

SUBSTITUTE FOR
HOUSE BILL NO. 5541

A bill to amend 1976 PA 295, entitled
"State transportation preservation act of 1976,"
(MCL 474.51 to 474.70) by amending the title, as amended by 1984
PA 210, and by adding section 15a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 TITLE

2 An act to improve and maintain transportation services in
3 this state; to provide for the acquisition and use of funds; to
4 provide for the acquisition of certain railroad facilities and
5 certain property; to provide for the disposition and use of
6 facilities and property acquired under this act; to provide for
7 financial assistance to certain private transportation services;
8 to prescribe the powers and duties of certain state departments
9 and agencies; to provide for the transfer of certain funds; to

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1 provide for the creation of ~~a fund~~ CERTAIN FUNDS; and to
2 provide for appropriations.

3 SEC. 15A. (1) THE RAIL INFRASTRUCTURE LOAN FUND IS CREATED
4 TO IMPLEMENT THE RAIL INFRASTRUCTURE LOAN PROGRAM IN THE STATE
5 TRANSPORTATION DEPARTMENT. SUBJECT TO THE MAXIMUM ESTABLISHED BY
6 THIS SECTION, THE LEGISLATURE SHALL APPROPRIATE NOT TO EXCEED
7 \$3,000,000.00 EACH YEAR TO THE RAIL INFRASTRUCTURE LOAN FUND
8 UNTIL THE MAXIMUM IN SUBSECTION (5) IS MET. AFTER THE MAXIMUM IN
9 SUBSECTION (5) IS MET, INTEREST EARNED AND REPAYMENTS RECEIVED
10 AND ANY PENALTIES ASSESSED AND RECEIVED FOR FAILURE TO REPAY
11 LOANS ON TIME SHALL CONTINUE TO BE CREDITED TO THE FUND. THE
12 RAIL INFRASTRUCTURE LOAN FUND IS A SELF-SUSTAINING REVOLVING LOAN
13 FUND TO FINANCE INFRASTRUCTURE IMPROVEMENTS AND CONSTRUCTION FOR
14 THE PURPOSES OF PRESERVING, REBUILDING, REHABILITATING, OR CON-
15 STRUCTING FACILITIES OR IMPROVEMENTS ON RAILROAD OPERATING PROP-
16 erty [OR PROPERTY ADJACENT TO RAILROAD OPERATING PROPERTY,] IN THIS
STATE. CONSTRUCTION IS LIMITED TO THOSE FACILITIES
17 OR IMPROVEMENTS REQUIRED TO CONTINUE RAIL SERVICE ON A PARTICULAR
18 LINE, TO IMPROVE THE EFFICIENCY OF EXISTING RAIL SERVICE, OR TO
19 PROVIDE ALTERNATIVE RAIL SERVICE WHEN A LINE HAS BEEN ABANDONED.
20 IF THE DEPARTMENT DETERMINES THAT THE PUBLIC INTEREST REQUIRES, A
21 LOAN MAY BE MADE TO 1 OF THE ELIGIBLE APPLICANTS PROVIDED BY SUB-
22 SECTION (2) TO ACQUIRE RAIL PROPERTY FOR THE PURPOSE OF PRESERV-
23 ING FREIGHT RAIL SERVICE OR IMPROVING THE EFFICIENCY OF EXISTING
24 FREIGHT RAIL SERVICE.

25 (2) THE FUND SHALL PROVIDE NONINTEREST BEARING LOANS FOR THE
26 PURPOSES DESCRIBED IN THIS SECTION. THE DEPARTMENT SHALL
27 EVALUATE LOAN APPLICATIONS ACCORDING TO THE RELATIVE MERIT OF THE

