

SENATE BILL REPORT

SB 5652

As of March 4, 2005

Title: An act relating to establishing the short line rail revitalization program.

Brief Description: Establishing the short line rail revitalization program.

Sponsors: Senators Shin, Schoesler, Haugen, Mulliken, Sheldon and Rasmussen.

Brief History:

Committee Activity: International Trade & Economic Development: 2/8/05.

SENATE COMMITTEE ON INTERNATIONAL TRADE & ECONOMIC DEVELOPMENT

Staff: Joyce Ahlering (360-786-7486)

Background: Although Washington State's rail infrastructure has decreased by 40 percent since the 1950's, recent state efforts have slowed the loss of small and localized rail lines, or short lines. Short line freight rail service has created economic development opportunities, and has linked rural industries to the world marketplace.

Within the state, eighteen short line railroads currently operate on over 1,030 miles of track, which account for 33 percent of the state's rail system. A recent Department of Transportation (DOT) study found that the loss of the state's short lines could cost as much as 21 million in transportation dollars annually.

The Community Economic Revitalization Board (CERB) provides direct loans and grants to counties, cities, and special purpose districts for feasibility studies and for public improvements such as the acquisition, construction, or repair of railroad spurs, roads, bridges, structures, and port facilities.

Summary of Bill: The CERB is to develop a short line rail revitalization program. Under the program, localities may apply for financial assistance to acquire rail lines, repair railroad equipment, and construct railroad improvements and loading facilities. Once approved, localities qualify for a sales and use tax credit of 0.033 percent, which expires when the project costs are reimbursed.

Under the short line rail revitalization program, eligibility decisions are made within sixty days of application submission. CERB will work with the DOT's freight rail program to establish approval criteria and to report to the legislature on a biennial basis.

Appropriation: None.

Fiscal Note: Requested on February 7, 2005.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: The short line rail sales and use tax credit will help short line rail projects pay for themselves. Compared to the earmarked funds within the current state transportation budget, the quick turnaround for this program's application decisions is what rail-dependent business needs.

Other: It may not be wise to establish a subprogram within CERB to fund short line rail projects when CERB already funds rail projects.

Testimony Against: None.

Who Testified: PRO: James McMahan, Washington State Shortline Rail Association; Sharon Wylie, Clark County; Brig Temple, Columbia Basin Railroad; Byron Cole, Meeker Southern Railroad, Ballard Terminal Railroad; Joe Tortorelli, Washington Economic Development Association; Dan Wood, Washington Farm Bureau. OTHER: Marie Sullivan, Department of Community, Trade, and Economic Development.