



# Minnesota Department of Transportation

395 John Ireland Boulevard

Saint Paul, MN 55155

November 15, 2013

The Honorable Frank Hornstein, Chair  
House Transportation Finance Committee  
471 State Office Building  
Saint Paul, MN 55155

The Honorable Michael Beard, GOP Lead  
House Transportation Finance Committee  
207 State Office Building  
Saint Paul, MN 55155

The Honorable Ron Erhardt, Chair  
House Transportation Policy Committee  
543 State Office Building  
Saint Paul, MN 55155

The Honorable Linda Runbeck, GOP Lead  
House Transportation Policy Committee  
295 State Office Building  
Saint Paul, MN 55155

The Honorable Tim Mahoney, Chair  
House Jobs and Economic Development  
Finance and Policy Committee  
591 State Office Building  
Saint Paul, MN 55155

The Honorable Bob Gunther, GOP Lead  
House Jobs and Economic Development  
Finance and Policy Committee  
277 State Office Building  
Saint Paul, MN 55155

The Honorable Scott Dibble, Chair  
Senate Transportation and Public Safety  
Division  
111 Capitol  
Saint Paul, MN 55155

The Honorable John C. Pederson  
Ranking Minority Member  
Senate Transportation and Public Safety  
Division  
Saint Paul, MN 55155-1206

The Honorable David J. Tomassoni, Chair  
Senate Environment, Economic Development  
and Agriculture Division  
317 Capitol  
Saint Paul, MN 55155

The Honorable Bill Ingebrigtsen, Ranking  
Minority Member  
Senate Environment, Economic Development  
and Agriculture Division  
143 State Office Building  
Saint Paul, MN 55155

Dear Legislators:

I am pleased to provide this report on the Freight Rail Economic Development Study required under Minn. Stat. 174.03, Subdivision 1d. The study was produced in cooperation with the Minnesota Department of Employment and Economic Development.

As described in this report, the Freight Rail Economic Study provides an in-depth review of the freight rail system, the economic impact of freight rail, and a range of opportunities to expand business development and enhance economic competitiveness through improved utilization of freight rail.

To do this, the study considered national trends and best practices, peer state experience, and the knowledge and experience of railroads, rail shippers and economic developers in Minnesota. This information was used to develop a set of findings and recommendations to enhance the state's position in the industrial marketplace.

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Economic development is both a private and a public sector activity. While railroads are privately owned, government decisions on taxes, spending, investments, regulations and incentives affect business investment and location decisions, job creation and economic growth. The recommendations in this report recognize the challenge faced by public agencies who work at the interface between the private railroad industry, private corporations seeking rail transportation and commercial and public developers.

Recommendations are provided in six areas:

- Educate and communicate with shippers, developers, local officials and the general public
- Increase collaboration between economic developers, MnDOT, DEED and the railroads
- Enhance MnDOT programs, particularly MRSI
- Enhance DEED programs, particularly as they relate to real estate information, existing funding programs and collaboration
- Integrate freight rail into the Transportation Economic Development program
- Pursue additional funding strategies, including tax credits and dedicated tax revenues
- “Think Big” about rail projects, networks, planning and stakeholder involvement

The findings and recommendations in this study are consistent with actions previously identified in the existing Minnesota State Rail Plan, State Freight Plan and related economic development initiatives and programs. They will be fully integrated into the body of the State Rail Plan when it is updated in 2015.

Please contact me or Bill Gardner, Office of Freight and Commercial Vehicles, at 651-366-3665 or [william.gardner@state.mn.us](mailto:william.gardner@state.mn.us) with questions or comments.

Sincerely,



Charles A. Zelle  
Commissioner

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