CHAPTER 398A

REGIONAL RAILROAD AUTHORITIES

398A.01	DEFINITIONS.	398A.06	MUNICIPAL POWERS.
398A.02	PURPOSE.	398A.07	BONDS.
398A.03	ORGANIZATION OF AUTHORITY.	398A.08	EMPLOYMENT PREFERENCE.
398A.04	POWERS.	398A.09	CONSTRUCTION.
398A.05	TAX EXEMPTION.	398A.10	TRANSIT FUNDING.

398A.01 DEFINITIONS.

Subdivision 1. **Application.** The terms defined in this section are used in sections 398A.01 to 398A.08 with the following meanings, respectively.

Subd. 2. **Authority.** "Authority" means a regional railroad authority organized and existing as a political subdivision and local government unit pursuant to section 398A.03.

Subd. 3. **Bonds.** "Bonds" means any bonds, notes, or other obligations issued by an authority pursuant to section 398A.07.

Subd. 4. **Governing body.** "Governing body" means the board, council, or other body authorized by law to exercise the governmental powers of a municipality.

Subd. 5. **Municipality.** "Municipality" means any county, city, or town.

Subd. 6. **Project.** "Project" means any railroad facilities proposed to be acquired, constructed, improved, or refinanced by an authority in whole or part by the issuance of bonds, including any real or personal property, structures, machinery, equipment, and appurtenances determined by the authority to be useful or convenient for railroad operations and handling passengers or freight.

Subd. 7. **Real property.** "Real property" means lands, structures, improvements thereof, and water and riparian rights, and any and all interests and estates therein, legal or equitable, including but not limited to easements, rights-of-way, uses, leases, and licenses.

Subd. 8. **Regional Railroad Authorities Act.** "Regional Railroad Authorities Act" means sections 398A.01 to 398A.09.

History: *1980 c 616 s 1; 1983 c 216 art 1 s 66*

398A.02 PURPOSE.

The purpose of the Regional Railroad Authorities Act is to provide a means whereby one or more municipalities, with state and federal aids as may be available, may provide for the preservation and improvement of local rail service for agriculture, industry, or passenger traffic and provide for the preservation of abandoned rail right-of-way for future transportation uses, when determined to be practicable and necessary for the public welfare, particularly in the case of abandonment of local rail lines.

History: *1980 c 616 s 2; 1983 c 326 s 11; 1989 c 299 s 10*

398A.03 ORGANIZATION OF AUTHORITY.

Subdivision 1. **Organization resolution.** A regional railroad authority may be organized by resolution or joint resolution adopted by the governing body or bodies of one or more counties. The governing body

or bodies of a municipality or municipalities within a county or counties may request by resolution that the county or counties organize a railroad authority. If the county or counties do not organize an authority within 90 days of receipt of the request, the municipality or municipalities may organize an authority by resolution or joint resolution. A resolution organizing an authority must state:

(1) that the authority is organized under the Regional Railroad Authorities Act as a political subdivision and local government unit of Minnesota, to exercise thereunder part of the sovereign power of the state;

(2) the name of the authority, including the words "regional railroad authority";

(3) the municipality or municipalities adopting the organization resolution;

(4) the number of commissioners of the authority, not less than five; the number to be appointed by the governing body of each municipality; and the names and addresses of the first board of commissioners;

(5) the city and county in which the registered office of the authority is to be situated;

(6) that neither the state of Minnesota, the municipality or municipalities, nor any other political subdivision is liable for obligations of the authority; and

(7) any other provision for regulating the business of the authority determined by the governing body or bodies adopting the resolution.

Subd. 2. **Hearing.** Before final adoption of an organization resolution, the governing body of each municipality named in it shall provide for a public hearing upon notice published in a newspaper of general circulation in the municipality. The notice of a hearing by the governing body of a county must be mailed to the governing body of each city or town in the county, except cities and towns participating in the organization, at least 30 days before the hearing. The hearing may be adjourned from time to time, to a time and place publicly announced at the hearing, or to a time and place fixed by notice published in a newspaper of general circulation in the municipality at least ten days before the adjourned session. Joint hearing sessions may be held by the governing bodies of all municipalities named, at any convenient public place within any of the municipalities. The resolution may be amended by the governing body or bodies at or after any hearing session at which the amended resolution is proposed and made available to interested citizens. It shall not become effective until adopted in identical form by the governing bodies of all municipalities named in the resolution.

