

MAINE STATE LEGISLATURE

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1 FIRST REGULAR SESSION
2

3 ONE HUNDRED AND TWELFTH LEGISLATURE
4

5 Legislative Document

No. 1622

6
7 H.P. 1112

House of Representatives, May 28, 1985

8 Referred to the Committee on Transportation. Sent up for concurrence
9 and ordered printed.

10 EDWIN H. PERT, Clerk

Presented by Representative Melendy of Rockland.

Cosponsored by Representative Vose of Eastport and Senator Carpenter
11 of Aroostook.

12 STATE OF MAINE
13

14 IN THE YEAR OF OUR LORD
15 NINETEEN HUNDRED AND EIGHTY-FIVE
16

17 AN ACT to Provide Financing for Rail
18 Transportation.
19

20 Preamble. Two thirds of both Houses of the Legis-
21 lature deeming it necessary in accordance with the
22 Constitution of Maine, Article IX, Section 14, to au-
23 thorize the issuance of bonds on behalf of the State
24 to provide for the acquisition of certain rail lines.

25 Be it enacted by the People of the State of Maine as
26 follows:

27 PART A

28 Sec. 1. Authorization of General Fund bonds to
29 provide for the acquisition of certain rail lines.
30 The Treasurer of State is authorized, under the di-
31 rection of the Governor, to issue from time to time
32 registered bonds in the name and behalf of the State
33 to an amount not exceeding \$850,000 for the purpose
34 of raising funds for the acquisition of certain rail
35 lines as authorized by section 6 of this Part. The

1 Brewer to Calais, 126.92 miles (Calais Branch)
2 Hardings (Brunswick) to Rockland, 52.12 miles
3 (Rockland Branch)
4 Steep Falls (Standish) to Maine-New Hampshire
5 line (Fryeburg), 26.63 miles (Mountain Division)
6 Such other line or lines as the Commissioner of
7 Transportation shall find to be part of the es-
8 sential rail system of the State.

9 Sec. 7. Contingent upon ratification of bond is-
10 sue. Sections 1 to 6 of this Part shall not become
11 effective unless and until the people of the State
12 have ratified the issuance of bonds as set forth in
13 this Part.

14 Sec. 8. Allocation and appropriation balances at
15 year end. At the end of each fiscal year, all encum-
16 bered allocation and appropriation balances repre-
17 senting state money shall carry forward from year to
18 year. Bond proceeds which have not been expended
19 within 10 years after the date of the sale of the
20 bonds shall lapse to debt service of the appropriate
21 fund.

22 Sec. 9. Bonds authorized but not issued. Any
23 bonds authorized but not issued, or for which bond
24 anticipation notes have not been issued within 5
25 years of the ratification of this Part, shall be
26 deauthorized and may not be issued, provided that the
27 Legislature may, within 2 years after the expiration
28 of that 5-year period, extend the period for issuing
29 any remaining unissued bonds or bond anticipation
30 notes for an additional amount of time not to exceed
31 5 years.

32 Sec. 10. Statutory referendum procedure; submis-
33 sion at statewide election; form of question; effec-
34 tive date. Part A of this Act shall be submitted to
35 the legal voters of the State of Maine at a statewide
36 election to be held on the Tuesday following the
37 first Monday of November following passage of Part A
38 of this Act. The city aldermen, town selectmen and
39 plantation assessors of the State shall notify the
40 inhabitants of their respective cities, towns and

1 plantations to meet, in the manner prescribed by law
2 for holding a statewide election, to vote on the ac-
3 ceptance or rejection of Part A of this Act by voting
4 on the following question.

5 "Do you favor an \$850,000 bond issue for the ac-
6 quisition, lease or rehabilitation of certain
7 rail lines in Maine?"

