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**SFA****BILL ANALYSIS**

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Senate Bill 187 (as introduced 2-13-97)

Sponsor: Senator Joel D. Gougeon

Committee: Agriculture and Forestry

Date Completed: 2-24-97

### **CONTENT**

The bill would amend the State Transportation Preservation Act to require the Michigan Department of Transportation (DOT) to offer an exclusive 25-year lease to each current contract operator of State-owned rail property currently having less than a five-year lease with the Department. An offer would have to be for that segment of State-owned rail property operated by the current contract operator. The specific terms of a lease would be as determined by the DOT including authorization for the current contract operator to offer trackage rights and enter into other agreements with other carriers to accommodate the best interests of all citizens of the State. The offers would have to be made within 90 days after the bill took effect.

If the current contract operator of any segment of State-owned rail property were unwilling or unable to lease that segment under the terms determined by the DOT, that segment then 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.
- 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 DOT for a period of time designated by the Department.

If the DOT offered for sale to the current contract operators all segments of State-owned rail property under the conditions described above, the Department could not partition any individual segment of that property into more than one parcel.

MCL 474.53 et al.

Legislative Analyst: S. Margules

### **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.