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1 PROJECT IN CONJUNCTION WITH PROGRAM GOALS AND MAKE
2 RECOMMENDATIONS TO THE STATE TRANSPORTATION COMMISSION REGARDING
3 EACH LOAN APPLICATION. THE COMMISSION SHALL APPROVE OR DENY THE
4 LOANS. THE DEPARTMENT OR THE STATE TRANSPORTATION COMMISSION
5 SHALL NOT REQUIRE ANY COLLATERAL, IRREVOCABLE LETTER OF CREDIT,
6 OR PERSONAL GUARANTEES TO QUALIFY FOR A LOAN UNDER THE RAIL
7 INFRASTRUCTURE LOAN PROGRAM. A LOAN SHALL FUND NOT MORE THAN 90%
8 OF THE RAIL PORTION OF PROJECT COSTS, AND THE LOAN REPAYMENT
9 PERIOD SHALL NOT EXCEED 10 YEARS. A COUNTY, CITY, TOWNSHIP, VIL-
10 LAGE, ECONOMIC DEVELOPMENT CORPORATION, AND RAILROAD AND CURRENT
11 OR POTENTIAL USERS OF FREIGHT RAILROAD SERVICES ARE ELIGIBLE
12 APPLICANTS.

13 (3) AT THE END OF EACH FISCAL YEAR, UNEXPENDED FUNDS SHALL
14 REMAIN IN THE RAIL INFRASTRUCTURE LOAN FUND AND SHALL BE AVAIL-
15 ABLE [] FOR THE PURPOSES OF THE PROGRAM IN THE SUC-
16 CEEDING FISCAL YEAR. AMOUNTS IN THE FUND MAY BE COMBINED BY THE
17 STATE TREASURER WITH OTHER AMOUNTS IN THE STATE TREASURY FOR PUR-
18 POSES OF CASH MANAGEMENT. THE EARNINGS FROM THE INVESTMENT OF
19 THE FUND SHALL ACCRUE TO THE FUND. THE FUND SHALL BE ACCOUNTED
20 FOR SEPARATELY FROM OTHER FUNDS OF THE STATE. THE FUND MAY
21 RECEIVE GIFTS OR GRANTS FOR THE PURPOSES OF THE FUND. ANY PENAL-
22 TIES ASSESSED AND RECEIVED FOR FAILURE TO REPAY A LOAN ON TIME
23 AND MONEY THAT IS RECEIVED BY THIS STATE AS REPAYMENT FOR RAIL
24 INFRASTRUCTURE LOANS MADE PURSUANT TO THIS PROGRAM SHALL REMAIN
25 WITHIN THE RAIL INFRASTRUCTURE LOAN FUND AND SHALL ONLY BE USED
26 FOR THE PURPOSES OF RAIL INFRASTRUCTURE LOANS AS PROVIDED IN THIS
27 SECTION.

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1 (4) BY DECEMBER 31 EACH YEAR, THE DEPARTMENT SHALL REPORT TO
2 THE HOUSE AND SENATE APPROPRIATIONS SUBCOMMITTEES ON TRANSPORTA-
3 TION AND THE HOUSE AND SENATE FISCAL AGENCIES THE FOLLOWING
4 INFORMATION, AS APPROPRIATE, REGARDING THIS SECTION AND ON A SEP-
5 ARATE REPORT THE RAIL FREIGHT FUND UNDER SECTION 17:

6 (A) THE BEGINNING FUND BALANCE OF EACH FUND, REVENUES
7 RECEIVED, EXPENDITURES AND ENCUMBRANCES INCURRED, AND THE ENDING
8 FUND BALANCE FOR EACH FUND FOR THE PRECEDING FISCAL YEAR.

9 (B) THE PROJECTS FUNDED DURING THE PREVIOUS FISCAL YEAR.

10 (C) THE STATUS OF PROJECTS FUNDED IN THE IMMEDIATELY PRECED-
11 ING FISCAL YEAR INCLUDING THE DEGREE TO WHICH THE PROJECTS FUNDED
12 HAVE ACHIEVED THE OBJECTIVES OF THIS ACT.

13 (D) STATUS OF ALL OUTSTANDING LOANS.

14 (E) ANY OTHER INFORMATION CONSIDERED NECESSARY BY THE
15 DEPARTMENT.

16 (5) THE STATE'S TOTAL CONTRIBUTION TO THE RAIL INFRASTRUC-
17 TURE LOAN FUND SHALL NOT EXCEED \$15,000,000.00 EXCLUSIVE OF
18 INTEREST [AND ANY PENALTIES ASSESSED, RECEIVED, AND] CREDITED TO THE
FUND.