

SENATE BILL No. 28

January 30, 2001, Introduced by Senators HOFFMAN and SCHWARZ and referred to the Committee on Appropriations.

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:

TITLE

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

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.

26 (2) THE FUND SHALL PROVIDE NONINTEREST BEARING LOANS FOR THE
27 PURPOSES DESCRIBED IN THIS SECTION. THE DEPARTMENT SHALL

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

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

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
19 THE FUND.