Subd. 3. **Certificate of incorporation.** A copy of the organization resolution, certified by the recording officer of each municipality adopting it, shall be filed with the secretary of state, who shall issue a certificate of incorporation if the resolution conforms to the requirements of this section, stating in the certificate the name of the authority and the date of its incorporation, which shall be the date of acceptance for filing. The certificate of incorporation shall be conclusive evidence of the valid organization and existence of the authority.

Subd. 4. **Amendment.** The organization resolution may be amended by resolution or joint resolution of the governing bodies of all municipalities named in the resolution prior to amendment and the governing body of any additional municipality named in the amendment. Each amendment shall be adopted at or after hearing upon notice as required for the organization resolution. No amendment releasing a municipality from its obligations as a party named in the resolution shall be effective unless all covenants, agreements, mortgage liens, and other security given for bonds of the authority have been discharged and satisfied by payment or otherwise in accordance with their terms. All other amendments shall take effect upon filing with the secretary of state and issuance of an amended certificate of incorporation in the same manner as provided for the organization resolution.

Subd. 5. **Board of commissioners.** All powers granted to an authority shall be exercised by its board of commissioners. Commissioners shall be appointed and vacancies in their office shall be filled by the governing body of each municipality named in the organization resolution, in accordance with the provisions of that resolution. The term of each commissioner shall be one year, or the remainder of the one year term for which a vacancy is filled, and until a successor is appointed. Commissioners shall receive no compensation for services but shall be reimbursed for necessary expenses incurred in the performance of their duties.

Subd. 6. **Meetings and actions.** The board of commissioners shall by resolution establish the time and place or places of its regular meetings and the method and notice required for calling special meetings, all of which shall be open to the public. A majority of the commissioners being present at a meeting, any action may be taken by resolution or motion adopted by recorded vote of a majority of those present, unless a larger majority is required by bylaws adopted by the board.

Subd. 7. **Officers and employees.** The board of commissioners shall appoint a chair, vice-chair, secretary, and treasurer from its members, each to serve for a term of one year and until a successor is appointed. The offices of secretary and treasurer may be combined, and deputies or assistants may be appointed for either office or the combined office, from members of the board or otherwise. The powers and duties of each office shall be determined by the board, which shall require and pay for a surety bond for each officer handling funds. The board shall provide for the keeping of a full and accurate record of all proceedings and of resolutions, regulations, and orders issued or adopted; the state auditor shall, as time and resources permit, annually audit the books of said regional railroad authority. The board may appoint an executive director and other officers, fix their compensation, and delegate to them the powers and duties, as it may determine. It may also employ, or authorize the executive director to employ, all other employees, consultants, and agents needed to perform its duties and exercise its powers. Chapter 353 shall apply to all salaried employees.

History: *1980 c 616 s 3; 1983 c 326 s 12; 1986 c 444*

398A.04 POWERS.

Subdivision 1. **General.** An authority may exercise all the powers necessary or desirable to implement the powers specifically granted in this section, and in exercising the powers is deemed to be performing an essential governmental function and exercising a part of the sovereign power of the state, and is a local government unit and political subdivision of the state. Without limiting the generality of the foregoing, the authority may:

(1) sue and be sued, have a seal, which may but need not be affixed to documents as directed by the board, make and perform contracts, and have perpetual succession;

(2) acquire real and personal property within or outside its taxing jurisdiction, by purchase, gift, devise, condemnation, conditional sale, lease, lease purchase, or otherwise; or for purposes, including the facilitation of an economic development project pursuant to section 383B.81 or 469.091 or 469.175, subdivision 7, that also improve rail service;

(3) hold, manage, control, sell, convey, lease, mortgage, or otherwise dispose of real or personal property; and

(4) make grants or otherwise appropriate funds to the Department of Transportation, the Metropolitan Council, or any other state or local governmental unit for the purposes described in subdivision 2 with respect to railroad facilities located or to be located within the authority's jurisdiction, whether or not the facilities will be acquired, constructed, owned, or operated by the authority.

