

SESSION OF 2023

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2335

As Amended by Senate Committee on
Transportation

Brief*

HB 2335, as amended, would authorize the Rail Service Improvement Fund to be used for qualified track maintenance and would increase transfers from the State Highway Fund (SHF) to the Rail Service Improvement Fund from \$5.0 million to \$10.0 million annually, starting July 1, 2023. Continuing law authorizes use of these funds for financing, acquisition, or rehabilitation of railroad and rolling stock.

The bill would amend the definition of “qualified entity” to require a railroad to be a class II or class III railroad, as defined in federal law (and commonly known as short line railroads), and add any owner or lessee industry track, as defined in federal law, located on or adjacent to a class II or class III railroad in Kansas. The bill would define “qualified track maintenance” to mean maintenance, reconstruction, or replacement of railroad track owned or leased in Kansas by a qualified entity as of July 1, 2023; “railroad track” would include roadbed, bridges, industrial leads and side track, and related track structures.

The bill would make technical amendments.

The bill would be in effect upon publication in the *Kansas Register*.

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

Background

The bill was introduced by the House Committee on Transportation at the request of a representative of the Kansas Grain and Feed Association.

House Committee on Transportation

In the House Committee hearing, **proponent** testimony was provided by representatives of the Genesee & Wyoming Railroad Services, Inc., on behalf of Kyle Railroad Company; Kansas Cooperative Council; Kansas Department of Transportation (KDOT); and Kansas Agribusiness Retailers Association, Kansas Grain and Feed Association, and Renew Kansas Biofuels Association. Proponents described needed improvements to ensure efficient use of the railroads and the importance of the railroads to commerce in Kansas. Proponents also stated the bill would allow the Short Line Rail Improvement Program and the Rail Service Improvement Program to be combined, which would provide application and administration efficiencies.

Neutral testimony was provided by a representative of the International Association of Sheet Metal, Air, Rail, and Transportation Workers, who suggested amendments to the bill.

No other testimony was provided.

The House Committee amended the definition of qualified entity in the bill to restrict eligibility for moneys from the Rail Service Improvement Fund to class II and class III railroads and to add references to federal railroad-related definitions.

Senate Committee on Transportation

In the Senate Committee hearing, **proponent** testimony was provided by representatives of the Genesee & Wyoming Railroad Services, Inc., on behalf of the Kyle Railroad Company; Kansas Cooperative Council; KDOT; and the Kansas Agribusiness Retailers Association, Kansas Grain and Feed Association, and Renew Kansas Biofuels Association. Proponents stated that funding for Short Line Rail Improvement Fund, which was established with the Eisenhower Legacy Transportation Program to support rail infrastructure for local shippers, sunsets at the end of FY 2023. Proponents also stated the bill would allow such funding to continue through the existing Rail Service Improvement Program and noted short line rail provides access to the national rail network and reduces heavy truck traffic on state highways.

No other testimony was provided.

The Senate Committee amended the bill to make it effective upon publication in the *Kansas Register*.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, KDOT states combining the programs would improve efficiencies by streamlining the application and review process. KDOT also notes that enactment of the bill would increase expenditures from the Rail Service Improvement Fund by \$5.0 million in FY 2024. Any fiscal effect associated with enactment of the bill is not reflected in *The FY 2024 Governor's Budget Report*.

[*Note:* The statute establishing the Short Line Rail Improvement Fund in 2020 authorized \$5.0 million transfers from the SHF to the Short Line Rail Improvement Fund on July 1, 2020, 2021, and 2022. The statute restricts eligibility

for the Short Line Rail Improvement Program to short line
railroads.]

Railroad; fund; track maintenance; Rail Service Improvement Fund