

Appendix 2. State Rail Programs in Neighboring States and Peer Review Inventory

Program	Minnesota 1. Rail Line Rehabilitation 2. Capital Improvements Loan Programs	North Carolina 1. Rail Industrial Access Program 2. Short Line Infrastructure Access Program 3. Rail Corridor Preservation Act	Ohio 1. Ohio Rail Assistance Program Project Types a. Freight Economic Development Rail Spur Program b. Railroad Rehabilitation Program c. Rail Line Acquisition Program 2. Logistics and Distribution Stimulus Program	Oregon ConnectOregon	Pennsylvania 1. Rail Freight Assistance Program 2. Rail Transportation Assistance Program 3. PA Infrastructure Bank 4. Infrastructure and Facilities Improvement Program 5. Tax Increment Financing Guarantee Program 6. Business in Our Sites	Tennessee Short Line Railroad Rehabilitation Program Types: a. Track Rehabilitation b. Bridge Program	Virginia 1. Rail Enhancement Fund 2. Rail Preservation Program 3. Rail Industrial Access Grants	Washington 1. Freight Rail Investment Bank Program 2. Freight Rail Assistance
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HIGHLIGHTS

	Incent Business	Innovative Modal Program	Innovative Modal Program	Economic Development Programs with Rail	Funding allocation	Planning funds	Benefit/Cost>1 2 tier
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PROGRAM FUNDING

Program Annual Funding	1.\$4M est. funding 2012-2015 for 1 (2012) project [MN 2011 State Transportation Improvement Plan] 2. \$3M per STIP	1. \$0.1M (down from \$1M/year pre-2011) 2. uses excess RIAP funds in periods of slow economic growth	1. \$1.3M 2. \$50M 2009 \$25M 2010 \$25M 2011	\$50M Connect I, II, III \$20M Connect IV	1. 10.5M 2. \$20M 6. \$300M funding pool	a. \$4.35M (2001) b. \$4-5M (2001/2002) <i>Note: \$12.3M/year 2010-2013 Multi-modal Transportation Improvement Plan</i>	1. \$23.5 (2008) 90% of funds must be for capital improvement; 10% may be spent on planning and environmental evaluation 2. \$3M 3. \$1.5M	1. \$2.5M 2. \$1.375M
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Source	MRSI Program has received General Fund appropriations and Bond appropriations over the life of the program. The 2003 & 2004 Legislature rescinded \$6.4M in General Fund appropriations. Revolving loan fund.	1. Appropriations 2. uses excess RIAP funds in periods of slow economic growth	1. State General Revenue Funds 2. Bonds, transfers, other proceeds	Lottery-backed Bonds	1. General Fund 2. Capital budget program funded through state capital bond repaid through General Fund revenues 3. Federal & state funds in 1998 (1997 enabling legislation & Agreement between PennDOT and the U.S. DOT 4. An annual appropriation to DCED which will be a continuing, non-lapsing appropriation. 6. Bonds	a. Transportation Equity Fund (sales tax paid on fuel used by aeronautics, railroads, and towboats placed in fund) B. Transportation Equity Fund and State Highway Funds	1. Portion of vehicle rental tax and interest earned on cash balances 2. Allocation from highway construction fund and interest earned on cash balances
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Other	By statute, program administration can't be funded from MRSI account			10% must be allocated to each of the 5 regions (ensures investment across state)	From Bureau's outreach initiative, Rail Freight Properties Directory identifies properties located along the regional and short line railroads having potential to be rail served. Result of collaborative efforts of the regional and short line railroads, economic development agencies, counties and municipalities, chambers of commerce, planning commissions, industrial real state agents, property owners and others. Response to request and efforts of the regional and short lines to increase traffic base by attracting rail using firms to locate along lines.	Each participating authority annually receives a percentage of total funding equal to authority's percentage of the total track rehabilitation needs of all authorities combined. The bridge allocation is also performed on a proportional basis. Need analysis done in 1991 and updated periodically using same methodology.
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PROJECT FUNDING

