Appendix 2. State Rail Programs in Neighboring States and Peer Review Inventory
<table>
<thead>
<tr>
<th>Program</th>
<th>Minnesota</th>
<th>North Carolina</th>
<th>Ohio</th>
<th>Oregon</th>
<th>Pennsylvania</th>
<th>Tennessee</th>
<th>Virginia</th>
<th>Washington</th>
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<tbody>
<tr>
<td>Cap. Improvements Loan Programs</td>
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**HIGHLIGHTS**

**Incent Business**

1. Appropriations
2. Uses excess RIAP funds in periods of slow economic growth

**Innovative Modal Program**

1. $0.1M (down from $1M/year pre-2011)
2. $50M 2009
3. $25M 2010
4. $25M 2011

**Innovative Modal Program**

1. $1.3M
2. $50M Connect I, II, III
3. $20M Connect IV

**Economic Development Programs with Rail**

1. General Fund
2. Capital budget program funded through state capital bond repaid through General Fund revenues
4. An annual appropriation to DCED which will be a continuing, non-lapping appropriation.
5. Bridge Program
6. Business in Our Sites

**Funding allocation**

1. $4.35M (2001)
2. $4.5M (2001/2002)

**Planning funds**

1. $23.5 (2008)
2. 90% of funds must be for capital improvement; 10% may be spent on planning and environmental evaluation

**Benefit/Cost>1**

1. 2 tier

**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 The 2003 & 2004 Legislature rescinded $6.4M in General Fund appropriations.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.

**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.
<table>
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<td></td>
<td>2. Logistics and Distribution</td>
<td>Stimulus Program</td>
<td>6. Business in Our Sites</td>
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### PROJECT FUNDING

<table>
<thead>
<tr>
<th>Type</th>
<th>1. Loan</th>
<th>1. Grant</th>
<th>1. Loans; Grants (where extraordinary need or direct revenue stream)</th>
<th>1. Grant</th>
<th>1. Grant</th>
<th>1. Grant</th>
<th>1. Loan</th>
<th>1. Grant</th>
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<tbody>
<tr>
<td></td>
<td>2. Loan</td>
<td>2. Grant</td>
<td>2. Forgivable Loan</td>
<td>2. Grant</td>
<td>2. Grant</td>
<td>2. Grant</td>
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</table>

| Max Project $     | 2. $200K                                                                 | 1. Loans typically $750K (Grants: a) typically limited, b) $250K; j) $10M |
|                   |                                                                         | $8.9M (actual)                                                          |                                                                         |                                                                         |                                                                         |                                                                         |                                                                         |                                                                         |

| Max % of Project | 1. 70% (80% if owned by a regional rail authority)                     | 1. 50%                                                               |                                                                         |                                                                         |                                                                         |                                                                         |                                                                         |                                                                         |

| Term                | 1. Max. 15 year                                                        | 2. 10 years                                                          | 1. Loans up to 100%                                                                                                           | 1. $700K                                                                | 1. None                                                                 | 1. $450K annually                                                                     | 1. 20% other sources                                                        |                                                                         |
|                     |                                                                         |                                                                     | 2. 75%                                                                   | 3. None                                                                  | 2. 70%                                                                   |                                                                         |                                                                         |                                                                         |
|                     |                                                                         |                                                                     | 1. Typically 5 years                                                      | 4. From $200K/year for 10 years to $1M/year for 20 years                | 3. 15% Total Capital Investment                                         |                                                                         |                                                                         |                                                                         |
|                     |                                                                         |                                                                     |                                                                         | 2. Typically 2/3 of prime                                                | 1. 10 years                                                             |                                                                         |                                                                         |                                                                         |
|                     |                                                                         |                                                                     |                                                                         | 6. 2/3 (depending on unemployment rate of local)                          |                                                                         |                                                                         |                                                                         |                                                                         |

| Interest Rate      | 1. Low or no interest                                              | 1. 50%                                                               | 1. may be requested                                                                                                           | 1. 30% from private source                                             | 1. 30% from local match                                                |                                                                         |                                                                         |                                                                         |
|                     | 2. 10% loan fee (0% for applicants investing $10K+ toward rehabilitation) |                                                                         |                                                                         | 2. 30% local match                                                       |                                                                         |                                                                         |                                                                         |                                                                         |
|                     | 1. Typically 2/3 of prime                                          |                                                                     |                                                                         |                                                                         |                                                                         |                                                                         |                                                                         |                                                                         |
|                     | 6. 2/3 (depending on unemployment rate of local)                   |                                                                     |                                                                         |                                                                         |                                                                         |                                                                         |                                                                         |                                                                         |

| Match               | 1. Grant only                                                        | 1.b. Grants 50% match                                               | 1b. Grants 50% match                                                                                                           | 1. Construction match: 20% (local govt, rail authority or other)      | 1. 30% from private source                                             |                                                                         |                                                                         |                                                                         |
|                     | 2. Yes                                                                | 1. Contingent Interest                                              | 1. may be requested                                                                                                           |                                                                         | 2. 30% local match                                                       |                                                                         |                                                                         |                                                                         |
| Secured             | 1. Contingent Interest                                              | 1. Contingent Interest                                              | 3. Yes                                                                   | 1. interest in the facilities, materials, equipment and improvements funded or impacted by project |                                                                         |                                                                         |                                                                         |                                                                         |
|                     | 2. Yes                                                                |                                                                         | 6. Yes (first mortgage)                                                  |                                                                         |                                                                         |                                                                         |                                                                         |                                                                         |

| Repayment           | 1. In addition to loan, Rail carrier must reimburse users for funds loaned. | 1. $500 loan fee; 1% commitment fee of loan request                  | 1. $500 loan fee; 1% commitment fee of loan request                        | 6. Fees apply. Payments deferred until sold, operational, or 5 years. |                                                                         |                                                                         |                                                                         |                                                                         |
|                     | 2. Quarterly                                                          |                                                                         |                                                                         |                                                                         |                                                                         |                                                                         |                                                                         |                                                                         |
|                     | 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 | 1. Industry commits to specific number of new jobs & specific level of rail usage; railroad commits to serve spur | 1. maintain active service and 50% of estimated carloadings for 5 years |                                                                         |                                                                         |                                                                         |                                                                         |                                                                         |