Subd. 2. **Railroad acquisition and operation.** The authority may plan, establish, acquire, develop, construct, purchase, enlarge, extend, improve, maintain, equip, operate, regulate, and protect railroads and railroad facilities, including but not limited to terminal buildings, roadways, crossings, bridges, causeways, tunnels, equipment, and rolling stock. The authority may not expend state or federal funds to engage in planning for or development of light rail transit or commuter rail transit, unless this activity is consistent with a plan adopted by the department of transportation under section 174.84 and a plan adopted by the metropolitan council under section 473.399, and is carried out pursuant to a memorandum of understanding executed by the authority and the commissioner after appropriate consultation with the metropolitan council.

Subd. 2a. **Bus rapid transit development.** A regional rail authority may exercise the powers conferred under this section to: plan, establish, acquire, develop, purchase, enlarge, extend, improve, maintain, equip, regulate, and protect; and pay costs of construction and operation of a bus rapid transit system located within its county on transitways included in and approved by the Metropolitan Council's 2030 Transportation Policy Plan. This subdivision applies only to the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Subd. 3. **Permits.** The authority may apply to any public agency for permits, consents, authorizations, and approvals required for any project and take all actions necessary to comply with their conditions.

Subd. 4. **Eminent domain.** The authority shall have all powers granted to a political subdivision in chapter 117 for the acquisition of property for a public purpose, except that it shall have no power of eminent domain with respect to property owned by another authority or political subdivision of Minnesota or any other state, or with respect to property owned or used by a railroad corporation unless the Interstate Commerce Commission or a successor agency, if any, or another authority with power to make the finding, has found that the public convenience and necessity permit discontinuance of rail service on the property. All property taken for the exercise of the powers granted herein is declared to be taken for a public governmental purpose and as a matter of public necessity.

Subd. 5. **Funds.** The authority may establish charges and rentals for the use, sale, and availability of its property and service and may hold, use, dispose of, invest, and reinvest the income, revenues, and funds derived therefrom. Subject to any agreement with bondholders, it may invest money not required for immediate use, including bond proceeds, in the securities it shall deem prudent, notwithstanding the provisions of any other law relating to the investment of public funds.

Subd. 6. **Insurance and indemnity.** (a) The authority shall be subject to tort liability to the extent provided in chapter 466 and may procure insurance against the liability, and may indemnify and purchase and maintain insurance on behalf of any of its commissioners, officers, employees, or agents, in connection with any threatened, pending, or completed action, suit, or proceeding, as provided in chapter 466, and to the same extent and in the same manner and with the same force and effect as provided in the case of a private corporation by section 302A.521. It may also procure insurance against loss of or damage to property in the amounts, by reason of the risks, and from the insurers as it deems prudent.

(b) A railroad leasing its tracks and right-of-way to a railroad authority that is created under this chapter and affiliated with a railroad museum is subject to tort liability only to the extent provided for municipalities in chapter 466 as to any claims arising out of fare-paying passenger operations carried on by the railroad authority primarily for the purpose of promoting tourism on tracks and right-of-way leased from the railroad.

Subd. 7. **Grants.** The authority may accept, contract for, and receive and disburse federal, state, and other funds or property, public or private, made available by grant, loan, or lease, to be used in the exercise of any of its powers, and may comply with the terms and conditions of the grant or loan.

Subd. 8. **Taxation.** Before deciding to exercise the power to tax, the authority shall give six weeks' published notice in all municipalities in the region. If a number of voters in the region equal to five percent of those who voted for candidates for governor at the last gubernatorial election present a petition within nine weeks of the first published notice to the secretary of state requesting that the matter be submitted to popular vote, it shall be submitted at the next general election. The question prepared shall be:

"Shall the regional rail authority have the power to impose a property tax?

