

HF3190 - 0 - "Freight RR Preserve and Improve"

Chief Author: **Matt Dean**
 Committee: **Transportation Policy and Finance**
 Date Completed: **04/01/2016**
 Agency: **Transportation Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative.
 Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
Dollars in Thousands					
General Fund	-	-	4,555	55	55
Total	-	-	4,555	55	55
Biennial Total			4,555		110

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
General Fund	-	-	.5	.5	.5
Total	-	-	.5	.5	.5

Executive Budget Officer's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: Stewart McMullan Date: 4/1/2016 1:24:05 PM
 Phone: 651 201-8026 Email: stewart.mcmullan@state.mn.us

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium
Dollars in Thousands		FY2015	FY2016	FY2017	FY2018
					FY2019
General Fund	-	-	4,555	55	55
Total	-	-	4,555	55	55
Biennial Total			4,555		110
1 - Expenditures, Absorbed Costs*, Transfers Out*					
General Fund	-	-	4,555	55	55
Total	-	-	4,555	55	55
Biennial Total			4,555		110
2 - Revenues, Transfers In*					
General Fund	-	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		-

Bill Description

This bill would appropriate \$4.5 million in fiscal year 2017 from the General Fund for freight railroad preservation and improvement grants. Grants would be prioritized for projects identified in the existing Rail Service Improvement Program (RSIP) in Minnesota Statutes 222.50, as well as additional prioritization criteria including: projects are on segments experiencing low rail service use, applicants commit more than 20 percent of total project costs, and grants may not exceed 80 percent of the total project cost. Eligible recipients would include railroad companies as specified in the bill, rail users, and local units of government. The appropriation would be available for three years after the appropriation year, and the bill would be effective the day following enactment.

Assumptions

The primary impact for MnDOT would be additional staff time necessary to administer the selection process, distribution, and oversight of the grants. This work would be performed by existing staff who manage the RSIP program. Based on the administrative efforts for the existing program, it is assumed these grants would require the equivalent of an additional 0.5 full-time equivalents (FTEs), or 1,040 hours per year, at an average hourly wage rate of \$35. An additional 50% is added to the hourly wage rate to account for overhead costs including fringe benefits. The appropriation is available through fiscal year 2020, but it is assumed the grants and corresponding additional MnDOT staff time for these grants would occur for 3 years through fiscal year 2019, beginning in fiscal year 2017.

Expenditure and/or Revenue Formula

Grants appropriation \$4.5 million in FY2017

Additional annual staff costs = \$35/hour + 50% overhead rate = \$52.50/hour x 1,040 hours = \$54,600 (\$55,000) per year.

Both are from the general fund.

Technical note: If language is added to allow costs associated with the administration and delivery of rail grants as part of the \$4.5 million appropriation, the \$55,000 amounts would not be needed.

Long-Term Fiscal Considerations

It is assumed that the grants and corresponding additional MnDOT staff time would be completed by fiscal year 2019

Local Fiscal Impact

None

References/Sources

MnDOT Office of Freight and Commercial Vehicles Operations (OFCVO)

Agency Contact:

Agency Fiscal Note Coordinator Signature: Lynn Poirier

Phone: 651 366-4869

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Email: Lynn.Poirier@state.mn.us