

RAIL GRADE CROSSING ACCOUNT (WITHIN ACT 51 OF 1951)



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FISCAL ANALYSIS

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HOUSE BILL 6523 AS REPORTED

Sponsor: Rep. Scott Shackleton
House Committee: Transportation

FLOOR ANALYSIS - 11/21/02

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SUMMARY

House Bill 6523 would amend Section 11 of Public Act 51 of 1951 (247.661) regarding the authorized uses of the railroad crossing account within the State Trunkline Fund. The bill would change the permitted uses of the account but not the total amount available for use on state trunkline or local road agency railroad crossing projects. As a result the bill would have no direct fiscal impact on state or local costs or revenues. The primary change to the Act would be to increase the permitted amounts which may be paid to local road agencies for the closure of rail grade crossings. To the extent that the bill increased the number of closed crossings, it could reduce local costs related to maintenance of crossing warning devices.

ANALYSIS

Background - Rail grade crossings¹ are potentially dangerous. Trains can not move to avoid accidents and the momentum of trains prevents them from stopping quickly. A freight train traveling 30 miles per hour can take over ½ mile to stop. A freight train traveling 60 miles per hour can take over 1.5 miles to stop. Because of the force of a moving train (mass times speed), collisions between trains and motor vehicles or pedestrians are generally catastrophic for the vehicles or pedestrians involved. At-grade crossings also reduce the speed at which trains can travel and reduce the efficiency and productivity of the railroad industry.

Although warning devices can mitigate the potential hazards of at-grade crossings, they are not 100% effective. People ignore signals or try to drive through gates. And lights and gates are costly – from \$100,000 to \$150,000 - to install. The installation of warning devices may not be warranted for crossings at roads and streets with very low average daily traffic counts. Grade separations² are much more costly – from \$1.0 million to \$10.0 million to construct. An alternative to warning devices or grade separations is the closing of rail grade crossings. The Federal Railroad Administration has established as a national goal a reduction in the number of at-grade rail crossings.

Under the State Railroad Code of 1993 (Public Act 354 of 1993, MCL 462.101 et. seq.) the Michigan Department of Transportation has authority over railroad crossings – including crossings at both state trunklines and local roads and streets. The department director, or his or her designee, may order the installation of warning devices or the closure of rail crossings. Understandably, local communities are often reluctant to close a crossing – a closed rail crossing represents an inconvenience to those people who formerly used the crossing. The department tries to negotiate closings through voluntary agreements with local communities. There has been only one instance where the department ordered a crossing closed despite the opposition of a local road authority.

¹ "Grade crossing" is defined in the Michigan Railroad Code (MCL 462.105) as "the point at which any railroad intersects with any public street or highway, or any nonmotorized trail."

² "Grade separations" are defined in the Michigan Railroad Code as "an intersection of a railroad and a highway at different levels with either the railroad above or below the highway."

Fiscal Impact - Funding for rail crossing safety projects is provided through federal safety funds and through a \$3.0 million annual Act 51 earmark of Michigan Transportation Funds to the rail grade crossing account.

If the department and a local road agency agree to the elimination of a crossing by permanent closure, Act 51 currently allows the department to pay the road agency a fixed amount of \$5,000 from the rail grade crossing account, plus an additional amount of up to \$10,000 from the rail grade crossing account for the actual cost of the crossing closure³.

House Bill 6523 would authorize the use of the rail grade crossing account *“for rail grade crossing improvement purposes at rail grade crossings on public roads and streets under the jurisdiction of the state, counties, cities, or villages.”* Under new subsection (14), the bill would broaden the definition of *“rail grade crossing improvement purposes”* to include *“a cash payment made [for any permanent grade crossing closing] for any public road or street crossing, in an amount no greater than the cost of installing flashing light signals and half roadway gates at the crossing.”* Under subsection (1) (c) (iv), funds provided to a road authority for a grade crossing elimination would be credited to the applicable local agency road or street fund and *“shall be used for any transportation purpose within that road authority’s jurisdiction.”*

The bill would provide additional incentive for local road agencies to negotiate with the department for the closing of rail crossings. In some cases the road agency could receive an incentive payment of as much as \$150,000. This may make the crossing closure a more attractive alternative than the installation of warning devices.

In addition to the change related to incentive payments for crossing closures, the bill would, for the first time, specifically permit the use of the rail grade crossing account to fund test installations of innovative warning devices or other innovative applications, and the construction of new grade separations.

The bill would have no direct fiscal impact on state or local costs or revenues. The bill would change the permitted uses of the account but not the total amount available for use on state trunkline or local road agency railroad crossing projects⁴. To the extent that the bill increased the number of closed crossings, it could reduce local costs related to maintenance of crossing warning devices.

Note that the department has indicated that not all crossing closures would warrant the maximum incentive payment of approximately \$150,000. The department intends to establish criteria to direct incentive payments to the most critical crossings.

³ In addition to these funds provided in Act 51 from the rail grade crossing account, the department may expend additional funds to mitigate the effect of a grade crossing closure. For example, the department may expend additional federal and state rail grade crossing account funds to upgrade warning devices at a crossing adjacent to the closed crossing.

⁴ Act 51 directs that “not more than 50% or less than 30% of [rail grade crossing account] funds and matched federal funds shall be expended for state trunkline projects.” The department currently uses the minimum 30% amount (\$900,000) of the \$3.0 million annual earmark, with the 70% balance (\$2.1 million) for local road crossing projects.