8 The legal voters of each city, town and
9 plantation shall vote by ballot on this question and
10 shall designate their choice by cross or checkmark
11 placed within a corresponding square below the word
12 "Yes" or "No." The ballots shall be received, sorted,
13 counted and declared in open ward, town and
14 plantation meetings and returns made to the Secretary
15 of State in the same manner as votes for members of
16 the Legislature. The Governor shall review the re-
17 turns and, if it appears that a majority of the legal
18 voters are in favor of Part A of the Act, the Gover-
19 nor shall proclaim that fact without delay and Part A
20 of the Act shall become effective 30 days after the
21 date of the proclamation.

22 The Secretary of State shall prepare and furnish
23 to each city, town and plantation, all ballots, re-
24 turns and copies of Part A of this Act necessary to
25 carry out the purpose of this referendum.

26 PART B

27 Sec. 1. 23 MRSA §2930 is enacted to read:

28 §2930. Partial reimbursement of cost

29 Notwithstanding any other provision of law, the
30 State, by or through the Department of Transporta-
31 tion, shall reimburse railroad corporations 50% of
32 the cost, incurred by those corporations, of the
33 maintenance of public at-grade railroad-highway
34 crossings, crossing protection devices, including,
35 automatic signals, gates and crossbucks and grade
36 separation structures carrying the highway over the
37 railroad.

38 For the purpose of this section, public at-grade
39 crossings shall be those crossings determined by the

1 Commissioner of Transportation to be public cross-
2 ings.

3 An annual contract shall be entered into between
4 the State and each railroad corporation to provide a
5 single one-time payment. The payment shall be based
6 on the 1983 average maintenance cost, adjusted
7 biennially by application of the United States Bureau
8 of Labor Statistics Consumer Price Index, "All Items,
9 All Urban Consumers," for public at-grade crossings
10 multiplied by the number of the crossings on each
11 railroad in the State and the 1983 average mainte-
12 nance cost, adjusted biennially by application of the
13 United States Bureau of Labor Statistics Consumer
14 Price Index, "All Items, All Urban Consumers," for
15 eligible grade separation structures multiplied by
16 the number of those structures on each railroad in
17 the State.

18 Each participating railroad corporation shall
19 submit an annual report to the department describing
20 in general terms its public grade crossing and high-
21 way over the railroad grade separation structure
22 maintenance program indicating the total costs in-
23 curring, total quantities of material used and man
24 hours used. The department may review records and
25 supporting data of the costs incurred by the railroad
26 corporations.

27 Sec. 2. Allocation. The following funds are al-
28 located from the Highway Fund to carry out the provi-
29 sions of section 1.

30 1985-86 1986-87

31 TRANSPORTATION,
32 DEPARTMENT OF

33 Railroad Assistance
34 Program
35 All Other \$1,436,000 \$1,436,000

36 PART C

37 Sec. 1. 36 MRSA §1760, sub-§48 is enacted to
38 read:

1 48. Rail track materials. Railroad track materi-
2 als purchased and installed on railroad lines located
3 within the boundaries of the State. The track materi-
4 al shall consist of rail, ties, ballast, joint bars
5 and associated materials, such as bolts, nuts, tie
6 plates, spikes, culverts, steel, concrete or stone,
7 switch stands, switch points, frogs, switch ties,
8 bridge ties and bridge steel.

9 Sec. 2. 36 MRSA §2621-A, sub-§2, as amended by
10 PL 1983, c. 593, §1, is further amended to read:

11 2. Operating investment. "Operating investment"
12 means investment in railway property used in trans-
13 portation service, less depreciation, plus cash, in-
14 cluding temporary cash investments and special depos-
15 its, plus material and supplies, plus freight car op-
16 erating leases of 10 years or more, valued at cost
17 less straight-line depreciation over the initial
18 terms of the lease. For purposes of railroad excise
19 taxes payable in 1984 and 1985, based upon operations
20 for the calendar years 1983 and 1984, respectively,
21 "operating investment" also includes freight car op-
22 erating leases of 10 years or more, valued at cost
23 less straight-line depreciation over the initial term
24 of the lease.

25 Sec. 3. Appropriation. The following funds are
26 appropriated from the General Fund to carry out the
27 purposes of this Part.

