

Reprinted 2/88

FILED JAN 27 1988

SENATE FILE **2093**
BY COMMITTEE ON TRANSPORTATION
Reprinted (of 1980)

Passed Senate, Date 2/7/88 (p. 249) Passed House, Date _____
Vote: Ayes 40 Nays 1 Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act requiring railway corporations to offer abandoned rail
2 lines to regional railroad authorities, counties, the state
3 and its agencies prior to removal of the track materials and
4 providing an effective date and a civil penalty, and making a
5 property tax exemption applicable.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

SF 2093

1 Section 1. Section 307B.24, unnumbered paragraphs 2
2 through 4, Code 1987, are amended to read as follows:

3 The authority, regional railroad authority, county, state,
4 or an agency of the state may waive the requirements of this
5 section with regard to offers for sale to that entity. As
6 used in this section, "regional railroad authority" means a
7 taxing entity organized for transportation purposes.

8 The authority ~~shall have~~ has thirty days in which to accept
9 or decline the corporation's offer for all or any part of the
10 rail line. If the authority fails to accept the offer within
11 thirty days of the offer, the corporation shall offer the line
12 for sale for a period of six months to any regional railroad
13 authority in the state prior to removing the track materials.
14 A regional railroad authority can accept the corporation's
15 offer for all or any part of the rail line. If a regional
16 railroad authority fails to accept the offer within the six-
17 month period, the corporation shall offer the line for sale to
18 the counties in which it is located and to the state and its
19 agencies prior to removing the track materials. The offer
20 shall be published in the Iowa administrative bulletin. The
21 counties and the state and its agencies have thirty days from
22 the date of publication of notice of the offer in which to
23 accept the corporation's offer for all or any part of the rail
24 line. If the counties and the state and its agencies fail to
25 accept the offer within thirty days of the offer, the
26 corporation may dispose of the property.

27 If the authority, regional railroad authority, county,
28 state, or state agency accepts all or any part of the offer,
29 the corporation shall execute the proper documents upon
30 delivery of the purchase price which shall not be later than
31 ninety days from the date of the offer. The counties, the
32 state, or its agencies may acquire all or part of the rail
33 line for uses other than as a rail line, but in such instances
34 they may acquire the rights of reversion which exist in
35 adjoining property owners through their power of eminent

1 domain.

2 If the authority, a regional railroad authority, county,
3 the state, or an agency of the state files a complaint with
4 the department that a railway corporation has not followed the
5 requirements of this section, the department shall notify the
6 department of inspections and appeals of the filing and the
7 department of inspections and appeals shall fix the time and
8 place for a hearing which shall be held within sixty days from
9 the filing of the complaint. Written notice of the time and
10 place of the hearing shall be mailed by the department of
11 inspections and appeals to the railway corporation and the
12 person filing the complaint at least ten days prior to the
13 date fixed for the hearing. If the department of inspections
14 and appeals finds that the railway corporation has failed to
15 meet the requirements of this section, the department of
16 inspections and appeals may assess on the railway corporation
17 a civil penalty of not more than seventy-five hundred dollars
18 per mile of rail line which was not offered for sale prior to
19 removal of the track materials in accordance with this
20 section. Civil penalties collected pursuant to this section
21 shall be forwarded to the treasurer of state for deposit in
22 the special railroad facility fund.

23 Sec. 2. Section 427.1, subsection 39, Code Supplement
24 1987, is amended to read as follows:

25 39. RIGHT-OF-WAY. Railroad right-of-way and improvements
26 on the right-of-way only during that period of time that the
27 Iowa railway finance authority ~~holds~~, a regional railroad
28 authority, county, the state and its agencies hold an option
29 to purchase the right-of-way under section 307B.24.

30 Sec. 3. This Act, being deemed of immediate importance,
31 takes effect upon its enactment.

32 EXPLANATION

33 If the Iowa railway finance authority declines to accept an
34 offer of a railway corporation for the sale of its abandoned
35 rail line within a thirty-day period, the bill requires the

1 railway corporation to offer the rail line for sale first to
2 any regional railroad authority for a period of six months,
3 and then to counties in which it is located, the state and its
4 agencies for a period of thirty days. These offers are to be
5 made prior to the corporation's removal of track materials.
6 The offer to the counties, the state, and its agencies is to
7 be published in the Iowa administrative bulletin and the
8 thirty-day period commences from the date of publication of
9 the notice.

