

Budget Unit Brief

FY 2017



Railroad Revolving Loan and Grant Program

Background

The [Railroad Revolving Loan and Grant \(RRLG\) Program](#), under the purview of the Department of Transportation (DOT), is intended to improve rail facilities that will spur economic development and job growth and provide assistance to railroads to maintain and improve the rail system. During the 2005 Legislative Session, the 81st General Assembly enacted [HF 875](#) (FY 2006 Infrastructure Appropriations Act) that effectively combined three rail assistance and rail economic development programs to create the Railroad Revolving Loan and Grant (RRLG) Fund and corresponding Program.

Purpose

The RRLG Program provides financial assistance to rail economic development projects that improve rail facilities and spur economic development and job growth. Projects may include restoration, conservation, improvement, and construction of railroad main lines, branch lines, switching yards, sidings, rail connections, intermodal yards, highway grade separations, and other railroad-related improvements. As of 2012, funding from the RRLG Program may also be used for rail port planning and development studies. Projects funded through the RRLG Program have typically been to construct or improve industrial spur lines and provide other rail improvements for ethanol and biodiesel plants and other industrial parks throughout the state.

To qualify for funding, projects must be within one of three categories: targeted job creation with immediate and direct job opportunities, rail network improvements for existing rail lines and service, or rail port planning and development studies. Industries, railroads, local governments, and economic development agencies are eligible to apply for loans or grants. Applications are made to the [DOT Office of Rail Transportation](#) and approved by the Transportation Commission, although the General Assembly has previously made specific project allocations. For the targeted job creation projects, loans have a 20.0% match and grants have a 50.0% match required by the applicant. For the rail network improvement projects, these projects support existing rail lines and no direct job creation is required, but only loans are available to the applicant.

State Funding History

Prior to FY 2006, funding for rail assistance was provided from the General Fund. After the creation of the RRLG Program, the funding source primarily became the Rebuild Iowa Infrastructure Fund (RIIF). Funding levels vary, but between FY 2006 and FY 2016, the amount appropriated from the RIIF totaled approximately \$17.6 million, averaging \$1.6 million annually for those years. Funds available in the RRLG Program during a fiscal year may exceed the amount appropriated due to loan repayments. Also, funds appropriated do not revert, but remain available for the use in the RRLG Program indefinitely.

Related Statutes and Administrative Rules

Iowa Code section [327H.20A](#)
[761](#) Iowa Administrative Code chapter [822](#)

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More Information

Railroad Revolving Loan and Grant Program: <http://www.iowadot.gov/iowarail/assistance/rrlqp.htm>

Iowa General Assembly: <https://www.legis.iowa.gov/index.aspx>

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