### Grant Requirements

- **For Loans:**
  - 1. $250K minimum loan amount.
  - 2. 10% interest rate.
  - 3. 15% local match required.
  - 4. 50% grant match.
  - 5. 30% project leverage.
  - 6. 5 year repayment period.

- **For Grants:**
  - 1. 50% grant match.
  - 2. 20% project leverage.
  - 3. 5 year repayment period.
  - 4. 30% local match required.
  - 5. 50% grant match.
  - 6. 15% grant match.

### Program Types

- **Freight Rail Investment Bank Program**
  - 1. Minimum $700K investment.
  - 2. $1M/year for 20 years.
  - 3. 15% local match.
  - 4. 50% loan forgiveness.
  - 5. 10 year repayment period.

- **Freight Rail Access**
  - 1. $250K investment.
  - 2. 20% project leverage.
  - 3. 5 year repayment period.
  - 4. 30% local match required.
  - 5. 50% grant match.
  - 6. 15% grant match.

### Program Benefits

- **Tax Increment Improvement Program**
  - 1. 10% of funds available for program.
  - 2. 5 year repayment period.
  - 3. 30% local match.
  - 4. 50% grant match.
  - 5. 15% grant match.

- **Incentives**
  - 1. 30% from private source.
  - 2. 30% local match.
  - 3. 15% total capital investment.
  - 4. 10 year repayment period.

### Program Funding

- **Benefits/Cost Analysis**
  - 2. Local government or Transportation District Commission supporting letter.
  - 3. Achievement of annual carloads (5 yrs), employment (2 yrs); 15 year contingent ownership interest.

- **Rehabilitation**
  - 1. $8.9M (actual).
  - 2. $1M/year for 20 years.
  - 3. 15% local match.
  - 4. 50% grant match.
  - 5. 15% grant match.
  - 6. 20 years.
  - 7. 20 years.

### Project Funding

- **Max Project $**
  - 1. $200K minimum loan amount.
  - 2. 10% interest rate.
  - 3. 15% local match required.
  - 4. 50% grant match.
  - 5. 30% project leverage.
  - 6. 5 year repayment period.

- **Max % of Project**
  - 1. 70% (80% if owned by a regional rail authority).
  - 2. 75%.
  - 3. 50%.

- **Interest Rate**
  - 1. Low or no interest.
  - 2. 10% loan fee (0% for applicants investing $10K+ toward rehabilitation).
  - 3. 70%.
  - 4. 15% local match.

- **Match**
  - 1. Construction match: 20% (local govt, rail authority or other).
  - 2. 30% from private source.
  - 3. 30% local match.
  - 4. 5 year repayment period.
Programs:

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
   b. Railroad Rehabilitation Program
   c. Rail Line Acquisition Program
2. Logistics and Distribution Stimulus Program

Oregon
ConnectOregon
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

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:
1. Track Rehabilitation
2. 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

Eligibility/Applicants

Applicants:
1. Must 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.
Program

<table>
<thead>
<tr>
<th>Minnesota</th>
<th>1. Rail Line Rehabilitation</th>
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<tbody>
<tr>
<td>North Carolina</td>
<td>1. Rail Industrial Access Program</td>
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<td>Oregon</td>
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<tr>
<td>Pennsylvania</td>
<td>1. Rail Freight Assistance Program</td>
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<tr>
<td>Washington</td>
<td>1. Freight Rail Investment Bank Program</td>
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</tbody>
</table>

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 funds for projects that improve rail service and/or strengthen the financial condition of the associated line.

Program Administration

1. Acquiring, leasing, or improving railroads or rail equipment, rolling stock, rights of way or facilities for freight or passenger service. 2. Short line rail improvement 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.
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<td></td>
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<td>2. Rail Corridor Preservation Act</td>
<td>5. Tax Increment</td>
<td>5. Local railroad authorities</td>
<td>5. Rail Transportation Assistance Program</td>
<td>4. Infrastructure and Facilities Improvement Program</td>
<td>2. Freeport and Rail</td>
<td>4. 2. Freight Rail Assistance</td>
</tr>
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| Administration MN DOT                            | 1. NCDOT                                                                  | 2. NCDOT                                                                    | 3. 1. NCDOT Rail Division makes funding recommendations to the NCDOT    | 2. ORC, Dep of Development, OH DOT                                       | 3. PennDOT                                                                | Local railroad authorities                                           | 5. Commonwealth Transportation Board                              | 2. Commonwealth Transportation Board                                |

| 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                                           | 1. Ohio Chapter 4981                                                   | OAR 731-035                                                            | Act 119 of General Assembly (1984)                                    | 1. §33.1-221.1:1.1                                                    | 2. ₹33.1-221.1:1.2                                                   | RCW 47.76.240                                                       |