



Legislative Background Brief

for the
Economic Affairs Interim Committee

October 2011

Rail Service Competition Council

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Administrative Appointments: certain statutorily required positions plus 7 by governor and 2 by Economic Affairs Interim Committee. No appointment needs Senate approval.

Statutorily Established - Under 2-15-2511, MCA, and administratively attached to the Department of Transportation. Duties outlined primarily in 2-15-2511, MCA.

Purposes and Responsibilities:

- Promote rail service competition in Montana that results in reliable and adequate service at reasonable rates.
- Develop a comprehensive and coordinated plan to increase rail service competition in Montana.
- Reevaluate the state's railroad taxation practices to ensure reasonable competition while minimizing any transfer of tax burden. Reevaluation is recommended of property taxes, special fuel taxes, taxes that minimize highway damage, and corporate tax rates.
- Develop various ways to help Montanans impacted by high rates and poor rail service.
- Analyze the feasibility of developing legal structures to facilitate growth of producer transportation investment cooperatives and rural transportation infrastructure authorities.
- Provide advice and recommendations to the Department of Transportation on certain rail activities.
- Coordinate efforts and develop cooperative partnerships with other states and federal agencies to promote rail service competition.
- Act as the state's liaison in working with Class 1 railroads to promote rail service competition.
- Promote the expansion of existing rail lines and the construction of new rail lines in Montana.
- Cooperate with and report to any standing or interim legislative committee assigned to study or with oversight duties for rail service competition issues.
- Report to the 2009 legislature on its activities and progress in fulfilling its duties.

Past Legislation Affecting Rail Service Competition Council

- **2011** - SB 191, by Sen. Kendall Van Dyk, would have put Rail Service Competition Council responsibilities under the Transportation Commission and dissolved the Rail Service Competition Council. The bill passed the Senate but died in the House Local Government Committee. HB 2 appropriated \$50,000 each for FY2013 and FY2014.
- **2009** - SB 291, by Sen. Jerry Black, would have created a Montana Railroad Development Authority, reclassified certain authority railroad facility properties, and repealed the Rail Service Competition Council. The bill passed both houses but was vetoed by the governor, who in a veto statement said he was concerned about the potential use of public money to build railroad infrastructure to serve private railroads, with no guarantee of more competition or benefit to Montana shippers.
- **2007** - HB 26, by Rep. Tom McGillvray, revised the council's membership, required a report to the 2009 legislature, and appropriated \$50,000 each for FY 2008 and FY 2009.
- **2005** - HB 769, by Rep. George Golie, created the Rail Services Competition Council.

Board: 13 members. Four specifically are to be the directors of the Departments of Agriculture, Transportation, and Revenue plus the chief business development officer in the Governor's Office of Economic Development. An additional 7 members, serving staggered 4-year terms, must be named by the governor. Two members must be appointed by the EAIC presiding officer with concurrence of the EAIC vice presiding officer: "one from the majority party and one from the minority party and one from each house of the legislature".

| Members/Address | Representing | Term Expires |
|-------------------------------|--|--------------|
| Tim Reardon, Helena | Montana Dept of Transportation director | statutory |
| Ron de Yong, Helena | Montana Dept of Agriculture director | statutory |
| Dan Bucks, Helena | Montana Dept of Revenue director | statutory |
| Evan Barrett, Helena | Chief Business Development Officer | statutory |
| John DeMichiei, Roundup | knowledge of coal industry transportation | 1-1-2013 |
| Jerry Jimison, Glendive | knowledge of Class I railroads | 1-1-2013 |
| Carla Allen, Denton | knowledge of Class II railroads | 1-1-2011 |
| Michael O'Hara, Fort Benton | knowledge of farm commodity transportation | 1-1-2013 |
| Larry Bonderud, Shelby | knowledge of trucking industry | 1-1-2011 |
| Doug Miller, Troy | knowledge of mineral industry transportation | 1-1-2013 |
| Russell Hobbs, Columbia Falls | knowledge of wood products industry transportation | 1-1-2011 |
| Legislative Liaisons/Address | | |
| | Majority Party | |
| | Minority Party | |

Topics of Interest

- Is the Rail Services Competition Council necessary or could its duties be fulfilled by the Department of Transportation/Transportation Commission?
- What lawsuits are pending, if any, regarding Montana's access to reliable and adequate rail transportation services at reasonable rates?

Audits

- None

Budget, FY 2012-FY2013

| | FY 2013 FTE | General Fund | State Special | Total All |
|----------------------------------|-------------|--------------|---------------|-----------|
| Rail Service Competition Council | | -- | \$100,000 | \$100,000 |

Source: Legislative Fiscal Division