

**HOUSE SUBSTITUTE FOR
SENATE BILL NO. 28**

A bill to amend 1976 PA 295, entitled
"State transportation preservation act of 1976,"
(MCL 474.51 to 474.70) by adding section 15a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 15A. (1) THE RAIL INFRASTRUCTURE LOAN FUND IS CREATED
2 TO IMPLEMENT THE RAIL INFRASTRUCTURE LOAN PROGRAM IN THE STATE
3 TRANSPORTATION DEPARTMENT. SUBJECT TO THE MAXIMUM ESTABLISHED BY
4 THIS SECTION, THE LEGISLATURE SHALL APPROPRIATE AN AMOUNT NOT TO
5 EXCEED \$3,000,000.00 EACH YEAR TO THE RAIL INFRASTRUCTURE LOAN
6 FUND UNTIL THE MAXIMUM IN SUBSECTION (5) IS MET. INTEREST EARNED
7 AND REPAYMENTS RECEIVED AND ANY PENALTIES ASSESSED AND RECEIVED
8 FOR FAILURE TO REPAY LOANS ON TIME SHALL BE CREDITED TO THE
9 FUND. THE RAIL INFRASTRUCTURE LOAN FUND IS A SELF-SUSTAINING
10 REVOLVING LOAN FUND TO FINANCE CONSTRUCTION AND IMPROVEMENTS THAT
11 ARE DESIGNED FOR IMPROVEMENTS TO FREIGHT RAILROAD INFRASTRUCTURE

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1 FOR THE PURPOSES OF PRESERVING, REBUILDING, REHABILITATING, OR
2 CONSTRUCTING FACILITIES OR IMPROVEMENTS ON RAILROAD OPERATING
3 PROPERTY OR PROPERTY ADJACENT TO RAILROAD OPERATING PROPERTY, IN
4 THIS STATE. CONSTRUCTION IS LIMITED TO THOSE FACILITIES OR
5 IMPROVEMENTS REQUIRED TO CONTINUE RAIL SERVICE ON A PARTICULAR
6 LINE OR TO IMPROVE THE EFFICIENCY AND SAFETY OF EXISTING RAIL
7 SERVICE. IF THE DEPARTMENT DETERMINES THAT THE PUBLIC INTEREST
8 REQUIRES, A LOAN MAY BE MADE TO ELIGIBLE APPLICANTS PROVIDED BY
9 SUBSECTION (2) TO ACQUIRE RAIL PROPERTY FOR THE PURPOSE OF PRE-
10 SERVING FREIGHT RAIL SERVICE OR IMPROVING THE EFFICIENCY OF
11 EXISTING FREIGHT RAIL SERVICE. AN ELIGIBLE APPLICANT DESCRIBED
12 IN SUBSECTION (2) MAY APPLY FOR A LOAN FROM THE FUND FOR THE PUR-
13 POSES DESCRIBED IN THIS SECTION OR FOR USE AS NONFEDERAL MATCH
14 FOR ANY FEDERAL RAIL INFRASTRUCTURE LOAN PROGRAM.

15 (2) THE FUND SHALL PROVIDE NONINTEREST BEARING LOANS FOR THE
16 PURPOSES DESCRIBED IN THIS SECTION. THE DEPARTMENT SHALL EVALU-
17 ATE LOAN APPLICATIONS ACCORDING TO THE RELATIVE MERIT OF THE
18 PROJECT IN CONJUNCTION WITH PROGRAM GOALS AND MAKE RECOMMENDA-
19 TIONS TO THE STATE TRANSPORTATION COMMISSION REGARDING EACH LOAN
20 APPLICATION. THE STATE TRANSPORTATION COMMISSION SHALL APPROVE
21 OR DENY THE LOANS AND ESTABLISH LOAN DISBURSEMENT AND PAYMENT
22 SCHEDULES BASED ON THE NEEDS OF THE WORK IN PROGRESS. A LOAN
23 SHALL FUND NOT MORE THAN 90% OF THE RAIL PORTION OF PROJECT
24 COSTS, AND THE LOAN REPAYMENT PERIOD SHALL NOT EXCEED 10 YEARS.
25 A COUNTY, CITY, TOWNSHIP, VILLAGE, ECONOMIC DEVELOPMENT CORPORA-
26 TION, AND RAILROAD AND CURRENT OR POTENTIAL USERS OF FREIGHT
27 RAILROAD SERVICES ARE ELIGIBLE APPLICANTS.

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1 (3) AT THE END OF EACH FISCAL YEAR, UNEXPENDED FUNDS SHALL
2 REMAIN IN THE RAIL INFRASTRUCTURE LOAN FUND AND SHALL BE AVAIL-
3 ABLE FOR THE PURPOSES OF THE PROGRAM IN THE SUCCEEDING FISCAL
4 YEAR. AMOUNTS IN THE FUND MAY BE COMBINED BY THE STATE TREASURER
5 WITH OTHER AMOUNTS IN THE STATE TREASURY FOR PURPOSES OF CASH
6 MANAGEMENT. THE EARNINGS FROM THE INVESTMENT OF THE FUND SHALL
7 ACCRUE TO THE FUND. THE FUND SHALL BE ACCOUNTED FOR SEPARATELY
8 FROM OTHER FUNDS OF THE STATE. THE FUND MAY RECEIVE GIFTS OR
9 GRANTS FOR THE PURPOSES OF THE FUND. ANY PENALTIES ASSESSED AND
10 RECEIVED FOR FAILURE TO REPAY A LOAN ON TIME AND MONEY THAT IS
11 RECEIVED BY THIS STATE AS REPAYMENT FOR RAIL INFRASTRUCTURE LOANS
12 MADE PURSUANT TO THIS PROGRAM SHALL REMAIN WITHIN THE RAIL INFRA-
13 STRUCTURE LOAN FUND AND SHALL ONLY BE USED FOR THE PURPOSES OF
14 RAIL INFRASTRUCTURE LOANS AS PROVIDED IN THIS SECTION.

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

20 (A) THE BEGINNING FUND BALANCE OF EACH FUND, REVENUES
21 RECEIVED, EXPENDITURES AND ENCUMBRANCES INCURRED, AND THE ENDING
22 FUND BALANCE FOR EACH FUND FOR THE PRECEDING FISCAL YEAR.

23 (B) THE PROJECTS FUNDED DURING THE PRECEDING FISCAL YEAR.

24 (C) THE STATUS OF PROJECTS FUNDED IN THE PRECEDING FISCAL
25 YEARS INCLUDING THE DEGREE TO WHICH THE PROJECTS FUNDED HAVE
26 ACHIEVED THE OBJECTIVES OF THIS ACT.

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1 (D) STATUS OF ALL OUTSTANDING LOANS.

2 (E) ANY OTHER INFORMATION CONSIDERED NECESSARY BY THE
3 DEPARTMENT.

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