

SENATE BILL No. 119

AN ACT concerning rail service improvement program loans and grants; amending K.S.A. 2010 Supp. 75-5048 and 75-5049 and repealing the existing sections.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 2010 Supp. 75-5048 is hereby amended to read as follows: 75-5048. (a) The secretary of transportation is hereby authorized to make loans or grants to a qualified entity for the purpose of facilitating the financing, acquisition or rehabilitation of railroads and rolling stock in the state of Kansas.

(b) Such loans or grants shall be made upon such terms and conditions as the secretary of transportation may deem appropriate, and such loans or grants shall be made from funds credited to the rail service improvement fund.

(c) The rail service improvement fund is hereby established in the state treasury which shall be for the purpose of facilitating the financing, acquisition and rehabilitation of railroads pursuant to subsection (a) of this section and for the refinancing thereof. The secretary of transportation shall administer the rail service improvement fund. All expenditures from the rail service improvement fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the secretary of transportation or by a person or persons designated by the secretary.

(d) All moneys received from the federal government ~~under the local rail freight assistance program (49 U.S.C. 1654)~~, pursuant to K.S.A. 75-5026, and amendments thereto, shall be remitted to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury to the credit of the rail service improvement fund.

(e) The management and investment of the rail service improvement fund shall be in accordance with K.S.A. 68-2324, and amendments thereto. Notwithstanding anything to the contrary, all interest or other income of the investments, after payment of any management fees, shall be considered income of the rail service improvement fund.

(f) On July 1, 2013, and each July 1 thereafter, the director of accounts and reports shall transfer \$5,000,000 from the state highway fund to the rail service improvement fund.

(g) The secretary of transportation is hereby authorized to transfer moneys from the state highway fund to the rail service improvement fund or from the rail service improvement fund to the state highway fund. In transferring moneys from the rail service improvement fund, the secretary of transportation shall not diminish the moneys transferred under subsection (f).

(h) "Qualified entity" means any interstate commerce commission certificated railroad, a port authority established in accordance with Kansas laws, or any entity meeting the rules and regulations established by K.S.A. 75-5050, and amendments thereto.

Sec. 2. K.S.A. 2010 Supp. 75-5049 is hereby amended to read as follows: 75-5049. The secretary in making any loan *or grants* pursuant to K.S.A. 75-5048, and amendments thereto, may:

(a) 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;

(b) 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;

(c) determine the terms and conditions under which all or any portion of funds loaned shall be repaid to the department of transportation 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 subsection shall be remitted to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury to the credit of the rail service improvement fund and shall be appropriated exclusively for the rehabilitation of other rail lines in the state pursuant to K.S.A. 75-5048, and amendments thereto.

(d) *The secretary may enter into loan or grant agreements with any entity which is a qualified entity pursuant to K.S.A. 75-5048, and amendments thereto, for payment of all or part of a project's costs. Any governmental unit that is a qualified entity and in coordination with the railroad providing service, may enter into such an agreement and may accept such assistance when so authorized by its governing body.*

(e) *Upon the failure of a governmental unit, which is a qualified entity, to meet the repayment terms and conditions of a loan agreement under this section, the secretary may order the state treasurer to pay to the rail service improvement fund the portion of such governmental unit's share of the special city and county highway fund as may be necessary to meet the terms of the loan agreement.*

(f) *Any loans received by a governmental unit under the provisions of K.S.A. 75-5048 through 75-5050, and amendments thereto, shall be construed to be bonds for the purpose of K.S.A. 10-1116, and amendments thereto, and the amount of such loans shall not be included within any limitation on the bonded indebtedness of the governmental unit.*

Sec. 3. K.S.A. 2010 Supp. 75-5048 and 75-5049 are hereby repealed.

Sec. 4. This act shall take effect and be in force from and after its publication in the statute book.

I hereby certify that the above BILL originated in the SENATE, and passed that body

President of the Senate.

Secretary of the Senate.

Passed the HOUSE _____

Speaker of the House.

Chief Clerk of the House.

APPROVED _____

Governor.