

# House File 561 - Introduced

HOUSE FILE \_\_\_\_\_  
BY COMMITTEE ON TRANSPORTATION

(SUCCESSOR TO HSB 116)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to railway assistance and passenger rail service,  
2 including provisions for the administration of the railway  
3 revolving loan and grant fund, the elimination of the railway  
4 finance authority, and the administration of the passenger  
5 rail service revolving fund.  
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
7 TLSB 1349HV 83  
8 dea/nh/14

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1 1 DIVISION I  
1 2 RAILWAY ASSISTANCE  
1 3 Section 1. Section 6A.6, Code 2009, is amended to read as  
1 4 follows:  
1 5 6A.6 RAILWAYS.  
1 6 ~~The Iowa railway finance authority or any A railway~~  
1 7 ~~corporation, may acquire by condemnation property as necessary~~  
1 8 ~~for the location, construction, and convenient use of a~~  
1 9 ~~railway. The Iowa railway finance authority may acquire fee~~  
~~1 10 title or a lesser property interest. The authority shall~~  
~~1 11 offer to sell its interest in the property at fair market~~  
~~1 12 value to the adjoining property owners upon abandonment. The~~  
1 13 acquisition shall carry the right to use for the construction  
1 14 and repair of the railway and its appurtenances any earth,  
1 15 gravel, stone, timber, or other material, on or from the land  
1 16 taken.  
1 17 Sec. 2. Section 6A.9, unnumbered paragraph 1, Code 2009,  
1 18 is amended to read as follows:  
1 19 ~~The Iowa railway finance authority department of~~  
~~1 20 transportation or a railway corporation may, by condemnation~~  
1 21 or otherwise, acquire lands for the following additional  
1 22 purposes:  
1 23 Sec. 3. Section 6A.10, Code 2009, is amended to read as  
1 24 follows:  
1 25 6A.10 INITIATING RAILROAD CONDEMNATION BY RAILWAY  
~~1 26 CORPORATION.~~  
1 27 1. ~~The A railway corporation shall apply to the department~~  
1 28 ~~of transportation for permission to condemn. The railway~~  
1 29 ~~corporation shall serve notice of the application and hearing~~  
1 30 ~~and provide a copy of the legal description of the property to~~  
1 31 ~~be condemned to the owner and any recordholders of liens and~~  
1 32 ~~encumbrances on any land described in the application. The~~  
1 33 ~~department may, after hearing, report to the clerk of the~~  
1 34 ~~district court of the county in which the land is situated the~~  
1 35 ~~description of the land sought to be condemned. The~~  
2 1 ~~corporation may begin condemnation procedures in district~~  
2 2 ~~court for the land described by the department.~~  
2 3 2. ~~The railway finance authority may begin condemnation~~  
~~2 4 proceedings in district court.~~  
2 5 Sec. 4. Section 6A.16, Code 2009, is amended to read as  
2 6 follows:  
2 7 6A.16 RIGHT TO CONDEMN ABANDONED RIGHT-OF-WAY.  
2 8 Railroad right-of-way which has been abandoned by order of  
2 9 the proper authority, may be condemned by a railway  
2 10 corporation or the ~~Iowa railway finance authority department~~  
~~2 11 of transportation~~ before or after the track materials have  
2 12 been removed. The procedure to condemn abandoned right-of-way  
2 13 shall be the same as for an original condemnation.  
2 14 Sec. 5. Section 7E.7, subsection 2, Code 2009, is amended  
2 15 by striking the subsection.

2 16 Sec. 6. Section 12.28, subsection 1, paragraph b, Code  
2 17 2009, is amended to read as follows:  
2 18 b. "State agency" means a board, commission, bureau,  
2 19 division, office, department, or branch of state government.  
2 20 However, state agency does not mean the state board of  
2 21 regents, institutions governed by the board of regents, or  
2 22 authorities created under chapter 16, 175, 257C, ~~or 261A, or~~  
2 23 ~~327I.~~

2 24 Sec. 7. Section 12.30, subsection 1, paragraph a, Code  
2 25 2009, is amended to read as follows:  
2 26 a. "Authority" means a department, or public or  
2 27 quasi-public instrumentality of the state including but not  
2 28 limited to the authority created under chapter 12E, 16, 175,  
2 29 257C, 261A, ~~327I,~~ or 463C, which has the power to issue  
2 30 obligations, except that "authority" does not include the  
2 31 state board of regents or the Iowa finance authority to the  
2 32 extent it acts pursuant to chapter 260C. "Authority" also  
2 33 includes a port authority created under chapter 28J.

2 34 Sec. 8. Section 307.24, Code 2009, is amended to read as  
2 35 follows:

3 1 307.24 ADMINISTRATION OF HIGHWAYS.  
3 2 The department's administrator of highways is responsible  
3 3 for the planning, design, construction, and maintenance of the  
3 4 state primary highways and shall administer chapters 306 to  
3 5 320 ~~and 327I~~ and perform other duties as assigned by the  
3 6 director. The administration of highways shall be organized  
3 7 to provide administration for urban systems, for secondary  
3 8 roads, and other categories of administration as necessary.