10 The counties, the state, and its agencies may acquire all
11 or part of the rail line for uses other than as a rail line,
12 and in such instances may use their power of eminent domain to
13 acquire the rights of reversion which exist in adjoining
14 property owners.

15 The bill adds a civil penalty provision to section 307B.24.
16 If the Iowa railway finance authority, a regional railroad
17 authority, county, state, or an agency of the state files a
18 complaint with the state department of transportation that a
19 railway corporation has not followed the requirements of the
20 Code section, the department of inspections and appeals will
21 set a hearing and if the department of inspections and appeals
22 finds that the railway corporation has not met the statutory
23 requirements, the department may assess a civil penalty up to
24 seventy-five hundred dollars for each mile of track which was
25 not properly offered for sale prior to track removal. Moneys
26 collected pursuant to this civil penalty are credited to the
27 special railroad facility fund.

28 Section 2 of this bill extends a current property tax
29 exemption in the Code on railroad right-of-way and
30 improvements on the right-of-way during the period of time the
31 Iowa railway finance authority holds an option to purchase the
32 right-of-way to also apply to the period of time the option to
33 purchase the right-of-way is held by regional railroad
34 authorities, counties, the state and state agencies under
35 section 307B.24.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35

This bill takes effect upon its enactment.

SIMILAR TO SF 2022 (LSB 2071S)

SENATE FILE 2093

S-5078

1 Amend Senate File 2093 as follows:
2 1. Page 2, by inserting before line 2, the
3 following:
4 "If the authority, a regional railroad authority,
5 county, the state, or a state agency, which has ac-
6 quired rail line property pursuant to this section,
7 desires to abandon a rail line, the entity shall offer
8 all or part of the rail line in the same manner as a
9 railway corporation is required to offer the property
10 under this section."
11 2. Page 2, by inserting before line 23 the
12 following:
13 "Sec. ____ . Section 327G.76, Code 1987, is amended
14 to read as follows:
15 327G.76 TIME OF REVERSION.
16 Railroad property rights which are extinguished
17 upon cessation of service by the railroad divest when
18 the railway finance authority, regional railroad
19 authority, county, state, state agency, or the
20 railroad, having obtained necessary authority to
21 abandon the rail line, removes the track materials to
22 the right-of-way, provided the requirements of section
23 307B.24 have been followed by the entity removing the
24 track materials. If the railway finance authority
25 does and all other entities authorized to accept an
26 offer for sale of the line under section 307B.24 do
27 not acquire the line within the time frames permitted
28 under section 307B.24 for use as a rail line and the
29 railway company does not remove the track materials,
30 the property rights which are extinguished upon
31 cessation of service by the railroad divest one year
32 after the railway obtains the final authorization
33 necessary from the proper authority to remove the
34 track materials, or one year after the last day the
35 rail line is required to be offered for sale to an
36 entity under section 307B.24, whichever is later.
37 Sec. ____ . Section 327G.77, subsection 1, Code
38 1987, is amended to read as follows:
39 1. If a railroad easement is extinguished under
40 section 327G.76, the property shall pass to the owners
41 of the adjacent property at the time of abandonment.
42 However, counties, the state, and state agencies may
43 acquire an easement of the rail line property for uses
44 other than as a rail line by exercising their rights
45 of eminent domain as provided under section 307B.24.
46 If there are different owners on either side, each
47 owner will take to the center of the right-of-way.
48 Section 614.24 which requires the filing of a verified
49 claim does not apply to rights granted under this
50 subsection.

S-5078 Page 2

1 Sec. ____ . Section 327G.78, unnumbered paragraph 3,
2 Code 1987, is amended to read as follows:

3 This section does not apply when a rail line is
4 being sold for continued railroad use. This section
5 also does not apply when a rail line is being sold for
6 uses other than as a rail line pursuant to section
7 307B.24."