Yes .....

No ....."

If a majority of those voting on the question approve or if no petition is presented within the prescribed time the authority may levy a tax at any annual rate not exceeding 0.04835 percent of estimated market value of all taxable property situated within the municipality or municipalities named in its organization resolution. Its recording officer shall file, on or before September 15, in the office of the county auditor of each county in which territory under the jurisdiction of the authority is located a certified copy of the board of commissioners' resolution levying the tax, and each county auditor shall assess and extend upon the tax rolls of each municipality named in the organization resolution the portion of the tax that bears the same ratio to the whole amount that the net tax capacity of taxable property in that municipality bears to the net tax capacity of taxable property in all municipalities named in the organization resolution. Collections of the tax shall be remitted by each county treasurer to the treasurer of the authority. For taxes levied in 1991, the amount levied for light rail transit purposes under this subdivision shall not exceed 75 percent of the amount levied in 1990 for light rail transit purposes under this subdivision.

Subd. 9. **Agreements.** The authority may enter into joint powers agreements under section 471.59 or other agreements with the municipality or municipalities named in the organization agreement; with other municipalities situated in the counties named in the resolution, respecting the matters referred to in section 398A.06; with another authority; with a state agency; or with the Metropolitan Council about any matter subject to this chapter.

Subd. 10. **Bonds.** The authority may issue bonds in the manner and upon the conditions provided in section 398A.07.

Subd. 11. **Contracts for operation and use of facilities.** The authority may enter into contracts including leases with any person, firm, or corporation, for terms the authority may determine:

(1) providing for the operation of any facilities on behalf of the authority, at the rate of compensation as may be determined;

(2) leasing a rail line for operation by the lessee or any facility or space therein for other commercial purposes, at rentals as may be determined, but no person may be authorized to operate a rail line other than as a common carrier;

(3) granting the privilege, for compensation as the authority shall determine, of supplying goods, commodities, services, or facilities along rail lines or in or upon other property; and

(4) making available services furnished by the authority or its agents, at charges, rentals, or fees which shall be reasonable and uniform for the same class of privilege or service.

Subd. 12. **Financial information.** An authority associated with a metropolitan county, as defined in section 473.121, subdivision 4, must annually submit financial information to the commissioner of

transportation as provided under section 174.065 in the manner and by the dates prescribed by the commissioner.

History: *1980 c 616 s 4; 1983 c 326 s 13,14; 1986 c 455 s 63; 1987 c 405 s 1; 1988 c 719 art 5 s 84; 1989 c 277 art 4 s 43; 1989 c 329 art 13 s 20; 1989 c 339 s 2; 1991 c 291 art 4 s 8; 1994 c 416 art 1 s 44; 1997 c 231 art 16 s 17; 1999 c 230 s 31-33; 2003 c 2 art 4 s 18; 2005 c 69 art 3 s 24; 2013 c 127 s 59; 2013 c 143 art 14 s 62; 1Sp2025 c 8 art 2 s 91*

398A.05 TAX EXEMPTION.

The property and income of an authority shall be exempt from all taxation, except that sections 272.01, subdivision 2, and 273.19 shall apply to any use or lease of the property, other than operation of a railroad line by a railroad company.

History: *1980 c 616 s 5*

398A.06 MUNICIPAL POWERS.

Subdivision 1. **General.** Any county named in the organization resolution of an authority, and any other municipality situated within a named county, may exercise the powers granted in this section, in aid or in consideration of the exercise of the authority's powers in ways which are determined by the governing body of the municipality to be for the benefit and welfare of its citizens.

Subd. 2. **Loans and donations.** The municipality may lend or donate money to the authority and may levy taxes, appropriate money, and issue bonds for that purpose in the manner and within the limitations prescribed by law, including but not limited to chapter 475.

Subd. 3. **Joint action.** The municipality may enter into an agreement with the authority respecting the joint exercise of their powers pursuant to section 471.59.

