

This Document can be made available
in alternative formats upon request

State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. **3926**

03/05/2026 Authored by Rehm, Tabke, Koznick and Myers
The bill was read for the first time and referred to the Committee on Transportation Finance and Policy

1.1 A bill for an act
1.2 relating to transportation; modifying various transportation-related provisions;
1.3 prohibiting silencing of railroad crossing bells; modifying rail service improvement
1.4 program accounts; increasing cost thresholds for major highway projects; removing
1.5 authorization for maintenance of Piney-Pinecreek Border Airport in Roseau County;
1.6 repealing highway designations for the Hiawatha Pioneer Trail; making technical
1.7 corrections; amending Minnesota Statutes 2024, sections 174.56, subdivision 1;
1.8 219.14, by adding a subdivision; 222.50; 360.021, subdivision 1; repealing
1.9 Minnesota Statutes 2024, section 161.14, subdivisions 12, 12a.

1.10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.11 Section 1. Minnesota Statutes 2024, section 174.56, subdivision 1, is amended to read:

1.12 Subdivision 1. **Report required.** (a) The commissioner of transportation shall submit
1.13 a report by December 15 of each year on (1) the status of major highway projects completed
1.14 during the previous two years or under construction or planned during the year of the report
1.15 and for the ensuing 15 years, (2) trunk highway fund expenditures, and (3) efficiencies
1.16 achieved during the previous two fiscal years.

1.17 (b) For purposes of this section, a "major highway project" is a highway project that has
1.18 a total cost for all segments that the commissioner estimates at the time of the report to be
1.19 at least (1) ~~\$15,000,000~~ \$30,000,000 in the metropolitan highway construction district, or
1.20 (2) ~~\$5,000,000~~ \$15,000,000 in any nonmetropolitan highway construction district.

2.1 Sec. 2. Minnesota Statutes 2024, section 219.14, is amended by adding a subdivision to
 2.2 read:

2.3 Subd. 1a. **Crossing bells.** Notwithstanding this section or any other law or rule to the
 2.4 contrary, the commissioner must not order or allow crossing bells to be silenced at any
 2.5 railroad crossing equipped with an active warning system.

2.6 Sec. 3. Minnesota Statutes 2024, section 222.50, is amended to read:

2.7 **222.50 RAIL SERVICE IMPROVEMENT PROGRAM.**

2.8 Subdivision 1. **Creation.** ~~There is created~~ The rail service improvement program is
 2.9 created to provide assistance for improvement of rail service in the state.

2.10 Subd. 2. **Identifying deteriorating rail line.** The commissioner ~~shall~~ must identify those
 2.11 rail lines that have deteriorated or are in danger of deteriorating so as to be unable to carry
 2.12 the speeds and weights necessary to efficiently transport the goods and products moved or
 2.13 sought to be moved on the lines.

2.14 Subd. 3. **Commissioner's powers; rules.** The commissioner ~~shall have~~ has the power
 2.15 to:

2.16 (1) set priorities for the allocation and expenditure of money or in kind contributions
 2.17 authorized under the rail service improvement program and develop criteria for eligibility
 2.18 and approval of projects under the program. The criteria ~~shall~~ must include the anticipated
 2.19 economic and social benefits to the state and to the area being served and the economic
 2.20 viability of the project;

2.21 (2) negotiate and enter into contracts for rail line rehabilitation or other rail service
 2.22 improvement;

2.23 (3) disburse state and federal money for rail service improvements; and

2.24 (4) adopt rules necessary to carry out the purposes of sections 222.46 to 222.54.

2.25 Subd. 4. **Contract.** The commissioner may negotiate and enter into contracts for the
 2.26 purpose of rail service improvement and may incorporate funds available from the federal
 2.27 government. The participants in these contracts ~~shall~~ must be railroads, rail users, and the
 2.28 department, and may be political subdivisions of the state and the federal government. ~~In~~
 2.29 ~~such contracts,~~ Participation by all parties ~~shall~~ in these contracts must be voluntary. The
 2.30 commissioner may provide a portion of the money required to carry out the terms of ~~any~~
 2.31 ~~such contract~~ these contracts by expenditure from ~~the~~ a rail service improvement account.