8 3. Page 2, by inserting after line 29, the
9 following:

10 "Sec. ____ . Section 471.10, Code 1987, is amended
11 by adding the following new subsection:

12 NEW SUBSECTION. 3. A county, the state, or any
13 state agency may begin condemnation proceedings for
14 acquiring a rail line for uses other than as a rail
15 line, as permitted under section 307B.24, in district
16 court.

17 Sec. ____ . Section 471.16, Code 1987, is amended to
18 read as follows:

19 471.16 RIGHT TO CONDEMN ABANDONED RIGHT-OF-WAY.
20 Railroad right-of-way which has been abandoned by
21 order of the proper authority, may be condemned by a
22 railway corporation or the Iowa railway finance
23 authority or any other entity authorized to condemn
24 railroad right-of-way under section 307B.24 before or
25 after the track materials have been removed. The
26 procedure to condemn abandoned right-of-way shall be
27 the same as for an original condemnation."

S-5078

Filed February 15, 1988

BY JEAN LLOYD-JONES

Placed in 3/7 (p. 648)

SENATE FILE 2093

S-5062

1 Amend Senate File 2093 as follows:

2 1. Page 1, line 24, by inserting after the word
3 "line." the following: "If a county or the state
4 accepts the corporation's offer for all or any part of
5 the rail line, the county or state may deduct from the
6 purchase price any taxes owed by the corporation to
7 the county or state."

S-5062

Filed February 11, 1988

BY BERL E. PRIEBE

Placed in 3/7 (p. 648)

SENATE FILE 2093

S-5146

1 Amend Senate File 2093 as follows:

2 1. By striking everything after the enacting
3 clause and inserting the following:

4 "Section 1. Section 307B.24, Code 1987, is amended
5 to read as follows:

6 307B.24 ACQUISITION OF ABANDONED RIGHT-OF-WAY.

7 A railway corporation which has received
8 authorization to abandon a rail line ~~must~~ shall first
9 offer the line for sale to the authority for sale
10 present or future rail transportation purposes prior
11 to removing the track materials. The corporation
12 shall state a reasonable price for:

13 1. The corporation's right, title, and interest in
14 the right-of-way, track materials, and rail
15 facilities.

16 2. An exclusive, transferable, five-year option to
17 purchase all of the corporation's right, title, and
18 interest in the right-of-way, track materials, and
19 rail facilities.

20 The authority may waive the requirements of this
21 section.

22 The authority shall have ~~thirty~~ thirty ninety days in
23 which to accept or ~~decline to make a counter offer to~~
24 the corporation's offer for to sell all or any part of
25 the rail line. If the authority fails to accept or
26 make a counter offer to the corporation's offer within
27 thirty ninety days of the corporation's offer, the
28 corporation may dispose of the property.

29 If a disagreement arises between the authority, and
30 the corporation regarding the price or other terms and
31 conditions of the sale transaction, then either or
32 both parties may make written application to the
33 department to resolve the disagreement. The
34 department shall notify the department of inspections
35 and appeals which shall hear the controversy and make
36 a final determination of the fair market value of the
37 properties and the other terms and conditions of the
38 transaction which are in dispute. The decision of the
39 department of inspections and appeals is binding on
40 both parties, except that the authority may withdraw
41 its offer to purchase within thirty days of the
42 decision of the department of inspections and appeals.

43 If the authority accepts all or any part of the
44 offer or the decision of the department of inspections
45 and appeals, or if the corporation accepts a counter
46 offer from the authority, the corporation shall
47 execute the proper documents upon delivery of the
48 purchase price which shall not be later than ninety
49 days from the date of the authority accepts the
50 corporation's offer to sell or the decision of the

S-5146 Page 2

1 department of inspections and appeals, or from the
2 date the corporation accepts a counter offer from the
3 authority, whichever date is applicable.

4 The authority may, if requested by another
5 governmental agency, acquire the corporation's rights,
6 title and interest in all or any part of the rail line
7 for rail banking and interim public use provided the
8 requesting governmental agency is willing to enter
9 into an interim public use and rail banking agreement
10 with the authority which will give the authority the
11 right to reinstate rail service on the right-of-way in
12 the future.

