

**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 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
17 STATE. CONSTRUCTION IS LIMITED TO THOSE FACILITIES OR IMPROVE-
18 MENTS REQUIRED TO CONTINUE RAIL SERVICE ON A PARTICULAR LINE, TO
19 IMPROVE THE EFFICIENCY OF EXISTING RAIL SERVICE, OR TO PROVIDE
20 ALTERNATIVE RAIL SERVICE WHEN A LINE HAS BEEN ABANDONED. IF THE
21 DEPARTMENT DETERMINES THAT THE PUBLIC INTEREST REQUIRES, A LOAN
22 MAY BE MADE TO 1 OF THE ELIGIBLE APPLICANTS PROVIDED BY SUBSEC-
23 TION (2) TO ACQUIRE RAIL PROPERTY FOR THE PURPOSE OF PRESERVING
24 FREIGHT RAIL SERVICE OR IMPROVING THE EFFICIENCY OF EXISTING
25 FREIGHT RAIL SERVICE. AN ELIGIBLE APPLICANT DESCRIBED IN
26 SUBSECTION (2) MAY APPLY FOR A LOAN FROM THE FUND FOR THE

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1 PURPOSES DESCRIBED IN THIS SECTION OR FOR USE AS NONFEDERAL MATCH
2 FOR ANY FEDERAL RAIL INFRASTRUCTURE LOAN PROGRAM.

3 (2) THE FUND SHALL PROVIDE NONINTEREST BEARING LOANS FOR THE
4 PURPOSES DESCRIBED IN THIS SECTION. THE DEPARTMENT SHALL EVALU-
5 ATE LOAN APPLICATIONS ACCORDING TO THE RELATIVE MERIT OF THE
6 PROJECT IN CONJUNCTION WITH PROGRAM GOALS AND MAKE RECOMMENDA-
7 TIONS TO THE STATE TRANSPORTATION COMMISSION REGARDING EACH LOAN
8 APPLICATION. THE STATE TRANSPORTATION COMMISSION SHALL APPROVE
9 OR DENY THE LOANS. THE DEPARTMENT OR THE STATE TRANSPORTATION
10 COMMISSION SHALL NOT REQUIRE ANY COLLATERAL, IRREVOCABLE LETTER
11 OF CREDIT, OR PERSONAL GUARANTEES TO QUALIFY FOR A LOAN UNDER THE
12 RAIL INFRASTRUCTURE LOAN PROGRAM. A LOAN SHALL FUND NOT MORE
13 THAN 90% OF THE RAIL PORTION OF PROJECT COSTS, AND THE LOAN
14 REPAYMENT PERIOD SHALL NOT EXCEED 10 YEARS. A COUNTY, CITY,
15 TOWNSHIP, VILLAGE, ECONOMIC DEVELOPMENT CORPORATION, AND RAILROAD
16 AND CURRENT OR POTENTIAL USERS OF FREIGHT RAILROAD SERVICES ARE
17 ELIGIBLE APPLICANTS.

18 (3) AT THE END OF EACH FISCAL YEAR, UNEXPENDED FUNDS SHALL
19 REMAIN IN THE RAIL INFRASTRUCTURE LOAN FUND AND SHALL BE AVAIL-
20 ABLE FOR THE PURPOSES OF THE PROGRAM IN THE SUCCEEDING FISCAL
21 YEAR. AMOUNTS IN THE FUND MAY BE COMBINED BY THE STATE TREASURER
22 WITH OTHER AMOUNTS IN THE STATE TREASURY FOR PURPOSES OF CASH
23 MANAGEMENT. THE EARNINGS FROM THE INVESTMENT OF THE FUND SHALL
24 ACCRUE TO THE FUND. THE FUND SHALL BE ACCOUNTED FOR SEPARATELY
25 FROM OTHER FUNDS OF THE STATE. THE FUND MAY RECEIVE GIFTS OR
26 GRANTS FOR THE PURPOSES OF THE FUND. ANY PENALTIES ASSESSED AND
27 RECEIVED FOR FAILURE TO REPAY A LOAN ON TIME AND MONEY THAT IS

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1 RECEIVED BY THIS STATE AS REPAYMENT FOR RAIL INFRASTRUCTURE LOANS
2 MADE PURSUANT TO THIS PROGRAM SHALL REMAIN WITHIN THE RAIL INFRA-
3 STRUCTURE LOAN FUND AND SHALL ONLY BE USED FOR THE PURPOSES OF
4 RAIL INFRASTRUCTURE LOANS AS PROVIDED IN THIS SECTION.

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

10 (A) THE BEGINNING FUND BALANCE OF EACH FUND, REVENUES
11 RECEIVED, EXPENDITURES AND ENCUMBRANCES INCURRED, AND THE ENDING
12 FUND BALANCE FOR EACH FUND FOR THE PRECEDING FISCAL YEAR.

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

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

17 (D) STATUS OF ALL OUTSTANDING LOANS.

18 (E) ANY OTHER INFORMATION CONSIDERED NECESSARY BY THE
19 DEPARTMENT.

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