

SENATE BILL NO. 315
INTRODUCED BY T. SCHMIDT

A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING A FEASIBILITY STUDY TO ASSESS CONDITIONS AFFECTING RAIL FREIGHT COMPETITION IN MONTANA AND TO ANALYZE POSSIBILITIES TO IMPROVE RAIL FREIGHT COMPETITION; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

WHEREAS, 63 Class I freight railroads competed in the United States in 1976 and today only 8 Class I railroads traverse this country with limited competition and the control of more than 91% of all U.S. rail freight revenue; and

WHEREAS, in 2001 one railroad posted more than 97% of revenue earned in Montana from rail freight movement in and out of the state, as reported to the Public Service Commission; and

WHEREAS, railroads have seen an overall dwindling of their customer base in part because of business decisions linked to competition from other freight transporters; and

WHEREAS, three of Montana's major industries ship bulk quantities of mining, timber, and agricultural products out of state to compete in regional, national, and world markets against products on which pricing may benefit from lower variable costs in part because of competition in freight rates; and

WHEREAS, the Legislature considers greater understanding of the economic benefits of rail freight competition and the barriers to rail freight competition to be a key step forward in finding ways to promote economic development of Montana.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. **Section 1. Feasibility study on rail freight competition.** (1) The office of economic development, established in 2-15-218, shall present a report to the 59th legislature, as provided in 5-11-210, concerning the status of rail freight competition and its impacts on economic development in Montana. The feasibility study must address:

(a) impacts in Montana from rail freight competition or lack of competition, including if possible a list of businesses that decided for or against locating in the state as a result of the existence of or lack of rail freight competition;

(b) benchmarks as provided through a comparison of rail freight rates and competition in the region;

- (c) an analysis of the benefits of rail freight competition on economic development in Montana;
 - (d) an analysis of the potential for public or private investment in improved rail freight competition;
 - (e) proposals for various methods to improve rail freight competition in areas where competition is nonexistent or minimal and an analysis of each method's feasibility; and
 - (f) analysis of the costs and the benefits of state-owned infrastructure compared with privately owned infrastructure associated with additional rail lines intended to promote greater rail freight competition.
- (2) The office of economic development may convene a task force of economists, members of the transportation industry, members of natural resource industries that use various forms of freight transportation to ship products to market, and experts in related fields to provide guidelines for the feasibility study.
- (3) The office of economic development may pursue funding from federal and private sources to assist in covering the costs of the feasibility study.

NEW SECTION. Section 2. Effective date. [This act] is effective on passage and approval.

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