



**House
Legislative
Analysis
Section**

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SALVAGE OF ABANDONED RAILROAD TRACKS

House Bill 4829 as introduced
First Analysis (5-22-89)

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Sponsor: Rep. Sidney Owunga
Committee: Transportation

JUN 06 1989

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THE APPARENT PROBLEM:

Under current law, railroad companies are required to give the state the first option of purchasing the company's rights in an abandoned right-of-way. In a few instances, however, railroad companies have disposed of railroad track before it is declared abandoned, and before offering the right-of-way for sale, and the state has had to lay new track after the purchase. Some feel that the law should be amended to require that railroad companies first offer the state the option of purchasing track structures before tearing them up.

THE CONTENT OF THE BILL:

Currently, under the State Transportation Preservation Act, railroad companies must first give the Department of Transportation, and then the Department of Natural Resources, the first option of purchasing the company's rights in an abandoned right-of-way. The departments have 60 days to exercise the option. The bill would amend the act to require that railroad companies also give the Department of Transportation the option of purchasing a right-of-way with the track structure intact, before salvaging track materials from previously abandoned rights-of-way. The railroad's offer would include a detailed description of the property, appropriate valuation maps, and track charts. Should the department want additional information it would be required to reimburse the railroad company for the expense. Should the departments decide not to exercise the right to purchase the company's right-of-way, the company would be permitted to dispose of the track materials as it saw fit. The bill would not preclude the existing rights of the Departments of Transportation or Natural Resources to purchase the right-of-way without the track structure.

MCL 474.58

FISCAL IMPLICATIONS:

According to the Department of Transportation, if it opted to make purchases of intact railroad tracks under the bill, the state would incur an undetermined amount in capital outlay costs initially. This amount, however, would be offset later by savings resulting from not having to lay new railroad track. (5-22-89)

ARGUMENTS:

For:

The bill would guarantee that property about to be purchased by the state be evaluated before its value is diminished, and therefore enable the transportation department to develop and take advantage of opportunities to put abandoned railroad properties to constructive use.

Against:

Railroad tracks are part of a railroad company's assets, and, as such, railroads should have the right to dispose of tracks as they see fit. In any case, railroad track

deteriorates rapidly, and by the time a railroad right-of-way has been declared abandoned, the track would require costly repair work.

POSITIONS:

The Department of Transportation supports the concept of the bill. (5-18-89)

The Department of Natural Resources has no position on the bill. (5-22-89)

The Michigan Railroads Association has not yet taken a position on the bill. (5-22-89)

H.B. 4829 (5-22-89)