

1-1 By: Hughes, Paxton S.B. No. 2366  
1-2 (In the Senate - Filed March 12, 2025; March 25, 2025, read  
1-3 first time and referred to Committee on Transportation;  
1-4 April 16, 2025, reported favorably by the following vote: Yeas 8,  
1-5 Nays 0; April 16, 2025, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7				
1-8	Nichols	X		
1-9	West	X		
1-10	Bettencourt	X		
1-11	Hagenbuch	X		
1-12	Hinojosa of Hidalgo	X		
1-13	Johnson	X		
1-14	King	X		
1-15	Miles	X		
1-16	Perry		X	

1-17 A BILL TO BE ENTITLED  
1-18 AN ACT

1-19 relating to a grant program to fund certain short line railroad  
1-20 projects.

1-21 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-22 SECTION 1. Subchapter 0, Chapter 201, Transportation Code,  
1-23 is amended by adding Section 201.981 to read as follows:

1-24 Sec. 201.981. GRANT PROGRAM FOR CERTAIN SHORT LINE RAILROAD  
1-25 PROJECTS. (a) In this section:

1-26 (1) "District" has the meaning assigned by Section  
1-27 172.001.

1-28 (2) "Railroad company" includes the entities  
1-29 described by Section 81.002.

1-30 (3) "Short line railroad" means a Class II or Class III  
1-31 railroad as defined by the federal Surface Transportation Board.

1-32 (b) For the purpose of increasing public safety, enhancing  
1-33 economic development, and reducing traffic, the department shall  
1-34 establish and administer a program to award grants to districts or  
1-35 railroad companies that own or operate short line railroads to fund  
1-36 projects that:

1-37 (1) replace short line railroad tracks or bridges;

1-38 (2) improve short line rail capacity; or

1-39 (3) restore short line railways.

1-40 (c) A district or railroad company that owns or operates a  
1-41 short line railroad may use money awarded by the department under  
1-42 this section as matching funds to secure additional funding for a  
1-43 short line railroad project described by Subsection (b).

1-44 (d) Each grant awarded under this section must be approved  
1-45 by the commission. The commission may not approve a grant under  
1-46 this section unless the commission determines that:

1-47 (1) at least 10 percent of the total project costs will  
1-48 be provided by a source other than the state; or

1-49 (2) if the grant money is being used as matching funds  
1-50 under Subsection (c), at least 10 percent of the amount used as  
1-51 matching funds will be provided by a source other than the state.

1-52 (e) The department may fund the grant program under this  
1-53 section only from money appropriated by the legislature for that  
1-54 purpose and from gifts and grants, including grants from the  
1-55 federal government. The department may solicit and accept gifts  
1-56 and grants from any source for the purposes of this section. Money  
1-57 deposited to the credit of the state highway fund may not be used to  
1-58 fund a grant awarded under this section.

1-59 (f) The commission shall adopt rules as necessary to  
1-60 implement this section.

1-61 SECTION 2. Not later than October 1, 2025, the Texas

2-1 Transportation Commission shall adopt the rules required by Section  
2-2 201.981, Transportation Code, as added by this Act.

2-3 SECTION 3. This Act takes effect immediately if it receives  
2-4 a vote of two-thirds of all the members elected to each house, as  
2-5 provided by Section 39, Article III, Texas Constitution. If this  
2-6 Act does not receive the vote necessary for immediate effect, this  
2-7 Act takes effect September 1, 2025.

2-8 \* \* \* \* \*