AN ACT concerning rail service improvement program loans and
grants; amending K.S.A. 2010 Supp. 75-5048 and 75-5049 and
repealing the existing sections.

Be it enacted by the Legislature of the State of Kansas:
Section 1. K.S.A. 2010 Supp. 75-5048 is hereby amended to read
as follows: 75-5048. (a) The secretary of transportation is hereby
authorized to make loans or grants to a qualified entity for the purpose
of facilitating the financing, acquisition or rehabilitation of railroads
and rolling stock in the state of Kansas.
(b) Such loans or grants shall be made upon such terms and
conditions as the secretary of transportation may deem appropriate, and
such loans or grants shall be made from funds credited to the rail
service improvement fund.
(c) The rail service improvement fund is hereby established in the
state treasury which shall be for the purpose of facilitating the
financing, acquisition and rehabilitation of railroads pursuant to
subsection (a) of this section and for the refinancing thereof. The
secretary of transportation shall administer the rail service
improvement fund. All expenditures from the rail service improvement
fund shall be made in accordance with appropriation acts upon warrants
of the director of accounts and reports issued pursuant to vouchers
approved by the secretary of transportation or by a person or persons
designated by the secretary.
(d) All moneys received from the federal government under the
local rail freight assistance program (49 U.S.C. 1654), pursuant to
K.S.A. 75-5026, and amendments thereto, shall be remitted to the state
treasurer in accordance with the provisions of K.S.A. 75-4215, and
amendments thereto. Upon receipt of each such remittance, the state
treasurer shall deposit the entire amount in the state treasury to the
credit of the rail service improvement fund.
(e) The management and investment of the rail service
improvement fund shall be in accordance with K.S.A. 68-2324, and
amendments thereto. Notwithstanding anything to the contrary, all
interest or other income of the investments, after payment of any
management fees, shall be considered income of the rail service
improvement fund.

(f) On July 1, 2013, and each July 1 thereafter, the director of
accounts and reports shall transfer $5,000,000 from the state highway
fund to the rail service improvement fund.

(g) The secretary of transportation is hereby authorized to transfer
moneys from the state highway fund to the rail service improvement
fund or from the rail service improvement fund to the state highway
fund. In transferring moneys from the rail service improvement fund,
the secretary of transportation shall not diminish the moneys transferred
under subsection (f).

(h) "Qualified entity" means any interstate commerce commission
certificated railroad, a port authority established in accordance with
Kansas laws, or any entity meeting the rules and regulations established
by K.S.A. 75-5050, and amendments thereto.

Sec. 2. K.S.A. 2010 Supp. 75-5049 is hereby amended to read as
follows: 75-5049. The secretary in making any loan or grants pursuant
to K.S.A. 75-5048, and amendments thereto, may:

(a) Stipulate minimum operating standards for rail lines designed
to achieve reasonable transportation service for shippers and to achieve
best use of funds invested in rail line rehabilitation;

(b) require a portion of the total assistance for improving a rail line
to be loaned to the railroad by rail users and require the railroad to
reimburse rail users for any loan on the basis of use of the line and the
revenues produced when the line has been improved;

(c) determine the terms and conditions under which all or any
portion of funds loaned shall be repaid to the department of
transportation by the railroads. Reimbursement may be made as a
portion of the increased revenue derived from the improved rail line.
Any reimbursement received by the department pursuant to this
subsection shall be remitted to the state treasurer in accordance with the
provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt
of each such remittance, the state treasurer shall deposit the entire
amount in the state treasury to the credit of the rail service
improvement fund and shall be appropriated exclusively for the
rehabilitation of other rail lines in the state pursuant to K.S.A. 75-5048,
and amendments thereto.
(d) The secretary may enter into loan or grant agreements with any entity which is a qualified entity pursuant to K.S.A. 75-5048, and amendments thereto, for payment of all or part of a project’s costs. Any governmental unit that is a qualified entity and in coordination with the railroad providing service, may enter into such an agreement and may accept such assistance when so authorized by its governing body.

(e) Upon the failure of a governmental unit, which is a qualified entity, to meet the repayment terms and conditions of a loan agreement under this section, the secretary may order the state treasurer to pay to the rail service improvement fund the portion of such governmental unit’s share of the special city and county highway fund as may be necessary to meet the terms of the loan agreement.

(f) Any loans received by a governmental unit under the provisions of K.S.A. 75-5048 through 75-5050, and amendments thereto, shall be construed to be bonds for the purpose of K.S.A. 10-1116, and amendments thereto, and the amount of such loans shall not be included within any limitation on the bonded indebtedness of the governmental unit.

Sec. 3. K.S.A. 2010 Supp. 75-5048 and 75-5049 are hereby repealed.

Sec. 4. This act shall take effect and be in force from and after its publication in the statute book.