13 Any rights, title and interest in all or any part
14 of the rail line sold or transferred by a corporation
15 without first complying with this section are void,
16 except where such rights, title and interest in all or
17 part of the rail line are sold or transferred to
18 another corporation for continued rail transportation
19 service which must begin within one year from the date
20 of the sale or transfer. If a corporation removes any
21 track materials without first complying with this
22 section, the authority may require the corporation to
23 put the track materials back in place and to comply
24 with this section."

25 2. Title page, by striking lines 1 through 5 and
26 inserting the following: "An Act relating to the
27 transfer of rights, title and interest in a rail line
28 which a railway corporation has received authorization
29 to abandon."

S-5146

BY JEAN LLOYD-JONES

Filed February 25, 1988

Adopted as amended by 5216 2/7 (4647)

SENATE FILE 2093

S-5217

1 Amend Senate File 2093 as follows:

2 1. Page 1, by inserting before line 1 the
3 following:

4 "Section 1. Section 307B.24, unnumbered paragraph
5 1, Code 1987, is amended to read as follows:

6 A railway corporation which has received
7 authorization filed an application, petition for
8 exemption, or notice of exemption with the interstate
9 commerce commission to abandon a rail line must cause
10 a notice of the filing to be published in the Iowa
11 administrative bulletin no later than seven days from
12 the date of the filing. The railway corporation must
13 offer the rail line to the authority, any regional
14 railroad authority, any counties in which the rail
15 line is located, and the state and its agencies, for
16 sale prior to removing the track materials. The
17 corporation shall state a reasonable price for:".

18 2. Page 1, line 7, by inserting after the word
19 "purposes" the following: "and "rail line" means the
20 right-of-way, track materials, and rail facilities
21 belonging to the corporation which were used in the
22 provision of rail service and were subject to the
23 jurisdiction of the interstate commerce commission and
24 which have been authorized for abandonment by that
25 federal agency and the abandonment authority has been
26 exercised by the corporation".

27 3. Page 1, by striking lines 12 through 26 and
28 inserting the following: "for sale to any regional
29 railroad authority in the state, any counties in which
30 the rail line is located and the state and its
31 agencies, prior to removing the track materials. The
32 regional railroad authorities, the counties in which
33 the rail line is located, and the state and its
34 agencies, have a maximum of thirty days in which to
35 decide whether they have any interest in acquiring the
36 rail line. A regional railroad authority, or any
37 counties in which the rail line is located and the
38 state and its agencies, can accept the corporation's
39 offer for all or any part of the rail line. However,
40 none of the provisions of this section shall operate
41 to preclude the corporation from transferring
42 ownership to any entity desiring to continue rail
43 service over the rail line. If the regional railroad
44 authority, or any counties in which the rail line is
45 located and the state and its agencies, fail to accept
46 the offer within thirty days of the offer, the
47 corporation may dispose of the property. Upon
48 transfer of ownership from the corporation to the
49 state or its agencies, the corporation is relieved of
50 all responsibilities relative to the line and all

S-5217 Page 2

1 burdens as well as benefits of ownership shall accrue
2 to the acquiring entity including, but not limited to,
3 ad valorem taxes, risk of loss, and liability to third
4 parties."

5 4. By renumbering as necessary.

S-5217

Filed March 3, 1988

Revised 3/4/88 (p. 2-1)

BY RICHARD F. DRAKE
C. JOSEPH COLEMAN

SENATE FILE 2093

S-5216

1 Amend amendment, S-5146, to Senate File 2093 as
2 follows:

3 1. Page 1, lines 7 and 8, by striking the words
4 "received authorization" and inserting the following:
5 "received-authorization filed an application, petition
6 for exemption, or notice of exemption with the
7 interstate commerce commission".

8 2. Page 1, line 8, by inserting after the word
9 "must" the following: "shall cause a notice of the
10 filing to be published in the Iowa administrative
11 bulletin no later than seven days from the date of the
12 filing. The railway corporation".

13 3. Page 1, line 9, by inserting before the word
14 "line" the following: "rail".

15 4. Page 1, line 27, by inserting after the word
16 "offer" the following: "or before the order is issued
17 authorizing the abandonment, whichever is later".