3.1 Subd. 5. **Contractual conditions.** In making any contract pursuant to subdivision 4, the
3.2 commissioner may:

3.3 (1) stipulate minimum operating standards for rail lines designed to achieve reasonable
3.4 transportation service for shippers and to achieve best use of funds invested in rail line
3.5 rehabilitation;

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

3.9 (3) determine the terms and conditions under which all or any portion of state funds
3.10 allocated ~~shall~~ must be repaid to the department by the railroads. Reimbursement may be
3.11 made as a portion of the increased revenue derived from the improved rail line. Any loan
3.12 reimbursement received by the department pursuant to this clause ~~shall~~ for any project
3.13 financed with state general obligation bond funds must be deposited in the rail service
3.14 improvement account in the bond proceeds fund and shall any loan reimbursement received
3.15 by the department pursuant to this clause for any other projects must be deposited in the
3.16 rail service improvement account in the special revenue fund. Reimbursements received
3.17 under this clause must be appropriated exclusively for rehabilitating other rail lines in the
3.18 state pursuant to subdivision 4; and

3.19 (4) to the extent not prohibited by federal law or regulation, require that when the railroad
3.20 elects to contract for portions of the rehabilitation work or rail service improvement, the
3.21 railroad must select a contractor who is experienced in rail rehabilitation work; and must
3.22 require the contractor to:

3.23 (i) recruit any new workers from the area where the work is to be done; and

3.24 (ii) pay workers under the contract wages that are equal to or greater than the wages the
3.25 railroad pays its own workers for similar work, but not less than twice the state minimum
3.26 wage that state-covered employers are required to pay under section 177.24, subdivision 1,
3.27 paragraph (a).

3.28 Subd. 6. **Grants.** The commissioner may approve grants from ~~the~~ a rail service
3.29 improvement account for freight rail service improvements that support economic
3.30 development.

3.31 Subd. 7. **Expenditures.** (a) The commissioner may expend money from ~~the~~ a rail service
3.32 improvement account for the following purposes:

4.1 (1) to make transfers as provided under section 222.57 or to pay interest adjustments on
4.2 loans guaranteed under the state rail user and rail carrier loan guarantee program;

4.3 (2) to pay a portion of the costs of capital improvement projects designed to improve
4.4 rail service of a rail user or a rail carrier;

4.5 (3) to pay a portion of the costs of rehabilitation projects designed to improve rail service
4.6 of a rail user or a rail carrier;

4.7 (4) to acquire, maintain, manage, and dispose of railroad right-of-way pursuant to the
4.8 state rail bank program;

4.9 (5) to provide for aerial photography survey of proposed and abandoned railroad tracks
4.10 for the purpose of recording and reestablishing by analytical triangulation the existing
4.11 alignment of the in-place track;

4.12 (6) to pay a portion of the costs of acquiring a rail line by a regional railroad authority
4.13 established pursuant to chapter 398A;

4.14 (7) to pay the state matching portion of federal grants for rail-highway grade crossing
4.15 improvement projects;

4.16 (8) to pay the nonfederal matching portion of federal grants for freight rail projects that
4.17 support economic development;

4.18 (9) to fund rail planning studies; and

4.19 (10) to pay a portion of the costs of capital improvement projects designed to improve
4.20 capacity or safety at rail yards.

4.21 (b) All money derived by the commissioner from the disposition of railroad right-of-way
4.22 or of any other property acquired pursuant to sections 222.46 to 222.62 ~~shall~~ must be
4.23 deposited in the rail service improvement account in the special revenue fund.

4.24 Sec. 4. Minnesota Statutes 2024, section 360.021, subdivision 1, is amended to read:

4.25 Subdivision 1. **Authority to establish.** The commissioner is authorized and empowered,
4.26 on behalf of and in the name of this state, within the limitation of available appropriations,
4.27 to acquire, by purchase, gift, devise, lease, condemnation proceedings, or otherwise, property,
4.28 real or personal, for the purpose of establishing and constructing restricted landing areas
4.29 and other air navigation facilities and to acquire in like manner, own, control, establish,
4.30 construct, enlarge, improve, maintain, equip, operate, regulate, and police such restricted
4.31 landing areas and other air navigation facilities, either within or without this state; and to
4.32 make, prior to any such acquisition, investigations, surveys, and plans. The commissioner

5.1 may maintain, equip, operate, regulate, and police airports, either within or without this
5.2 state. The operation and maintenance of airports is an essential public service. The
5.3 commissioner may maintain at such airports facilities for the servicing of aircraft and for
5.4 the comfort and accommodation of air travelers. The commissioner may dispose of any
5.5 such property, airport, restricted landing area, or any other air navigation facility, by sale,
5.6 lease, or otherwise, in accordance with the laws of this state governing the disposition of
5.7 other like property of the state. The commissioner may not acquire or take over any restricted
5.8 landing area, or other air navigation facility without the consent of the owner. The
5.9 commissioner shall not acquire any additional state airports nor establish any additional
5.10 state-owned airports. The commissioner may erect, equip, operate, and maintain on any
5.11 airport buildings and equipment necessary and proper to maintain, and conduct such airport
5.12 and air navigation facilities connected therewith. The commissioner shall not expend money
5.13 for land acquisition, or for the construction, improvement, or maintenance of airports, or
5.14 for air navigation facilities for an airport, unless the municipality, county, or joint airport
5.15 zoning board involved has or is establishing a zoning authority for that airport, and the
5.16 authority has made a good-faith showing that it is in the process of and will complete with
5.17 due diligence, an airport zoning ordinance in accordance with sections 360.061 to 360.074.
5.18 The commissioner may provide funds to support airport safety projects that maintain existing
5.19 infrastructure, regardless of a zoning authority's efforts to complete a zoning regulation.
5.20 The commissioner may withhold funding from only the airport subject to the proposed
5.21 zoning ordinance. ~~Notwithstanding the foregoing prohibition, the commissioner may continue~~
5.22 ~~to maintain the state-owned airport at Pine Creek.~~