Subd. 4. **Public improvements.** The municipality may cause water, sewer, storm sewer, drainage, street, highway and sidewalk, or other public improvements to be furnished adjacent to or in connection with property of the authority; but the property shall be exempt from special assessment as in the case of highway rights-of-way pursuant to section 435.19.

Subd. 5. **Conveyance of property.** The municipality may dedicate, sell, convey, or lease to the authority its interest in any property and may grant easements, licenses, and other rights in it to the authority.

History: *1980 c 616 s 6; 1992 c 511 art 5 s 12*

398A.07 BONDS.

Subdivision 1. **Authorization.** An authority may from time to time issue bonds, or other obligations however designated, in principal amounts as it shall deem necessary to fulfill its purpose and to exercise any of its powers, to provide funds for operating expenses in anticipation of revenues of the current year, or for capital expenditures in anticipation of the issuance of long term bonds or the receipt of a grant or loan of state or federal funds, to refund the principal of or interest or redemption premiums on outstanding bonds whether or not the amounts refunded have become due and payable, to establish or increase reserves to secure the payment of bonds or interest on them, and to pay costs and expenses of the issuance of the bonds.

Subd. 2. **Security.** Bonds may be made payable exclusively from the revenues from one or more projects, or from one or more revenue producing contracts, or from the authority's revenues generally, including but not limited to specified taxes which the authority may levy or which a particular municipality may agree to

levy for a specified purpose, and may be additionally secured by a pledge of any grant, subsidy, or contribution from any public agency, including but not limited to a participating municipality, or any income or revenues from any source. They may be secured by a mortgage or deed of trust of the whole or any part of the property of the authority. They shall be payable solely from the revenues, funds, and property pledged or mortgaged for their payment. No commissioner, officer, employee, agent, or trustee of the authority shall be liable personally on its bonds or be subject to any personal liability or accountability by reason of their issuance. Neither the state nor a county or other municipality except the authority may pledge its faith and credit or taxing power or shall be obligated in any manner for the payment of the bonds or interest on them, except as specifically provided by agreement under section 398A.06; but nothing herein shall affect the obligation of the state or municipality to perform any contract made by it with the authority, and when the authority's rights under a contract with the state or a municipality are pledged by the authority for the security of its bonds, the holders or a bond trustee may enforce the rights as a third-party beneficiary. All bonds shall be negotiable within the meaning and for the purposes of the Uniform Commercial Code, subject only to any registration requirement.

Subd. 3. **Bond resolution or indenture.** Bonds of the authority shall be authorized by resolutions of its board of commissioners which may set forth, or may authorize and direct the execution of an indenture or security agreement with a corporate trustee setting forth, the terms and conditions thereof, the covenants and agreements entered into by the authority for their security, the real and personal property, if any, which is mortgaged or pledged for their further security, the rights and duties of the trustee, if any, and the manner of and conditions for adoption of amending or supplemental resolutions or indentures. Covenants may be made regarding:

(1) the custody, collection, securing, investment, reinvestment, and disbursement of bond proceeds and any revenues with respect to which the authority has any right or interest;

(2) the purposes to which the proceeds shall be applied, and the pledge of the proceeds, until so applied, to secure the payment of the bonds and interest thereon;

(3) the rentals, rates, or charges to be established for use and availability of the authority's property or service;

(4) the establishment of funds or accounts for the disbursement of proceeds, the segregation of revenues, and the debt service and reserve requirements of the bonds;

(5) the conditions for the issuance of any additional bonds and the refunding of outstanding bonds and the terms upon which additional bonds may be issued and secured;

(6) the priority of any bonds with respect to any pledge of revenues, mortgage, or security interest;

(7) the operation and maintenance of any property, the revenues of which are pledged;

(8) the custody of any of the authority's property or investments, its safekeeping, the kinds of securities in which funds may be invested and reinvested, the insurance to be carried on property and against liability, and the use and disposition of insurance proceeds;

(9) the vesting in a corporate trustee, within or outside the state, and successors and individual cotrustees as may be provided for, of funds and properties and trust rights and powers as the authority may determine, and the limitation of the rights, powers, duties, and obligations of the trustees;

(10) the appointment of any paying agent within or outside the state; and

(11) any other matter reasonably related to the security of the bonds.

