

SENATE BILL No. 1215

April 20, 2006, Introduced by Senator STAMAS 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—~~ **EXCEPT AS OTHERWISE PROVIDED IN**
23 **SUBSECTION (5), A** loan shall fund not more than 90% of the rail
24 portion of project costs, and the loan repayment period shall not
25 exceed 10 years. A county, city, township, village, economic
26 development corporation, and railroad and current or potential
27 users of freight railroad services are eligible applicants.

1 (3) At the end of each fiscal year, unexpended funds shall
2 remain in the rail infrastructure loan fund and shall be available
3 for the purposes of the program in the succeeding fiscal year.
4 Amounts in the fund may be combined by the state treasurer with
5 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 from
8 other funds of the state. The fund may receive gifts or grants for
9 the purposes of the fund. Any penalties assessed and received for
10 failure to repay a loan on time and money that is received by this
11 state as repayment for rail infrastructure loans made pursuant to
12 this program shall remain within the rail infrastructure loan fund
13 and shall only be used for the purposes of rail infrastructure
14 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 transportation
17 and the house and senate fiscal agencies the following information,
18 as appropriate, regarding this section and on a separate report the
19 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.

27 (d) Status of all outstanding loans.

1 (e) Any other information considered necessary by the
2 department.

3 (5) A LOAN APPROVED BY THE STATE TRANSPORTATION COMMISSION ON
4 OR AFTER AUGUST 25, 2005 THROUGH DECEMBER 31, 2006 MAY BE EXTENDED
5 FOR 1 ADDITIONAL 10-YEAR TERM IF THE LOAN RECIPIENT DOES NOT MEET
6 ANY MINIMUM ANNUAL CARLOAD REQUIREMENTS THAT THE DEPARTMENT MAY
7 RECOMMEND AND THAT ARE APPROVED BY THE COMMISSION. IF THE RECIPIENT
8 OF A LOAN THAT MEETS THE REQUIREMENTS OF THIS SUBSECTION DOES NOT
9 MEET MINIMUM ANNUAL CARLOAD REQUIREMENTS, IF ANY, FOR ANY YEAR OF
10 THE LOAN TERM, THE LOAN RECIPIENT SHALL BE RELIEVED OF ANY LOAN
11 REPAYMENT OBLIGATIONS FOR THAT YEAR. FOR PURPOSES OF THIS
12 SUBSECTION, "MINIMUM ANNUAL CARLOAD REQUIREMENTS" MEANS A MINIMUM
13 CARLOAD BASED UPON A 3-YEAR AVERAGE OF RAILCARS LOADED ON THE
14 PORTION OF THE RAIL LINE SUBJECT TO THE LOAN.

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