

1 State of Arkansas  
2 90th General Assembly  
3 Regular Session, 2015  
4

# A Bill

HOUSE BILL 1472

5 By: Representative Pitsch  
6 By: Senator Files  
7

## For An Act To Be Entitled

9 AN ACT TO ENCOURAGE AND FUND THE DEVELOPMENT OF  
10 RAILROADS IN THE STATE; TO CREATE THE ARKANSAS RAIL  
11 DEVELOPMENT GRANT PROGRAM; TO CREATE THE ARKANSAS  
12 RAIL DEVELOPMENT GRANT PROGRAM FUND; TO DEDICATE  
13 CERTAIN PROPERTY TAXES TO RAIL DEVELOPMENT; AND FOR  
14 OTHER PURPOSES.  
15

## Subtitle

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18 TO CREATE THE ARKANSAS RAIL DEVELOPMENT  
19 GRANT PROGRAM; TO CREATE THE ARKANSAS  
20 RAIL DEVELOPMENT GRANT PROGRAM FUND; AND  
21 TO DEDICATE CERTAIN PROPERTY TAXES TO  
22 RAIL DEVELOPMENT.  
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24  
25 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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27 SECTION 1. Arkansas Code Title 19, Chapter 5, Subchapter 12, is  
28 amended to add an additional section to read as follows:

29 19-5-1255. Arkansas Rail Development Grant Program Fund.

30 (a) There is created on the books of the Treasurer of State, the  
31 Auditor of State, and the Chief Fiscal Officer of the State a miscellaneous  
32 fund to be known as the "Arkansas Rail Development Grant Program Fund".

33 (b) The fund shall consist of:

34 (1) The funds specified under § 26-26-1616(e);

35 (2) Grants made by any person, state agency, or federal  
36 government agency;



1           (3) Any remaining fund balances carried forward from year to  
2 year; and

3           (4) Any other funds authorized or provided by law.

4           (c) The fund shall be used by the Arkansas State Highway and  
5 Transportation Department to provide grants or loans to state agencies or  
6 other entities seeking to improve rail service in the State of Arkansas under  
7 the Arkansas Rail Development Grant Program, § 23-11-601 et seq.

8           (d) Moneys remaining in the fund at the end of each fiscal year shall  
9 carry forward and be made available for the purposes stated in this section  
10 in the next fiscal year.

11           (e) The department may retain up to ten percent (10%) of the moneys  
12 deposited into the fund for the administration of the Arkansas Rail  
13 Development Grant Program, § 23-11-601 et seq., and for other railroad-  
14 related activities as determined by the Director of State Highways and  
15 Transportation.

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17           SECTION 2. Arkansas Code Title 23, Chapter 11, is amended to add an  
18 additional subchapter to read as follows:

19           Subchapter 6 – Arkansas Rail Development Grant Program

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21           23-11-601. Title.

22           This subchapter shall be known and may be cited as the "Arkansas Rail  
23 Development Grant Program".

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25           23-11-602. Definition.

26           As used in this subchapter, "rail improvement project" means the  
27 construction, improvement, capital facility rehabilitation, or expansion of a  
28 new or existing railroad structure, facility, or service, including without  
29 limitation an intermodal facility or industrial park facility.

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31           23-11-603. Arkansas Rail Development Grant Program.

32           (a)(1) The Arkansas Rail Development Grant Program is established and  
33 shall be used to provide financial assistance in the form of grants and loans  
34 to one (1) or more of the following entities that seek to improve rail  
35 service within the State of Arkansas through a rail improvement project:

36           (A) A local or regional planning program;

1                   (B) A state, local, or regional economic development  
 2 organization;

3                   (C) A city, county, or regional governmental unit; and

4                   (D) A nonprofit organization.

5                   (2) The Arkansas State Highway and Transportation Department  
 6 shall establish and administer the program.

7                   (b) Eligible expenses that may be covered by the program include  
 8 without limitation the cost of the following:

9                   (1) Acquiring a right-of-way;

10                  (2) Constructing, improving, or renovating a loading facility;

11                  (3) Repairing or replacing track;

12                  (4) Constructing, improving, or renovating a building;

13                  (5) Providing rail switching;

14                  (6) Providing rail access;

15                  (7) Providing necessary utilities;

16                  (8) Acquiring and preserving rail;

17                  (9) Preserving a rail corridor; and

18                  (10) Meeting federal matching requirements.

19                  (c) The goals of the program are to:

20                  (1) Ensure that the needs for improving rail service are being  
 21 met;

22                  (2) Provide funds for all aspects of rail service, including  
 23 without limitation infrastructure improvements, rail access, safety  
 24 investments, and intermodal services;

25                  (3) Preserve rail access by acquiring rail to be abandoned or to  
 26 preserve a rail corridor where service has been discontinued;

27                  (4) Reduce highway congestion by ensuring that rail service is  
 28 readily available to Arkansas communities located on or near a rail line; and

29                  (5) Assist railroad companies, local units of government, and  
 30 nonprofit organizations in improving rail service.