3 9 Sec. 9. Section 321.145, subsection 2, paragraph b,  
3 10 subparagraph (4), Code 2009, is amended by striking the  
3 11 subparagraph.

3 12 Sec. 10. Section 327G.76, Code 2009, is amended to read as  
3 13 follows:

3 14 327G.76 TIME OF REVERSION.  
3 15 Railroad property rights which are extinguished upon  
3 16 cessation of service by the railroad divest when the ~~railway~~  
3 17 ~~finance authority department of transportation~~ or the  
3 18 railroad, having obtained authority to abandon the rail line,  
3 19 removes the track materials to the right-of-way. If the  
3 20 ~~railway finance authority department of transportation~~ does  
3 21 not acquire the line and the railway company does not remove  
3 22 the track materials, the property rights which are  
3 23 extinguished upon cessation of service by the railroad divest  
3 24 one year after the railway obtains the final authorization  
3 25 necessary from the proper authority to remove the track  
3 26 materials.

3 27 Sec. 11. Section 327H.20A, Code 2009, is amended to read  
3 28 as follows:

3 29 327H.20A RAILROAD REVOLVING LOAN AND GRANT FUND.  
3 30 1. A railroad revolving loan and grant fund is established  
3 31 in the office of the treasurer of state under the control of  
3 32 the ~~authority department~~. Moneys in the fund shall be  
3 33 expended for the following purposes:

3 34 a. Grants or loans to provide assistance for the  
3 35 restoration, conservation, improvement, and construction of  
4 1 railroad main lines, branch lines, switching yards, sidings,  
4 2 rail connections, intermodal yards, highway grade separations,  
4 3 and other railroad-related improvements.

4 4 b. Grants or loans for rail economic development projects  
4 5 that improve rail facilities, including the construction of  
4 6 branch lines, sidings, rail connections, intermodal yards, and  
4 7 other rail-related improvements that spur economic development  
4 8 and job growth.

4 9 2. The ~~authority department~~ shall administer a program for  
4 10 the granting and administration of loans and grants under this  
4 11 section. ~~No more than fifty percent of the total moneys~~  
4 12 ~~available in the fund in any year shall be awarded in the form~~  
4 13 ~~of grants.~~ The ~~authority department~~ may establish a limit on  
4 14 the amount that may be awarded as a grant for any given  
4 15 project in order to maximize the use of the moneys in the  
4 16 fund. The ~~authority department~~ may enter into agreements with  
4 17 railroad corporations, the United States government, cities,  
4 18 counties, and other persons for carrying out the purposes of  
4 19 this section.

4 20 3. Notwithstanding any other provision to the contrary, on  
4 21 or after July 1, 2006, moneys received as repayments for loans  
4 22 made pursuant to this chapter or chapter 327I, Code 2009,  
4 23 before, on, or after July 1, 2005, other than repayments of  
4 24 federal moneys subject to section 327H.21, shall be credited  
4 25 to the railroad revolving loan and grant fund.  
4 26 Notwithstanding section 8.33, moneys in the railroad revolving

4 27 loan and grant fund shall not revert to the general fund of  
4 28 the state but shall remain available indefinitely for  
4 29 expenditure under this section.

4 30 Sec. 12. Section 327H.26, Code 2009, is amended to read as  
4 31 follows:

4 32 327H.26 ~~DEFINITIONS~~ DEFINITION.

4 33 As used in this chapter, unless the context otherwise  
4 34 requires+

4 35 1. ~~"Authority" means the railway finance authority created  
5 1 in chapter 327I.~~

5 2 2. ~~"Department", "department"~~ means the state department  
5 3 of transportation.

5 4 Sec. 13. Section 427.1, subsection 25, Code 2009, is  
5 5 amended by striking the subsection.

5 6 Sec. 14. Chapter 327I, Code 2009, is repealed.

5 7 Sec. 15. CONTINUATION OF PRIOR AGREEMENTS. It is the  
5 8 intent of the general assembly that the enactment of this Act  
5 9 shall not affect the terms or duration of railroad assistance  
5 10 agreements entered into under chapter 327H or 327I prior to  
5 11 the effective date of this Act. The department of  
5 12 transportation is the successor to the rights and obligations  
5 13 of any agreements entered into by the Iowa railway finance  
5 14 authority.

#### DIVISION II

##### PASSENGER RAIL SERVICE

5 17 Sec. 16. Section 327J.1, Code 2009, is amended by adding  
5 18 the following new subsection:

5 19 NEW SUBSECTION. 6. "Passenger rail service" means  
5 20 long-distance, intercity, and commuter passenger  
5 21 transportation, including the midwest regional rail system,  
5 22 which is provided on railroad tracks.

5 23 Sec. 17. Section 327J.2, subsection 2, Code 2009, is  
5 24 amended to read as follows:

5 25 2. FUNDING. To achieve the purposes of this chapter,  
5 26 moneys shall be credited to the passenger rail service  
5 27 revolving fund by the treasurer of state from the following  
5 28 sources:

5 29 a. Appropriations made by the general assembly.

5 30 ~~a-~~ b. Private grants and gifts intended for these  
5 31 purposes.