5.23 Sec. 5. **REPEALER.**

5.24 Minnesota Statutes 2024, section 161.14, subdivisions 12 and 12a, are repealed.

161.14 NAMES AND DESIGNATIONS OF CERTAIN HIGHWAYS.

Subd. 12. **Hiawatha Pioneer Trail.** (a) The following route is named and designated the "Hiawatha Pioneer Trail":

Beginning at Trunk Highway No. 61 on the boundary line between the states of Minnesota and Wisconsin; thence northwesterly on Trunk Highway No. 61 to junction with Trunk Highway No. 12 in St. Paul; thence westerly and southwesterly on Trunk Highways No. 12 and No. 5 to Fort Snelling; thence southwesterly on Trunk Highway No. 3 to Faribault; thence westerly on Trunk Highway No. 99 to St. Peter; thence southerly on Trunk Highway No. 22 to Mankato; thence westerly on Trunk Highway No. 68 to Sleepy Eye; thence northerly on Trunk Highway No. 4 to Fairfax; thence westerly on Trunk Highway No. 19 to junction with Trunk Highway No. 67; thence northerly on Trunk Highway No. 67 to Granite Falls; thence southwesterly on Trunk Highway No. 23 to junction with Trunk Highway No. 14; thence westerly on Trunk Highway No. 14 to Lake Benton; thence southerly on Trunk Highway No. 75 to Pipestone; thence easterly on Trunk Highway No. 30 to Slayton; thence southerly on Trunk Highway No. 59 to Worthington; thence easterly on Trunk Highway No. 16 to Jackson; thence southerly on Trunk Highway No. 71 to the boundary line between the states of Minnesota and Iowa.

(b) The route of the "Hiawatha Pioneer Trail" designated in paragraph (a) of this subdivision is the main route of the trail. The following routes are named and designated as the alternate southern route and the alternate northern route of the "Hiawatha Pioneer Trail."

(c) The alternate southern route is described as follows:

Commencing at the junction of Trunk Highway No. 61, on the main route, and Trunk Highway No. 14, north and west of Winona, thence westerly on Trunk Highway No. 14 to Owatonna; thence northerly on Trunk Highway No. 3 to Faribault, and connecting to the main route.

(d) The alternate northern route is described as follows:

Commencing at the junction of Trunk Highway No. 12, on the main route, and Trunk Highway No. 10 in the city of St. Paul; thence northerly on Trunk Highway No. 10 to Little Falls, to junction Trunk Highway No. 371; thence northerly on Trunk Highway No. 371 to Brainerd and junction with Trunk Highway No. 18; thence easterly on Trunk Highway No. 18 to Garrison and junction with Trunk Highway No. 169; thence southerly on Trunk Highway No. 169 to junction with Trunk Highway No. 65; thence northerly on Trunk Highway No. 65 to Jacobsen, and junction with Trunk Highway No. 34; thence easterly on Trunk Highway No. 34 to junction with Trunk Highway No. 2; thence easterly and southerly on Trunk Highway No. 2 to Duluth and junction with Trunk Highway No. 23; thence southerly and westerly on Trunk Highway No. 23 to Sandstone and junction of Trunk Highway No. 61, thence southerly on Trunk Highway No. 61 to North Branch and junction with Trunk Highway No. 95; thence easterly and southerly on Trunk Highway No. 95 to Stillwater and junction with Trunk Highway No. 212; thence southerly and westerly to Trunk Highway No. 12 on the main route in the city of St. Paul.

(e) The commissioner of transportation shall adopt a suitable marking design with which the commissioner shall mark or blaze the highways heretofore described over which the "Hiawatha Pioneer Trail" is located.

Subd. 12a. **Hiawatha Pioneer Trail; alternate route.** The following route is designated as an alternate route of the "Hiawatha Pioneer Trail":

Commencing at the junction of Trunk Highway No. 61, on the main route, and Trunk Highway No. 58, at Red Wing, thence southwesterly on Trunk Highway No. 58, to its junction with Trunk Highway No. 52, at Zumbrota. The commissioner shall mark the route as provided in subdivision 12.