaders, riverport managers, local governments, and others to use to promote the network for both foreign and domestic commerce.

KENTUCKY HIGHWAY-RAIL GRADE CROSSING STATE ACTION PLAN (2022)

The KYTC Division of Right of Way, Utility and Rails recently developed a Highway-Rail Grade Crossing State Action Plan (SAP) that evaluated highway-rail grade crossing safety across the commonwealth and identified actions that could help improve safety at crossings. The FRA required each state to complete and submit an SAP by February 14, 2022.

6. Kentucky Transportation Cabinet, Kentucky Freight Plan, 2022. Retrieved from: <https://transportation.ky.gov/MultimodalFreight/Documents/2022%20Kentucky%20Freight%20Plan.pdf>

7. Kentucky Transportation Cabinet, Kentucky Riverports, Highway and Rail Freight Study, 2022. Retrieved from: <https://transportation.ky.gov/MultimodalFreight/Pages/Kentucky-Riverports,-Highway-and-Rail-Freight-Study.aspx>