5 32 ~~b-~~ c. Federal, state, and local grants and loans intended  
5 33 for these purposes.

5 34 Sec. 18. Section 327J.3, Code 2009, is amended to read as  
5 35 follows:

6 1 327J.3 ADMINISTRATION.

6 2 1. The director may expend moneys from the fund to pay the  
6 3 costs associated with the initiation, operation, and  
6 4 maintenance of ~~rail~~ passenger rail service. The director  
6 5 shall report by February 1 of each year to the legislative  
6 6 services agency concerning the status of the fund including  
6 7 anticipated expenditures for the following fiscal year.

6 8 2. The director may enter into agreements with AMTRAK,  
6 9 ~~other rail operators, local jurisdictions, and other states~~  
6 10 ~~associated with the midwest regional rail system~~ for the  
6 11 purpose of developing a rail passenger system rail service  
6 12 ~~erving the midwest, including service from Chicago, Illinois,~~  
6 13 ~~to Omaha, Nebraska, through Iowa.~~ The agreements may include  
6 14 any of the following:

6 15 a. Cost-sharing agreements associated with initiating  
6 16 service, capital costs, operating subsidies, and other costs  
6 17 necessary to develop and maintain service.

6 18 b. Joint powers agreements and other institutional  
6 19 arrangements associated with the administration, management,  
6 20 and operation of ~~a midwest regional rail system~~ passenger rail  
6 21 service.

6 22 3. The director shall enter into discussions with members  
6 23 of Iowa's congressional delegation to foster ~~rail~~ passenger  
6 24 rail service in this state and the midwest and to maximize the  
6 25 level of federal funding for the service, ~~including funding~~  
6 26 ~~for the midwest regional rail system.~~

6 27 4. The director may provide assistance and enter into  
6 28 agreements with ~~cities~~ local jurisdictions along the proposed  
6 29 route of the midwest regional rail system or other passenger  
6 30 rail ~~system~~ service operations serving the ~~Midwest~~ Iowa to  
6 31 ensure that rail stations and terminals are designed and  
6 32 developed in accordance with the following objectives:

6 33 a. To meet safety and efficiency requirements outlined by  
6 34 AMTRAK and the federal railroad administration.

6 35 b. To aid intermodal transportation.

7 1 c. To encourage economic development.

7 2 5. The director shall report annually to the general

7 3 assembly concerning the development and operation of the  
7 4 midwest regional rail system and the state's passenger rail  
7 5 service.

7 6 EXPLANATION

7 7 This bill contains provisions relating to assistance for  
7 8 railroads and passenger rail service.

7 9 DIVISION I == RAILWAY ASSISTANCE. This division of the  
7 10 bill contains the repeal of Code chapter 327I, in which the  
7 11 Iowa railway finance authority was established. The duties  
7 12 and responsibilities of the railway finance authority for  
7 13 administration of the railroad revolving loan and grant fund  
7 14 are transferred to the department of transportation. The bill  
7 15 specifies that the department is the successor to the rights  
7 16 and obligations of any agreements for railroad assistance  
7 17 entered into by the Iowa railway finance authority, and the  
7 18 terms and duration of those prior agreements are preserved.

7 19 The bill eliminates references to the railway finance  
7 20 authority in provisions relating to the condemnation of  
7 21 property for the location, construction, and use of a railway.  
7 22 The bill specifies that the authority currently granted to the  
7 23 railway finance authority to acquire lands for certain  
7 24 additional purposes, such as constructing sections of track,  
7 25 establishing additional depot grounds or yards, modifying or  
7 26 adding right-of-way, and preserving abandoned railroad  
7 27 right-of-way, is retained by the department along with the  
7 28 right to condemn abandoned railroad right-of-way.

7 29 The bill lifts the current limitation on the total amount  
7 30 available in the railroad revolving loan and grant fund that  
7 31 may be awarded annually in the form of grants.

7 32 Under current law, moneys are appropriated from the  
7 33 statutory allocations fund for the payment of principal and  
7 34 interest on obligations of the railway finance authority or  
7 35 the payment of leases guaranteed by the authority. The bill

8 1 strikes that appropriation.

8 2 DIVISION II == PASSENGER RAIL SERVICE. This division of  
8 3 the bill provides for the administration of passenger rail  
8 4 service, including administration of the passenger rail  
8 5 service revolving fund, by the department of transportation.  
8 6 The term "passenger rail service" is defined in the bill as  
8 7 long-distance, intercity, and commuter passenger  
8 8 transportation, including the midwest regional rail system,  
8 9 which is provided on railroad tracks. The bill amends  
8 10 language describing funding sources for the passenger rail  
8 11 service revolving fund to include appropriations made by the  
8 12 general assembly.

8 13 Currently, the director of transportation has authority to  
8 14 enter into agreements with AMTRAK and with states associated  
8 15 with the midwest regional rail system for the purpose of  
8 16 developing a passenger rail system serving the midwest. The  
8 17 bill modifies that authority to allow agreements with AMTRAK,  
8 18 other rail operators, local jurisdictions, and any other  
8 19 states for the purpose of developing passenger rail service  
8 20 serving Iowa.

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