

## Minnesota Rail Service Improvement Program

The Minnesota Rail Service Improvement Program (MRSI), established in 1976, helps prevent the loss of rail service on lines potentially subject to abandonment by railroads. Using state-developed eligibility rules, the state and rail users enter into contracts with railroads for rail line rehabilitation or contractors for other rail service improvements. For rehabilitation projects, when the project is completed, the railroad repays the State and rail users out of the operating revenues produced on the line. For capital improvement projects, the shipper repays the State over a period of 10 years. All reimbursements are returned to the Minnesota Rail Service Improvement Program account to fund future projects.

The Minnesota Rail Service Improvement Program (MRSI) provides funding for projects in the following categories:

1. **Freight Rail Economic Development Grant Program** – provide grants for freight rail service improvements that support economic development.
2. **Rail Purchase Assistance** – financially assist Regional Rail Authorities in acquiring rail lines.
3. **Rail Rehabilitation** – provide low or no-interest loans to rehabilitate and preserve rail lines.
4. **Capital Improvement Loans** – provide rail users with loans to improve rail service and strengthen the financial condition of the associated line.
5. **Rail User & Rail Carrier Loan Guarantee** – guaranteeing up to 90% of a loan, to assist rail users and carrier in obtaining loans.
6. **State Rail Bank** – acquire and preserve abandoned rail lines for a future transportation use.

### Freight Rail Economic Development Grant Program

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The MRSI Program was given the authority to issue grants for freight rail service improvements that support economic development in 2017. This program provides grants to railroads, shippers, local governments and other qualified applicants for eligible public or privately owned freight rail projects that demonstrate a clear tie to economic development.

### Capital Improvement Loan Program

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Provides rail users with loans for projects that improve rail service and strengthen the financial condition of the associated line. Eligible capital improvements projects include such as expanding industrial spurs, adding storage capacity, and building more efficient loading/unloading facilities. The Capital Improvement project applications are accepted on a quarterly basis and loans are repaid on a quarterly basis over a period of 10 years

## Rail Purchase Assistance Program

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Assists Regional Railroad Authorities in acquiring rail lines that can be operated on a self-sustaining basis to provide local rail service. MnDOT can provide up to 50 percent of the value of the property. State funds are secured and require repayment only if the line is sold or ceases to serve a transportation function.

## Rail Rehabilitation Program

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Provides low or no-interest loans to rehabilitate and preserve rail lines that are financially viable and have the potential to increase rail use. A shipper's survey, cost/benefit analysis, and a rehabilitation needs assessment are conducted to determine which lines are prospective rail projects. Rail Line Rehabilitation projects are funded 70% by the State, 20% Railroad, and 10% Shippers for privately owned Rail Lines. If the Line is owned by a Regional Rail Authority, the funding participation is 80% State, 10% Rail Authority and 10% Shippers. If any entity cannot fund their portion of the project, the Rail Line is not rehabbed. If the Line is rehabbed, the Shipper and State funds are returned to those entities on an annual or quarterly basis over a period of 10 to 15

## Rail User and Rail Carrier Loan Guarantee Program

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Assists rail users in obtaining credit for rail rehabilitation, installation and capital improvements by guaranteeing up to 90 percent of the loan. Rail users and rail carriers are eligible for assistance under the program. Rail line rehabilitation, rolling stock acquisition and locomotive rehabilitation are eligible uses of the program.

## State Rail Bank Program

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Allows the State to acquire and preserve abandoned rail lines for future transportation use or for transmitting energy, fuel or other commodities. Potential Rail Bank projects may appear if a corridor is being sold by a railroad and the State finds it necessary to keep the corridor intact for a future transportation use. Rail Bank projects do not provide a revenue stream to the MRSI program. Nevertheless, MnDOT retains an interest in each of these property titles. Some properties are fully owned by MnDOT and others are partnerships to retain the rail corridor.

## Contact

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Please direct any questions or other correspondence regarding the MRSI program to Peter Dahlberg at MnDOT Office of Freight and Commercial Vehicle Operations, [peter.dahlberg@state.mn.us](mailto:peter.dahlberg@state.mn.us), 651-366-3693.