

# HOUSE BILL No. 5679

December 10, 2009, Introduced by Rep. Gonzales and referred to the Committee on Appropriations.

A bill to amend 1976 PA 295, entitled  
"State transportation preservation act of 1976,"  
by amending section 15a (MCL 474.65a), as added by 2002 PA 747.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 15a. (1) The rail infrastructure loan fund is created to  
2       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 fund  
6       until the maximum in subsection (5) is met. Interest earned and  
7       repayments received and any penalties assessed and received for  
8       failure to repay loans on time shall be credited to the fund. The  
9       rail infrastructure loan fund is a self-sustaining revolving loan  
10      fund to finance construction and improvements that are designed for

1 improvements to freight railroad infrastructure for the purposes of  
2 preserving, rebuilding, rehabilitating, or constructing facilities  
3 or improvements on railroad operating property or property adjacent  
4 to railroad operating property, in this state. Construction is  
5 limited to those facilities or improvements required to continue  
6 rail service on a particular line or to improve the efficiency and  
7 safety of existing rail service. If the department determines that  
8 the public interest requires, a loan may be made to eligible  
9 applicants provided by subsection (2) to acquire rail property for  
10 the purpose of preserving freight rail service or improving the  
11 efficiency of existing freight rail service. An eligible applicant  
12 described in subsection (2) may apply for a loan from the fund for  
13 the purposes described in this section or for use as nonfederal  
14 match 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 evaluate  
17 loan applications according to the relative merit of the project in  
18 conjunction with program goals and make recommendations to the  
19 state transportation commission regarding each loan application.  
20 The state transportation commission shall approve or deny the loans  
21 and establish loan disbursement and payment schedules based on the  
22 needs of the work in progress. A loan shall fund not more than 90%  
23 of the rail portion of project costs, and the loan repayment period  
24 shall not exceed 10 years. A county, city, township, village,  
25 economic development corporation, and railroad and current or  
26 potential users of freight railroad services are eligible  
27 applicants.

1           (3) ~~At~~ **EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, AT** the  
2 end of each fiscal year, unexpended funds shall remain in the rail  
3 infrastructure loan fund and shall be available for the purposes of  
4 the program in the succeeding fiscal year. **FOR THE FISCAL YEAR**  
5 **ENDING SEPTEMBER 30, 2010, \$5,700,000.00 IN UNOBLIGATED FUND**  
6 **BALANCE SHALL BE DEPOSITED IN THE COMPREHENSIVE TRANSPORTATION**  
7 **FUND.** Amounts in the fund may be combined by the state treasurer  
8 with other amounts in the state treasury for purposes of cash  
9 management. The earnings from the investment of the fund shall  
10 accrue to the fund. The fund shall be accounted for separately from  
11 other funds of the state. The fund may receive gifts or grants for  
12 the purposes of the fund. Any penalties assessed and received for  
13 failure to repay a loan on time and money that is received by this  
14 state as repayment for rail infrastructure loans made pursuant to  
15 this program shall remain within the rail infrastructure loan fund  
16 and shall only be used for the purposes of rail infrastructure  
17 loans as provided in this section.

18           (4) By December 31 each year, the department shall report to  
19 the house and senate appropriations subcommittees on transportation  
20 and the house and senate fiscal agencies the following information,  
21 as appropriate, regarding this section and on a separate report the  
22 rail freight fund under section 17:

23           (a) The beginning fund balance of each fund, revenues  
24 received, expenditures and encumbrances incurred, and the ending  
25 fund balance for each fund for the preceding fiscal year.

26           (b) The projects funded during the preceding fiscal year.

27           (c) The status of projects funded in the preceding fiscal

1 years including the degree to which the projects funded have  
2 achieved the objectives of this act.

3 (d) Status of all outstanding loans.

4 (e) Any other information considered necessary by the  
5 department.

6 (5) The state's total contribution to the rail infrastructure  
7 loan fund shall not exceed \$15,000,000.00 exclusive of interest and  
8 any penalties assessed, received, and credited to the fund.