



Senate Fiscal Agency
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BILL



ANALYSIS

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House Bill 5598 (Substitute H-3 as passed by the House)

Sponsor: Representative John Gernaat

House Committee: Transportation

Senate Committee: Agriculture and Forestry

Date Completed: 12-2-96

CONTENT

The bill would amend the State Transportation Preservation Act to require the Department of Transportation, within 90 days after the bill's effective date, to offer by exclusive 25-year lease to each current contract operator that segment of State-owned rail property operated by that contractor.

The specific terms of the leases would be as determined by the Department to accommodate the best interests of all citizens of the State. If the current contract operator of any segment of State-owned rail property were unwilling or unable to lease that segment of rail property under the terms determined by the Department, that segment would have to be offered for lease, under the same financial terms, to the following parties in descending order: current shippers on that segment, governmental entities, and other railroad companies.

A party entering into an agreement to lease a segment of State-owned rail property would have to agree to provide to shippers service that met certain conditions as determined by the Department for a period of time designated by the Department.

(Currently, the Act provides that in weighing the varied interests of the State's residents, the Transportation Department must give consideration to the individual interest of any person, public or private corporation, local or regional transportation authority, local governmental unit, private carrier, group of rail users, State agency, other public or private entity, including a port authority established under the Port Authority Act, or any combination of these entities, expressing a desire to acquire, lease, or secure an easement for using a portion or all of the real property owned by a railroad company. The property acquired by the Department under the Act may be conveyed or leased to an entity or combination of entities with appropriate reimbursement, as determined by the Department.)

MCL 474.53 & 474.60

Legislative Analyst: L. Arasim

FISCAL IMPACT

The bill would result in an indeterminate fiscal impact. Currently, six freight railroad companies operate on 706 miles of State-owned right-of-way. Operating agreements expire in 1998 and require rail operators to perform maintenance on the State-owned rail line. The extent to which the 25-year leases under the bill differed from the current short-term lease agreements would determine the fiscal impact of the bill.

Fiscal Analyst: B. Bowerman

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.