S-5216

Filed March 3, 1988

Adopted 3/4/88 (p. 2-1)

BY RICHARD DRAKE
C. JOSEPH COLEMAN

SENATE FILE 2093
BY COMMITTEE ON TRANSPORTATION

(AS AMENDED AND PASSED BY THE SENATE MARCH 7, 1988)

ALL New Language by the Senate

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the transfer of rights, title and interest in
2 a rail line which a railway corporation has received
3 authorization to abandon.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

SENATE FILE 2093

H-5412

1 Amend Senate File 2093 as amended, passed and
2 reprinted by the Senate as follows:

3 1. Page 2, by inserting after line 33 the
4 following:

5 "Any rail line right-of-way acquired or used by the
6 department of natural resources, the state department
7 of transportation, a county, or a city shall be
8 subject to any existing leases, licenses, or easements
9 for utility facilities."

BY DIEMER of Black Hawk

H-5412 FILED MARCH 9, 1988

BLACK of Jasper

17
18
19
20
21
22
23

1 Section 1. Section 307B.24, Code 1987, is amended to read
2 as follows:

3 307B.24 ACQUISITION OF ABANDONED RIGHT-OF-WAY.

4 A railway corporation which has ~~received-authorization~~
5 filed an application, petition for exemption, or notice of
6 exemption with the interstate commerce commission to abandon a
7 rail line ~~must~~ shall cause a notice of the filing to be
8 published in the Iowa administrative bulletin no later than
9 seven days from the date of the filing. The railway
10 corporation shall first offer the rail line for sale to the
11 authority for sale present or future rail transportation
12 purposes prior to removing the track materials. The
13 corporation shall state a reasonable price for:

14 1. The corporation's right, title, and interest in the
15 right-of-way, track materials, and rail facilities.

16 2. An exclusive, transferable, five-year option to
17 purchase all of the corporation's right, title, and interest
18 in the right-of-way, track materials, and rail facilities.

19 The authority may waive the requirements of this section.

20 The authority shall have ~~thirty~~ ninety days in which to
21 accept or ~~decline~~ to make a counter offer to the corporation's
22 offer ~~for~~ to sell all or any part of the rail line. If the
23 authority fails to accept or make a counter offer to the
24 corporation's offer within thirty ninety days of the
25 corporation's offer or before the order is issued authorizing
26 the abandonment, whichever is later, the corporation may
27 dispose of the property.

28 If a disagreement arises between the authority, and the
29 corporation regarding the price or other terms and conditions
30 of the sale transaction, then either or both parties may make
31 written application to the department to resolve the
32 disagreement. The department shall notify the department of
33 inspections and appeals which shall hear the controversy and
34 make a final determination of the fair market value of the
35 properties and the other terms and conditions of the

1 transaction which are in dispute. The decision of the
2 department of inspections and appeals is binding on both
3 parties, except that the authority may withdraw its offer to
4 purchase within thirty days of the decision of the department
5 of inspections and appeals.

6 If the authority accepts all or any part of the offer or
7 the decision of the department of inspections and appeals, or
8 if the corporation accepts a counter offer from the authority,
9 the corporation shall execute the proper documents upon
10 delivery of the purchase price which shall not be later than
11 ninety days from the date of the authority accepts the
12 corporation's offer to sell or the decision of the department
13 of inspections and appeals, or from the date the corporation
14 accepts a counter offer from the authority, whichever date is
15 applicable.

16 The authority may, if requested by another governmental
17 agency, acquire the corporation's rights, title and interest
18 in all or any part of the rail line for rail banking and
19 interim public use provided the requesting governmental agency
20 is willing to enter into an interim public use and rail
21 banking agreement with the authority which will give the
22 authority the right to reinstate rail service on the right-of-
23 way in the future.

24 Any rights, title and interest in all or any part of the
25 rail line sold or transferred by a corporation without first
26 complying with this section are void, except where such
27 rights, title and interest in all or part of the rail line are
28 sold or transferred to another corporation for continued rail
29 transportation service which must begin within one year from
30 the date of the sale or transfer. If a corporation removes
31 any track materials without first complying with this section,
32 the authority may require the corporation to put the track
33 materials back in place and to comply with this section.

34
35