222.50 RAIL SERVICE IMPROVEMENT PROGRAM.

Subdivision 1. **Creation.** There is created the rail service improvement program to provide assistance for improvement of rail service in the state.

Subd. 2. **Identifying deteriorating rail line.** The commissioner shall identify those rail lines that have deteriorated or are in danger of deteriorating so as to be unable to carry the speeds and weights necessary to efficiently transport the goods and products moved or sought to be moved on the lines.

Subd. 3. **Commissioner's powers; rules.** The commissioner shall have the power to:

(1) set priorities for the allocation and expenditure of money or in kind contributions authorized under the rail service improvement program and develop criteria for eligibility and approval of projects under the program. The criteria shall include the anticipated economic and social benefits to the state and to the area being served and the economic viability of the project;

(2) negotiate and enter into contracts for rail line rehabilitation or other rail service improvement;

(3) disburse state and federal money for rail service improvements; and

(4) adopt rules necessary to carry out the purposes of sections 222.46 to 222.54.

Subd. 4. **Contract.** The commissioner may negotiate and enter into contracts for the purpose of rail service improvement and may incorporate funds available from the federal government. The participants in these contracts shall be railroads, rail users, and the department, and may be political subdivisions of the state and the federal government. In such contracts, participation by all parties shall be voluntary. The commissioner may provide a portion of the money required to carry out the terms of any such contract by expenditure from the rail service improvement account.

Subd. 5. **Contractual conditions.** In making any contract pursuant to subdivision 4 the commissioner may:

(1) stipulate minimum operating standards for rail lines designed to achieve reasonable transportation service for shippers and to achieve best use of funds invested in rail line rehabilitation;

(2) require a portion of the total assistance for improving a rail line to be loaned to the railroad by rail users and require the railroad to reimburse rail users for any loan on the basis of use of the line and the revenues produced when the line has been improved;

(3) determine the terms and conditions under which all or any portion of state funds allocated shall be repaid to the department by the railroads. Reimbursement may be made as a portion of the increased revenue derived from the improved rail line. Any reimbursement received by the department pursuant to this clause shall be deposited in the rail service improvement account and shall be appropriated exclusively for rehabilitating other rail lines in the state pursuant to subdivision 4; and

(4) to the extent not prohibited by federal law or regulation, require that when the railroad elects to contract for portions of the rehabilitation work or rail service improvement, the railroad must select a contractor who is experienced in rail rehabilitation work, and must require the contractor to:

(i) recruit any new workers from the area where the work is to be done; and

(ii) pay workers under the contract wages that are equal to or greater than the wages the railroad pays its own workers for similar work, but not less than twice the state minimum wage that state-covered employers are required to pay under section 177.24, subdivision 1, paragraph (a).

Subd. 6. **Grants.** The commissioner may approve grants from the rail service improvement account for freight rail service improvements that support economic development.

Subd. 7. **Expenditures.** (a) The commissioner may expend money from the rail service improvement account for the following purposes:

(1) to make transfers as provided under section 222.57 or to pay interest adjustments on loans guaranteed under the state rail user and rail carrier loan guarantee program;

(2) to pay a portion of the costs of capital improvement projects designed to improve rail service of a rail user or a rail carrier;

(3) to pay a portion of the costs of rehabilitation projects designed to improve rail service of a rail user or a rail carrier;

(4) to acquire, maintain, manage, and dispose of railroad right-of-way pursuant to the state rail bank program;

(5) to provide for aerial photography survey of proposed and abandoned railroad tracks for the purpose of recording and reestablishing by analytical triangulation the existing alignment of the inplace track;

(6) to pay a portion of the costs of acquiring a rail line by a regional railroad authority established pursuant to chapter 398A;

(7) to pay the state matching portion of federal grants for rail-highway grade crossing improvement projects;

(8) to pay the nonfederal matching portion of federal grants for freight rail projects that support economic development;

(9) to fund rail planning studies; and

(10) to pay a portion of the costs of capital improvement projects designed to improve capacity or safety at rail yards.

(b) All money derived by the commissioner from the disposition of railroad right-of-way or of any other property acquired pursuant to sections 222.46 to 222.62 shall be deposited in the rail service improvement account.

Subd. 8. MS 1988 [Repealed, 1989 c 299 s 11]

History: *1976 c 204 s 5; 1977 c 347 s 36; 1978 c 667 s 9; 1978 c 793 s 67; Ex1979 c 1 s 31-34,45; 1980 c 558 s 2; 1981 c 338 s 3; 1983 c 326 s 2; 1989 c 218 s 1; 1989 c 299 s 6-8; 1992 c 581 s 16; 1994 c 635 art 1 s 20; 2008 c 287 art 1 s 87; 2008 c 350 art 1 s 78; 2012 c 287 art 4 s 41; 2014 c 312 art 11 s 28; 2015 c 75 art 2 s 37; 1Sp2017 c 3 art 3 s 107; 2022 c 55 art 1 s 123; 2023 c 68 art 5 s 47; 2024 c 110 art 6 s 5*