Type	1. Loan 2. Loan	1. Grant 2. Grant	1. Loans; Grants (where extraordinary need or direct revenue stream) 2. Forgivable Loan	Grants; Loans	1. Grant 2. Grant 3. Loan 4. Grant (tax incentives/ credits) 6. Loans; grants	Grant	1. Grant 2. Grant, Loans 3. Grant	1. Loan 2. Grant
Max Project \$	2. \$200K		1. Loans typically \$750K (Grants: a) typically limited, b) \$250K;) 2. \$10M	\$8.9M (actual)	1. \$700K 3. None 4. From \$200K/year for 10 years to \$1M/year for 20 years		3. \$450K annually	1. \$250K
Max % of Project	1. 70% (80% if owned by a regional rail authority)	1. 50%	1. Loans up to 100% 2. 75%		1. 70% 6. 15% of funds available for program		2. 70% 3. 15% Total Capital Investment	
Term	1. Max. 15 year 2. 10 years		1. Typically 5 years		3. up to 10 years 6. 20 years			1. 10 years
Interest Rate	1. Low or no interest 2. 10% loan fee (0% for applicants investing \$10K+ toward rehabilitation)		1. Typically 2/3 of prime		3. 1/2 of prime 6. 2-3% (depending on unemployment rate of local)			
Match	1. Rail users 10% to the rail carrier, Rail carrier 20 %		1.b. Grants 50% match			a. Construction match: 20% (local govt, rail authority or other)	1. 30% from private source 2. 30% local match	1. 20% other sources
Secured	2. Yes	1. Contingent Interest	1. may be requested		3. Yes 6. Yes (first mortgage)		1. interest in the facilities, materials, equipment and improvements funded or impacted by project	
Repayment	1. In addition to loan, Rail carrier must reimburse users for funds loaned. 2. Quarterly		1. \$500 loan fee; 1% commitment fee of loan request		6. Fees apply. Payments deferred until sold, operational, or 5 years.			
Requirement	1. Shipper's survey, cost/benefit analysis, and rehabilitation needs assessment 2. Provide letter of support from railroad serving facility	1. Industry commits to specific number of new jobs & specific level of rail usage; railroad commits to serve spur	2. Benefit/Cost analysis		1. maintain active service and 50% of estimated carloadings for 5 years		1. public benefits are equal to or greater than the level of investment; 2. Benefit/Cost >1; local government or Transportation District Commission supporting letter 3. Achievement of annual carloads (5 yrs), employment (2 yrs); 15 year contingent ownership interest	1. By statute Benefit/Cost>1. Analysis is 2 tiered (smaller projects get more limited review; larger projects more extensive)

