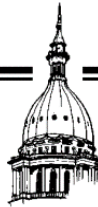




Senate Fiscal Agency  
P. O. Box 30036  
Lansing, Michigan 48909-7536

## BILL ANALYSIS



Telephone: (517) 373-5383  
Fax: (517) 373-1986

Senate Bill 263 (as reported without amendment)  
Sponsor: Senator Bruce Caswell  
Committee: Transportation

**CONTENT**

The bill would amend the State Transportation Preservation Act to delete provisions that govern the sale or lease of specific segments of State-owned rail property.

The Act authorizes the Michigan Department of Transportation (MDOT) to sell or lease the following rail properties in the following order: the Lenawee County system, the Hillsdale County system, the Vassar area system, and the Ann Arbor and Northwest Michigan system. Although MDOT determines the terms of an agreement, the Act requires some specific conditions related to a rail property's level of service, lessee investment, rate increases, and abandonment. The bill would delete these provisions.

The bill would retain provisions that require MDOT to consider the interest of any person that expresses a desire to acquire, lease, or secure an easement for real property owned by a railroad company. Any property acquired by MDOT under the Act may be conveyed or leased to certain entities with appropriate reimbursement, as determined by MDOT.

The bill also would retain provisions that govern MDOT's preservation and use of rights-of-way, and authorize MDOT, as a term of conveyance, to require restrictions on the use of the property to assure that it remains viable for future rail use.

The bill would repeal Sections 10a through 10g of the Act, which prescribe application requirements, bid evaluation standards, and an appeal process, for bid selection for sales and leases, and authorize the selection of a replacement operator for a segment on an emergency basis.

MCL 474.60

Legislative Analyst: Glenn Steffens

**FISCAL IMPACT**

While the bill would not prevent the State from divesting its ownership of the rail lines outlined in the Act, the Department of Transportation has indicated that there are no immediate plans to sell any of these rail lines. Also, any costs associated with maintenance and improvement of these rail lines is currently appropriated in the Department's annual budget. If the lines were to be sold eventually to a private entity, the revenue would revert to the Rail Freight Fund in the Department of Transportation. The amount deposited would depend on the sale price at the time of purchase.

Date Completed: 5-29-13

Fiscal Analyst: Joe Carrasco