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BILL ANALYSIS

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House Bill 5638 (as reported without amendment)
Sponsor: Representative Jerry O. Kooiman
House Committee: Transportation
Senate Committee: Transportation

Date Completed: 5-5-06

RATIONALE

Currently, six states belong to the Midwest Interstate Passenger Rail Compact, which originated in the mid-1990s when state legislators asked the Midwestern Legislative Conference (MLC) for help in furthering the development of high speed rail in the region, according to the website of the Midwest Interstate Passenger Rail Commission. The MLC formed a task force of interested legislators, who decided that a compact among Midwestern states was the best approach. The Compact language was developed during 1998 and 1999, and first introduced in 2000. That year, Indiana, Minnesota, and Missouri enacted Compact language, and the Commission held its organizational meeting in January 2001. In addition to the three original states, the Commission's current members are Nebraska, North Dakota, and Ohio. It has been suggested that Michigan also join the Compact to work with other Midwestern states in promoting, coordinating, and supporting improvements in the region's passenger rail system.

CONTENT

The bill would enact the "Midwest Interstate Passenger Rail Compact". The Compact would be entered into with all jurisdictions legally joining it.

An overview of the Compact follows.

Purpose

The purposes of the Compact are to do the following, through joint or cooperative action:

- Promote development and implementation of improvements to intercity passenger rail service in the Midwest.
- Coordinate interaction among Midwestern state elected officials and their designees on passenger rail issues.
- Promote development and implementation of long-range plans for high-speed rail passenger service in the Midwest and among other regions of the United States.
- Work with the public and private sectors at the Federal, state, and local levels to ensure coordination among the various entities having an interest in passenger rail service and to promote Midwestern interests regarding passenger rail.
- Support efforts of transportation agencies involved in developing and implementing passenger rail service in the Midwest.

Commission

To further the Compact's purposes, a commission is created to carry out the duties specified in the Compact.

The manner of appointment of members, terms of office, provisions for removal and suspension, and manner of appointment to fill vacancies must be determined by each party state pursuant to its laws, but each commissioner must be a resident of the state of appointment. Commission members are to serve without compensation.

The commission must consist of four resident members of each state as follows:

- The governor or his or her designee.

- One member of the private sector appointed by the governor.
- Two legislators, one from each legislative chamber (or two legislators from any unicameral legislature), appointed by the appropriate appointing authority in each chamber.

Each member state has equal voting privileges, as determined by commission bylaws.

The commission's duties include the following:

- Advocating for the funding and authorization necessary to make passenger rail improvements a reality for the region.
- Identifying and seeking to develop ways that states can form partnerships, including with the rail industry and labor, to implement improved passenger rail in the region.
- Seeking development of a long-term, interstate plan for high-speed rail passenger service implementation.
- Cooperating with other agencies, regions, and entities to ensure that the Midwest is adequately represented and integrated into national plans for passenger rail development.
- Adopting bylaws governing the commission's activities and procedures and addressing, among other subjects, officers' duties and powers, member voting rights, voting procedures, commission business, and any other purposes necessary to fulfill the commission's duties.
- Spending money required to carry out the commission's powers and duties.
- Reporting annually on the commission's activities to the legislatures and governor of the member states.

Additionally, the Compact authorizes the commission to do the following:

- Provide multistate advocacy necessary to implement passenger rail systems or plans, as approved by the commission.
- Work with local elected officials, economic development planning organizations, and similar entities to raise the visibility of passenger rail service benefits and needs.
- Educate other state officials, Federal agencies, other elected officials, and the

public on the advantages of passenger rail as an integral part of an intermodal transportation system in the region.

- Work with Federal agency officials and members of Congress to ensure the funding and authorization necessary to develop a long-term, interstate plan for high-speed rail passenger service implementation.
- Make recommendations to member states.
- Implement or provide oversight for specific rail projects, if requested by each state participating in a particular project and under the terms of a formal agreement approved by the participating states and the commission.
- Establish an office and hire staff as necessary.
- Contract for or provide services.
- Assess dues, in accordance with the terms of the Compact.
- Conduct research.
- Establish committees.

The commission must meet at least once during each calendar year, and at other times as determined by the commission.

Commission Funding

Except as otherwise provided for, the money necessary to finance the commission in carrying forth its duties, responsibilities, and powers must be appropriated to the commission by the member states, when authorized by their legislatures, by equal apportionment among them. Nothing in the Compact may be construed to commit a member state to participate in financing a rail project, except as provided by a member state's law.

