

HOUSE BILL REPORT

SB 5655

As Passed House - Amended:

April 10, 1995

Title: An act relating to rail freight service.

Brief Description: Revising state freight rail service programs.

Sponsors: Senators Rasmussen and Sellar.

Brief History:

Committee Activity:

Transportation: 3/20/95, 3/29/95 [DPA].

Floor Activity:

Amended.

Passed House: 4/10/95, 96-0.

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass as amended. Signed by 25 members: Representatives K. Schmidt, Chairman; Benton, Vice Chairman; Mitchell, Vice Chairman; R. Fisher, Ranking Minority Member; Hatfield, Assistant Ranking Minority Member; Backlund; Blanton; Brown; Buck; Cairnes; Chandler; Elliot; Hankins; Horn; Johnson; Koster; McMahan; Ogden; Patterson; Quall; Robertson; Romero; D. Schmidt; Scott and Tokuda.

Staff: Jeff Doyle (786-7322).

Background:

Current Freight Rail Program. The state's freight rail program is responsible for preparing federally-mandated rail planning, providing technical assistance to port and rail districts, shortline operators and other entities; and distributing federal and state funds in the form of loans and grants.

To date, the program has had two primary areas of emphasis: rail banking and rail assistance.

Rail banking occurs where a rail line is proposed to be abandoned by its owner. If the line is found to be essential to the state's rail system, and if a benefit/cost analysis

shows that the state will receive benefits in excess of the cost of acquiring the line, the state may assist local organizations (such as port districts, county public works departments, rail districts, etc.) in acquiring the line, or it may acquire the line on its own. If acquired under this abandonment procedure, the new owner must use the rail right of way for a transportation purpose. Most commonly, these railroad rights of way are converted to interim use as a recreational trail.

The purpose of rail banking is to keep the right of way intact for future restoration and use as an operating railroad line. A recent example is Burlington Northern's Stampede Pass rail line, which has been out of service since the 1980s. A portion of this line was rail banked to keep the corridor intact. Recently, Burlington Northern has announced that it may reopen its Stampede Pass line, providing a third rail passage over the Cascade Mountains.

The rail banking program is supported by state and federal moneys from the essential rail banking account. Local financial participation is required to the extent that it is available.

Freight rail assistance is available from the state to entities wishing to restore rail operations on a line, or to keep existing operations economically viable, thus avoiding the possibility of rail abandonment.

This program is directed at assisting freight operations on light density lines. Moneys from the state freight rail assistance account can be used to acquire, rebuild or rehabilitate the rail lines, equipment and transloading facilities. Projects with a demonstrated level of financial commitment, from either the private sector or the public sector, are given preference for state loans and/or grants.

Changes in Industry Affecting Freight Rail Program. Since 1970, the state has lost about 40 percent of its rail lines to abandonment. Many of the abandoned lines were not economically viable due to the decrease in freight rail traffic.

It now appears that the freight rail industry is emerging from a long period of non-investment in its infrastructure to a period of renewed interest in upgrading its rail lines and facilities. This is in response to an enormous upturn in the demand for moving goods via freight rail.

As freight rail traffic continues to increase, there are serious rail capacity constraints on the two large mainlines in Washington (Burlington Northern and Union Pacific). Mainline congestion is exacerbated by at least two factors: (1) the lack of rail capacity at port terminals, and (2) the congestion at the two routes over the Cascade Mountains (along Columbia River to Pasco, and at the Cascade Tunnel over Stevens Pass).

Freight Rail Policy Advisory Committee Study. This past interim, a Freight Rail Policy Advisory Committee was convened by the Department of Transportation (DOT) as part of its multimodal state transportation planning process.

The committee recommended a number of changes, including changes to the state freight rail program. The primary recommendations were aimed at responding to the new market conditions and rail system constraints by modifying the state's freight rail program to allow for rail assistance at port facilities and at select portions of the railroad mainline.

Summary of Bill: The state's freight rail program is modified to allow rail assistance projects at port-to-rail facilities and on select portions of the mainline.

The DOT evaluates and monitors rail commodity flows and traffic types to ensure that the program is responsive to the changing freight rail environment.

The DOT must consult with the Washington State Rail Policy Development Committee, established under statute, in evaluating rail corridors and projects.

The DOT is directed to develop criteria for prioritizing freight rail projects, and to seek federal surface transportation program funds for rail banking projects before using state funds.

The essential rail banking and essential rail assistance accounts are merged into one account.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: The changes to DOT's freight rail program are necessary to respond to the changing needs of the freight rail industry.

Testimony Against: None.

Testified: Senator Marilyn Rasmussen, prime sponsor; Dennis Hamblett, Department of Transportation; Scott Taylor, Washington Public Ports Association; Gary Molyneaux, private citizen; and Richard Welsh, Seattle Lake Shore and Eastern Railroad.