	<u>1985-86</u>	<u>1986-87</u>
28		
29	<u>TRANSPORTATION,</u>	
30	<u>DEPARTMENT OF</u>	
31	Bureau of Transportation	
32	Services	
33	Railroad Assistance Program	
34	Personal Services	\$ 70,000 \$ 70,000
35	All Other	330,000 330,000
36	Total	\$400,000 \$400,000

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STATEMENT OF FACT

This bill is submitted for the purpose of implementing recommendations made by the Governor's Committee on Rail Policy. The committee has developed several recommendations which have been submitted to the Governor and the Legislature and are designed to provide assistance to the rail industry in response to existing and developing rail transportation problems.

Part A provides the enabling legislation for a bond issue to provide the capital funds to the Department of Transportation for the acquisition, lease or rehabilitation of rail lines which are shown to be part of the essential rail system and thereby necessary to maintain balanced and alternative transportation to the extent possible throughout the State. Future funding for these purposes will be included in the budgetary requests by the Department of Transportation for each biennium where assistance is needed in order to continue essential service.

Sections 1 and 2 of Part B implement the committee's recommendation that the State assume half of the cost of maintaining highway-at-grade and highway-over-bridges for which the railroads now assume 100% of the cost. It is the belief of the committee that this a cost that should at least be shared by the State as the benefits of grade crossings and highway bridges over railroad lines goes primarily to the users of the highway system. Accordingly, it is proposed to fund this recommendation from the Highway Fund.

The recommendation contained in section 1 of Part C exempts track material, which includes ties, ballast and joints, from the application of the sales tax and thereby results in more equitable treatment of the rail carriers in providing and maintaining their own roadways which are now paid for 100% by the carriers themselves. It is estimated that this exemption will result in the reduction of the sales tax payments to the State by the railroads of \$180,000 annually.

1 Section 2 of Part C is intended to make permanent
2 the present provisions of the Maine Revised Statutes,
3 Title 36 which allow the inclusion of freight car op-
4 erating leases of 10 years or more in the definition
5 "operating investment" for railroad excise tax pur-
6 poses. These provisions already exist but are due to
7 expire in 1985. It is the committee's opinion that
8 these provisions will provide some measure of relief
9 to the railroad industry without resulting in a loss
10 of revenue to the State.

11 Section 3 of Part C seeks a General Fund appro-
12 priation of \$100,000 in both fiscal year 1986 and
13 fiscal year 1987 to the Department of Transportation
14 for the administration of the rail assistance pro-
15 gram. This includes planning, analysis, project de-
16 velopment and inspection, as well as, the encourage-
17 ment of experimental services. In addition, a General
18 Fund appropriation of \$300,000 for each of the bien-
19 nium is requested for the maintenance and insurance
20 of the rail lines to be acquired by the Department of
21 Transportation.

1 It is anticipated that 3 major railroad branch
2 lines in this State will be abandoned in 1985. These
3 lines total some 206 miles and include Brewer to
4 Calais (Calais Branch), 127 miles serving Hancock and
5 Washington counties; Hardings (Brunswick) to Rockland
6 (Rockland Branch), 52 miles serving Knox, Lincoln and
7 part of Sagadahoc Counties; and Steep Falls
8 (Standish) to Maine-New Hampshire Line (Fryeburg), 27
9 miles of the Mountain Division. These lines are now
10 part of the Maine Central Railroad System.

11 After extensive study by the Rail Policy Commit-
12 tee, the Department of Transportation recommends that
13 these lines be retained for at least a 3-year trial
14 period to determine whether operations can be contin-
15 ued by some other railroad. The owning railroad has
16 offered to sell these lines to the State for 50% of
17 the net liquidation value or a cost to the State of
18 \$850,000. It is estimated that minimum maintenance
19 and insurance of these facilities will cost \$300,000
20 per year. If it ultimately becomes necessary to aban-
21 don rail service on these lines, the State would sal-
22 vage the materials and retain the right-of-way for
23 other appropriate use.

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