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Eligibility/Applicants

Applicants	1. <u>Must</u> include the Mn/DOT, rail users, and the railroad. Eligible rail line if a) Not FRA Class II Track Safety Standards compliant or it does not have the required structural capacity to support rail cars of 263,000 pounds; 2) Is within physical boundaries of or predominantly serves rail users in Minnesota. 2. Rail users and railroads	1.local governments, community development agencies, railroad companies and industries 2. Short line and regional railroads 3.State DOT	1. Railroads, industries requiring rail service, political subdivisions, government agencies, boards, commissions, regional transit boards, and port authorities. 2. Public and private entities	Private entities and public agencies	1.& 2. Railroads, transportation organizations, municipalities, municipal authorities and rail users. 3. Local governments/ authorities, economic development agencies, not-for-profit organizations, and private corporations. 4. Entities that issue debt to finance a project involving infrastructure including industrial enterprises, such as warehouse and distribution facilities 5. issuer of TIF Debt Obligations 6.Municipalities, Redevelopment or Municipal Authorities, Industrial Development Agencies, Private Developers		1. rail operators, private businesses utilizing rail service or facilities, regional authorities, local governments, non-profit organizations 2. Department of Rail and Public Transportation can develop projects or receive applications	1. publicly-owned railroads, port districts, rail districts, local governments [state constitution prohibits loans to the private sector] 2. cities, county rail districts, counties, economic development councils, port districts, and privately or publicly owned railroads.
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Project Type	1. Provides loans to rehabilitate and preserve rail lines that are financially viable and have the potential to increase rail use. 2. Provides loans for projects that improve rail service and/or strengthen the financial condition of the associated line.	1. improve rail access to provide businesses with an incentive to locate or expand facilities. 2. Provides funds to short line railroads to rehabilitate and modernize track and bridge infrastructure 3. authority to purchase railroads and preserve rail corridors	1a. New rail and rail-related infrastructure; 1b. rehabilitation of rail lines; 1c. the acquisition of rail lines to prevent the cessation of service, preserve the line or right of way 2. Transportation, logistics, and infrastructure projects including road, rail, air and port improvements that expand connectivity to logistics and/or intermodal centers, enhance the flow of freight and/or improve access to new markets for Ohio businesses	Non-highway transportation projects that promote economic development; Statutory language authorizing projects was essential to Oregon's economic development. ... [A] multimodal transportation network is needed to move people and goods efficiently, and that private sector businesses as well as local governments often lack capital and the technical capacity to undertake multimodal transportation projects."	1. Maintenance projects that restore, improve or maintain existing rail line 2. Project with authorized line item in Capital Budget Act (construction focus) 3. Rail infrastructure construction and rehab 4. A multi-year program given grants to certain issuers of debt to assist with debt service payment 5. Program to promote/ stimulate the general economic welfare of regions & communities 6. Loans including for construction of transportation facilities directly affecting site of proposed development including...rails (the construction or rehabilitation of spurs, intermodal facilities etc.)	a. Track rehabilitation needs b. Bridge rehabilitation needs Allocated funds are divided into three categories: construction (major allocation), administration (flat 2% fee of construction), and engineering (5% of construction plus \$5K)	1. Acquiring, leasing, or improving freight or passenger stock, rights of way or facilities for freight or passenger projects (railways, equipment, or related facilities specific to rail operations on public or private property; acquire or lease railway properties for transportation purposes) 3. Projects that provide freight rail access to businesses	1. Smaller capital rail projects 2. Larger projects to support lines, improve access to ports, maintain mainline capacity, preserve or restore rail corridors and infrastructure

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Administration	MN DOT	1. NCDOT 3. NCDOT	1. Ohio Rail Development Commission (agency of OH DOT) 2. ORDC, Dep of Development, OH DOT	OR DOT	1. & 2. PennDot Bureau of Rail Freight, Ports and Waterways Planning Section; 3. PennDOT 4. PA Department of Community and Economic Development 5. Commonwealth Financing Authority and the Department of Community and Economic Development 6. Commonwealth Financing Authority	Local railroad authorities	1. Director of the Virginia Department of Rail and Public Transportation 2. Commonwealth Transportation Board 3. Commonwealth Transportation Board	
Special Review		1.NCDOT Rail Division makes funding recommendations to the NCDOT						WSDOT reviews and submits a prioritized list to WS legislature
Timing			1. Bimonthly meeting to review applications; approval process is 4-10 weeks		3. ongoing basis			
Statutory Authority	Minnesota Statutes Sections 222.46 to 222.54 cited as the Minnesota Rail Service Improvement Act.	NC Statutes, Chapter 136, Art. 2D 3. N.C.G.S. 136-44.36A	1. Ohio Chapter 4981 2. House Bill 554 (2008)	OAR 731-035 ORS 367.082	Act 119 of General Assembly (1984)		1. §33.1-221.1:1.1 2. §33.1-221.1:1.2	RCW 47.76.240 ESHB 2190, Section 309, Chapter 86, Laws of 2012