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SENATE BILL 5652

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State of Washington                      59th Legislature                      2005 Regular Session

By Senators Shin, Schoesler, Haugen, Mulliken, Sheldon and Rasmussen

Read first time 02/01/2005. Referred to Committee on International Trade & Economic Development.

1            AN ACT Relating to establishing the short line rail revitalization  
2 program; adding a new section to chapter 43.160 RCW; and creating a new  
3 section.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5            NEW SECTION.    **Sec. 1.** The legislature finds that freight rail  
6 service is an essential part of Washington state's participation in the  
7 world marketplace. The legislature further finds that by earmarking  
8 freight rail funds through state fiscal year 2012-2013, it limits its  
9 ability to effectively compete in the worldwide marketplace. The  
10 legislature further finds that such an inability to compete decreases  
11 its ability to retain or secure economic development opportunities that  
12 wholly, or in part, depend on establishing, maintaining, or  
13 rehabilitating short line freight rail service. The legislature  
14 further finds that short line freight rail service has been a deciding  
15 factor in economic development opportunities, particularly the  
16 construction of a \$110 million glass manufacturing plant near Winlock,  
17 Washington. A total state expenditure of \$800,000 for a short line  
18 freight rail spur line will help create an estimated 210 family-wage  
19 jobs in Washington state, with an average salary of \$45,300 per year,

1 and help create a local payroll of \$9.5 million per year to help  
2 energize Washington's economy. Therefore, the legislature finds that  
3 it would be well served by establishing a short line rail  
4 revitalization program within the department of community, trade, and  
5 economic development.

6 It is the intent of the legislature to establish a short line rail  
7 revitalization program within the community economic revitalization  
8 board within the department of community, trade, and economic  
9 development to allow political subdivisions to be approved for a sales  
10 and use tax credit for short line rail projects that are reasonably  
11 expected to provide a direct economic benefit in this state.

12 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.160 RCW  
13 to read as follows:

14 (1) The board shall develop a short line rail revitalization  
15 program, through which the board shall consider applications from  
16 political subdivisions of the state for the purpose of:

17 (a) Acquiring, building, rebuilding, rehabilitating, or improving  
18 rail lines;

19 (b) Purchasing or rehabilitating railroad equipment necessary to  
20 maintain essential rail service;

21 (c) Constructing railroad improvements to mitigate port access or  
22 mainline congestion; or

23 (d) Construction of loading facilities to increase business on  
24 light density lines or to mitigate the impacts of abandonment.

25 (2) In consultation with the Washington state department of  
26 transportation freight rail program, the board shall develop criteria  
27 for approving and prioritizing applications. The board may approve  
28 applications only where a direct economic benefit is reasonably  
29 expected in this state as a direct or indirect result of the rail  
30 improvement.

31 (3) The board shall consider, process, and either approve or reject  
32 an application within sixty days of submission.

33 (4) In consultation with the Washington state department of  
34 transportation freight rail program, the board shall develop, publish,  
35 and make available to short line rail stakeholders, and the public,  
36 materials describing the short line rail revitalization program and its

1 application process. Short line rail stakeholders must include, but  
2 not be limited to, owners and operators of all short line railroads in  
3 this state.

4 (5) A political subdivision of the state whose short line rail  
5 revitalization application has been approved qualifies for a state  
6 sales and use tax credit of 0.033 percent, in a maximum project amount  
7 to be determined by the board. The tax credit expires when the  
8 political subdivision has been fully reimbursed for actual costs  
9 associated with the approved short line rail project. The cumulative  
10 impact on the state general fund from approved state sales and use tax  
11 credits issued under the short line rail revitalization program may not  
12 exceed twenty-five million dollars per state fiscal year.

13 (6) Political subdivisions of the state may submit applications to  
14 the short line rail revitalization program on behalf of a privately  
15 owned short line railroad.

16 (7) In consultation with the Washington state department of  
17 transportation freight rail program, the board shall report to the  
18 legislature on a biennial basis on the short line rail revitalization  
19 program. The report must give a detailed account of approved and  
20 rejected projects under the program, their cumulative impact on the  
21 state's general fund, a cost-benefit analysis of projects to the state  
22 including highway maintenance and improvement savings, and a summary of  
23 the economic benefits realized through the program.

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