

Legislative Analysis



SALE OF STATE RAIL LINE SEGMENT

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House Bill 4754 (Substitute H-1)

Sponsor: Rep. Frank Foster

Committee: Transportation

Complete to 11-8-11

A SUMMARY OF HOUSE BILL 4754 AS REPORTED FROM COMMITTEE ON 10-26-11

The bill would amend Section 10 of the State Transportation Preservation Act of 1976. Specifically, the bill would change the description of a segment of the state-owned Ann Arbor and Northwest Michigan rail line in the city of Petoskey to exclude "the Jarman spur starting 450 feet from the westerly right-of-way of the main rail to US 131." Excluding this rail segment from the description will allow the Michigan Department of Transportation to sell the spur segment of the line. It is our understanding that the City of Petoskey has proposed to use the segment for a rail trail.

MCL 474.60

BACKGROUND INFORMATION:

The State of Michigan acquired a number of rail facilities in the 1970s as a result of the bankruptcy of certain railroads and the related abandonment of certain rail lines. While the state has divested itself of much of this rail property, it still owns approximately 535 miles of railroad track. Some of these rail lines are leased from the state by private operators.

The authority for the state's acquisition and management of rail property, and the terms under which rail property may be disposed, are established under the State Transportation Preservation Act of 1976 (1976 PA 295).

The provisions regarding disposal or divestiture of certain track segments were added to the act by a 1998 amendment, 1998 PA 235. The 1998 amendments directed the department to accomplish divestiture or create leases, "without partitioning a segment or a portion of a segment" of certain defined segments, including segments of the Ann Arbor and Northwest Michigan rail line.

FISCAL IMPACT:

To the extent that a sale of any state-owned rail property generates revenue, that revenue would be credited to the state-restricted Rail Freight Fund established under Section 17 of the act for the support of rail freight and marine freight transportation. We do not currently have an estimate of what revenue the proposed spur sale would generate.

POSITIONS:

Department of Transportation supports the bill. (10-26-11)

Legislative Analyst: E. Best
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