

BILL ANALYSIS

S.B. 2366
By: Hughes
Transportation
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The bill sponsor has informed the committee that, nationwide, over 600 small, locally owned and operated short line railroads serve their communities, connecting them to the larger rail network and multimodal transportation partners, including ports. The bill sponsor has further informed the committee that many short lines are low-density and serve rural areas, meaning that they lack the funds for deferred maintenance and cannot pay for improvements to support higher speeds or to accommodate heavier railcars. While other states have established and grown grant programs to support their short line networks, Texas remains one of the few states without such a program. S.B. 2366 seeks to remedy this issue by requiring the Texas Department of Transportation to create a grant program for certain short line railroad projects.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Texas Transportation Commission in SECTION 1 of this bill.

ANALYSIS

S.B. 2366 amends the Transportation Code to require the Texas Department of Transportation (TxDOT), for the purpose of increasing public safety, enhancing economic development, and reducing traffic, to establish and administer a program to award grants to rural rail transportation districts that own or operate short line railroads to fund projects that do the following:

- replace short line railroad tracks or bridges;
- improve short line rail capacity; or
- restore short line railways.

The bill defines "short line railroad" as a Class II or Class III railroad as defined by the federal Surface Transportation Board.

S.B. 2366 authorizes a rural rail transportation district that owns or operates a short line railroad to use money awarded by TxDOT under the grant program as matching funds to secure additional funding for a short line railroad project described by the bill. The bill requires each grant awarded under the program to be approved by the Texas Transportation Commission and prohibits the commission from approving a grant unless the commission determines that the following conditions apply:

- at least 10 percent of the total project costs will be provided by a source other than the state; or

- if the grant money is being used as matching funds as authorized by the bill, at least 10 percent of the amount used as matching funds will be provided by a source other than the state.

TxDOT may fund the grant program only from money appropriated by the legislature for that purpose and from gifts and grants, including grants from the federal government. The bill authorizes TxDOT to solicit and accept gifts and grants from any source for purposes of the grant program but prohibits money deposited to the credit of the state highway fund from being used to fund a grant awarded under the program. The bill requires the commission, not later than October 1, 2025, to adopt rules as necessary to implement the bill's provisions.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2025.