31                  (d)(1) An entity seeking funding under this section shall submit an  
 32 application for funding on the form required by the department.

33                  (2) An application may be submitted at any time.

34                  (3) The application required under subdivision (d)(1) of this  
 35 section shall include the following:

36                  (A) The formal name of the applicant;

1 (B) A description of the proposed rail improvement  
 2 project;

3 (C) Evidence of need for the proposed rail improvement  
 4 project;

5 (D) A description of the benefits to be derived from the  
 6 proposed rail improvement project;

7 (E) If applicable, a drawing of the proposed rail  
 8 improvement project outlining boundaries and major elements of the proposed  
 9 rail improvement project;

10 (F) A budget for the proposed rail improvement project,  
 11 including a cost estimate for the proposed rail improvement project and how  
 12 the costs will be allocated among various budgeting line items; and

13 (G) Any other information required by the department.

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 15 23-11-604. Arkansas Rail Development Grant Program Advisory Committee.

16 (a) There is established the Arkansas Rail Development Grant Program  
 17 Advisory Committee to make recommendations to the Arkansas State Highway and  
 18 Transportation Department regarding the selection of recipients for grants or  
 19 loans under the Arkansas Rail Development Grant Program.

20 (b) The recommendations made by the committee under this section are  
 21 not binding on the department.

22 (c)(1) The committee is composed of the following nine (9) members  
 23 appointed by the Governor:

24 (A) One (1) representative of Class I railroads;

25 (B) One (1) representative of Class III railroads;

26 (C) One (1) representative of the planning and development  
 27 districts established under § 14-166-201 et seq.;

28 (D) One (1) representative of regional mobility  
 29 authorities created under the Regional Mobility Authority Act, § 27-76-101 et  
 30 seq.;

31 (E) One (1) representative of regional intermodal  
 32 authorities created under the Regional Intermodal Facilities Act, § 14-143-  
 33 101 et seq.;

34 (F) One (1) representative of the Arkansas Waterways  
 35 Commission;

36 (G) One (1) representative of the Arkansas Economic

1 Development Commission; and

2 (H) Two (2) representatives of the public at large.

3 (2)(A) The terms of the initial members appointed to the  
4 committee shall be as follows:

5 (i) The members appointed under subdivisions  
6 (c)(1)(A), (D), and (G) of this section shall serve a two-year term;

7 (ii) The members appointed under subdivisions  
8 (c)(1)(B) and (E) of this section and one (1) of the members appointed under  
9 subdivision (c)(1)(H) of this section shall serve a four-year term; and

10 (iii) The members appointed under subdivisions  
11 (c)(1)(C) and (F) of this section and one (1) of the members appointed under  
12 subdivision (c)(1)(H) of this section shall serve a six-year term.

13 (B) Successor members shall serve six-year terms, except  
14 that a person appointed to fill a vacancy resulting in an unexpired term  
15 shall serve only for the remainder of that unexpired term.

16 (3) A vacancy on the board shall be filled by the Governor in  
17 the same manner as other appointments.

18 (d)(1) The committee shall meet at the call of the Director of State  
19 Highways and Transportation.

20 (2) The director shall call at least one (1) committee meeting  
21 each calendar year to solicit input on grant or loan awards from the Arkansas  
22 Rail Development Grant Program Fund.

23 (e) A meeting of the committee may be held in person or via conference  
24 call to solicit input on funding grants or loans for rail improvement  
25 projects.

26 (f) A quorum of the committee is five (5) members.

27 (g) A quorum of the committee is required to formally make a  
28 recommendation for funding a grant or loan.

29 (h) Members of the committee shall serve without compensation.

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31 23-11-605. Rules.

32 The Arkansas State Highway and Transportation Department shall  
33 promulgate rules to implement and administer this subchapter.

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35 SECTION 3. Arkansas Code § 26-26-1616(a)(1), concerning the  
36 disposition of taxes and penalties collected from utilities and carriers, is

1 amended to read as follows:

2 (a)(1) Except as provided in subsections ~~(e) and (d)~~ (c)-(e) of this  
 3 section, all taxes and penalties collected under § 26-26-1614 shall be  
 4 deposited into the State Treasury as trust fund income to the credit of the  
 5 Ad Valorem Tax Fund.

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 7 SECTION 4. Arkansas Code § 26-26-1616, concerning the disposition of  
 8 taxes and penalties collected from utilities and carriers, is amended to add  
 9 an additional subsection to read as follows:

10 (e) The taxes and penalties collected from railroad companies under §  
 11 26-26-1614 in excess of twenty million dollars (\$20,000,000) shall be  
 12 deposited into the State Treasury and credited to the Arkansas Rail  
 13 Development Grant Program Fund to be used for the purposes stated in the  
 14 Arkansas Rail Development Grant Program, § 23-11-601 et seq.

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 16 SECTION 5. EFFECTIVE DATE. This act is effective on and after January  
 17 1, 2016.

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