Additionally, the commission may accept donations, gifts, grants, and appropriations of money, equipment, supplies, materials, and services from the Federal government; from any party state; from any department, agency, or municipality of a party state; or from any institution, person, firm, or corporation.

All of the commission's expenses in executing its duties must be paid by the commission out of the funds available to it. The commission may not issue any debt instrument. It must submit to the officer designated by the laws of each party state, periodically as required by the laws of each

party state, a budget of its actual past and estimated future expenditures.

Compact Enactment

The Compact specifies that the states of Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin are eligible to join it. Upon approval of the commission, other states may be declared eligible to join. As to any eligible party state, the Compact will become effective when its legislature enacts it into law. Three party states must enact laws incorporating the Compact's provisions for it to become effective initially.

Withdrawal, Default, & Termination

A member state may withdraw from the Compact by the enactment of a statute repealing it, effective one year later. A withdrawing state will be liable for any obligations it has incurred before the effective date of the withdrawal.

If any compacting state defaults in the performance of its obligations, all rights, privileges, and benefits conferred by the Compact or agreements made under it must be suspended from the effective date of the default, and the commission must stipulate the conditions and maximum time for compliance under which the defaulting state may resume its regular status. Unless the default is remedied under the stipulations and within the time period set forth by the Commission, the Compact may be terminated with respect to the defaulting state by an affirmative vote of a majority of the other commission members. A defaulting state may be reinstated, upon vote of the commission, by performing all stipulated acts and obligations.

Construction & Severability

The provisions of the Compact are severable, and if any phrase, clause, sentence, or provision is declared to be contrary to the constitution of any member state or of the United States, or its applicability to any government, agency, person, or circumstance, is held invalid, the validity of the remainder of the Compact and its applicability to any government, agency, person, or circumstance will not be affected.

If the Compact is held contrary to the constitution of any member state, the Compact will remain in full force and effect as to the remaining states and in full force and effect as to the affected state with regard to all severable matters.

The Compact states that its provisions must be liberally construed to effectuate its purposes.

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

Promoting passenger rail as a critical component of a multimodal transportation system would facilitate the movement of people within the Midwest and the State, and have a positive impact on the economy. Additionally, increased use of rail service would produce numerous other benefits. According to the Midwest Interstate Passenger Rail Commission, passenger rail is faster and safer than automobile travel, and provides riders with the speed of air travel while being more affordable, convenient, and comfortable. Trains use less energy and produce less air pollution per passenger than cars and planes do, and result in reduced highway congestion. Also, train stations counteract sprawl by encouraging development in city and town centers and mitigating the need to build new, expansive highways and airports. Rail systems employ thousands of people in construction and operation, draw economic development, and promote tourism and the growth of an intraregional economy.

In light of the positive impact on the environment, land use, and the economy, it would be in the State's interest to encourage increased development and use of the passenger rail system. Joining the interstate compact would be an effective way to do this. The Midwestern states, acting as one regional entity, should be able to exercise more influence over funding and policy decisions than each state can exercise individually. In partnering with these other states, Michigan would add strength to a unified voice advocating at all levels of government for convenient, cost-effective rail service, and ensuring that such service

remained a viable transportation option in the future.

Opposing Argument

There are several other existing avenues by which the goals of the Commission could be accomplished. There are various legislative caucuses focused on transportation issues, and other partnerships between government entities with related purposes. For example, since 1996 the Michigan Department of Transportation has been active in the Midwest Regional Rail Initiative, a collaborative effort between several state transportation departments. Perhaps Michigan should examine including legislators in these existing programs to avoid duplicative efforts and save money.

Response: The Commission under the Compact is distinct from other rail service initiatives, which typically consist of various state administrators, in that it is made up primarily of legislators. Whether simply including legislators on existing bodies would be as effective as joining the Compact is questionable. Furthermore, it is not clear at this time if the terms of the existing initiatives even would allow legislators to serve as members.

Legislative Analyst: Julie Koval

FISCAL IMPACT

The bill would create an indeterminate cost for the State. The Compact agreement would not obligate the State to make any payments to the commission. However, as a member of the Compact, the State would be asked to pay dues, support activities of the commission, or contribute to commission projects. Those expenditures would be subject to the appropriation process. Current members of the Compact have been asked to pay annual dues of up to \$15,000. There also would be a cost for staff time and travel to commission meetings and events.

Fiscal Analyst: Jessica Runnels

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.