Subd. 4. **Sale.** Bonds may be issued and sold in one or more series, at public and private sale, at the price, bearing the date or dates, maturing at the time or times, bearing interest at the rate or rates, in the denominations, in the form whether coupon or registered, with the privileges of conversion, exchange, and registration of transfer, having the rank or priority, to be executed on behalf of the authority by the officers and other persons, to be subject to the terms of redemption with or without premium, and to contain or be subject to the other terms the resolution, indenture, or security agreement may provide, and shall not be restricted by any other law limiting the amount, maturities, interest rates, purchase price, or other terms of obligations of public agencies or municipalities.

Subd. 5. **Recitals.** The authority shall be estopped to deny the correctness of any recital in any bond or any certificate given by direction of the authority, that it has been issued pursuant to the provisions and for the purposes of the Regional Railroad Authorities Act, and that all conditions precedent to the issuance exist or have been performed.

Subd. 6. **Bonds as investments and security for deposits.** Notwithstanding any other law, the state of Minnesota and all its public officers, governmental units, agencies, and instrumentalities, all banks, trust companies, savings banks and institutions, savings associations, investment companies, and other persons carrying on a banking business, all insurance companies, insurance associations, and other persons carrying on an insurance business, and all executors, administrators, guardians, trustees and other fiduciaries may legally invest any sinking funds, money, or other funds belonging to them or within their control in any bonds or other obligations issued pursuant to this section, and the bonds or obligations may be pledged as security for any public deposits.

History: *1980 c 616 s 7; 1983 c 326 s 15; 1995 c 202 art 1 s 25*

398A.08 EMPLOYMENT PREFERENCE.

Individuals who have been previously employed by railroads, any part of whose property or assets are acquired pursuant to Laws 1980, chapter 616, shall have priority, based upon their length of service with that railroad, in employment with a purchasing carrier or other operator of a railroad incorporating that property or those assets.

History: *1980 c 616 s 8*

398A.09 CONSTRUCTION.

Sections 398A.01 to 398A.08 shall be construed liberally to effectuate their legislative intent and purpose, as complete and independent authority for the performance of every act and thing authorized, and all powers granted shall be broadly interpreted to effectuate this intent and purpose and not as a limitation of powers. In the event of any conflict or inconsistency with any other law or charter provision, the provisions of sections 398A.01 to 398A.08 shall prevail.

History: *1980 c 616 s 9*

398A.10 TRANSIT FUNDING.

Subdivision 1. **Capital costs.** A county regional railroad authority may not contribute more than ten percent of the capital costs of a light rail transit or commuter rail project. This subdivision does not apply to a light rail transit project for which a county regional railroad authority commits to providing an amount greater than ten percent of the capital costs, if the commitment (1) is made before October 2, 2008, (2) is

made as part of an application for federal funds, and (3) is adjusted by the county regional railroad authority to meet the requirements of this subdivision as part of the next scheduled federal funding application for the project.

Subd. 2. **Operating and maintenance costs.** A county regional railroad authority may not contribute any funds to pay the operating and maintenance costs for a light rail transit or commuter rail project. If a county regional railroad authority is contributing funds for operating and maintenance costs on a light rail transit or commuter rail project on February 25, 2008, the authority may continue to contribute funds for these purposes until January 1, 2009.

Subd. 3. **Application.** This section only applies to a county that has imposed the metropolitan transportation sales and use tax under section 297A.992 and applies whether or not the tax is currently in effect.

Subd. 4. **Definition.** For purposes of this section, "project" means the initial construction or extension of a minimum operable segment of a new light rail transit or commuter rail line, but does not include infill stations, project enhancements, or supportive infrastructure, constructed after the rail transit is operational.

History: *2008 c 152 art 6 s 7; 2008 c 287 art 1 s 114; 2013 c 117 art 3 s 33; 1Sp2017 c 3 art 3 s 114,115*