Legislative Research Council
SouthDakota

Issue Memorandum 06-03

Review of South Dakota Railroads

A review of the Division of Railroads, the Railroad Authority, the Railroad Trust Fund, and the regional railroad authorities as to how all these entities are presently promoting agricultural economic development and how these efforts can be further enhanced in the future.

Introduction

The State of South Dakota purchased the Core line from the Milwaukee Road in 1980 with funds derived from a temporary increase in the state sales tax. In 1981, the state and Burlington Northern Santa Fe (BNSF) entered into an agreement in which BNSF would provide rail service on behalf of the state on the Core line for five years. In 1986, a new agreement was reached in which BNSF agreed to continue operations and the state agreed to allow BNSF the option to purchase the Core line at a certain price.

The 368 mile Core line runs from Aberdeen to Mitchell, Mitchell to Canton, Canton to Sioux Falls, and Mitchell to Sioux City. In April 2005, BNSF exercised their option to purchase the Core line and in December 2005 the sale was completed. The net purchase price in the settlement was $40,337,295 which was deposited into the Railroad Trust Fund.

During the 2006 Legislative Session, the Legislature considered several options for how the proceeds from the sale of the Core line should be used. Ultimately, the Legislature passed SB 153 which transferred $38 million from the Railroad Trust Fund to the Property Tax Reduction Fund.

Department of Transportation- Office of Railroads

In 1980, the Legislature, in conjunction with the purchase of the Core line, turned railroad oversight duties over to the Department of Transportation. The state's role is to manage state-owned property, work toward enhancing the safety of the public with regard to crossings, and monitoring and administrating of federal pass through funds. The responsibilities of the Office of Railroads are managing all real and personal property acquired by the state for railroad purposes which includes leasing of property, utility installation, track rehabilitation, industrial track expansion and construction. The

department also prepares annually a planning document which outlines rail improvements that the state intends to complete each year.

According to SDCL 1-44-18, The Department of Transportation is required to conduct research on basic railroad problems, plan and assist in the development of rail transportation, develop and maintain a federal-state relationship of programs relating to railroads, assist any public or private agency or corporation in coordinating railroad services with those of other transportation modes, recommend, prepare, and review plans and specifications for any project undertaken by the South Dakota Railroad Authority, and arrange for and coordinate rail service over any properties and facilities acquired, leased, or controlled by the State of South Dakota Railroad Authority.

The Department of Transportation, with the approval of the South Dakota State Railroad Board and the written consent of the Governor, may enter into agreements, contracts, leases (as lessor or lessee), or other arrangements with any corporation, partnership, individual, agency, or authority. This includes providing for the acquisition, operation, maintenance, and improvement of public rail lines, and the acquisition and disposition of any and all rights-of-way, land, facilities, fixtures and appurtenant structures, services and equipment.

Property Management

When the Legislature authorized the purchase of the Core line, the management of the property was turned over to the Department of Transportation. The right-of-way for the state-owned track runs from 100-200 feet across, and many segments are leased to landowners, elevators, farmers, etc. The Office of Railroads manages approximately 600 property and 400 utility leases. Revenue from the lease agreements is deposited into the Railroad Operating Fund per state law. These funds are used to cover operations and expenses of the office, and the state owned property including weed spraying, mowing and fencing.

Utility Installations

Any time a utility company wishes to cross or parallel a Core line railroad track in South Dakota, they must submit a request to the Office of Railroads. The Office looks at several factors to determine whether the permit will be granted.

Track Rehabilitation

Many factors account for whether or not a line will be rehabilitated in this state. In order to stay competitive, many railroad companies buy higher speed locomotives and larger containers to get more product to market faster. It is important for South Dakota's farmers and the state's economy to stay competitive. Most of South Dakota's rail line and bridges are very old and cannot handle the speeds and weight of modern trains. Since the Local Rail Freight Assistance Program has not been re-authorized by Congress, the railroad companies operating on the line must pay for any projects proposed. The department does not have funding itself to participate in costs of rehabilitation.

Industrial Track Expansion

Because of increasing competition in quickly transporting goods to market, there are many efforts in the state to get grain loaded on cars faster, as well as increase the number of cars that one locomotive will pull. Recently, the Burlington Northern announced that it will be giving better rates to grain loading facilities which can load 108-car trains in a short time span. Most grain facilities in South Dakota do not have spur trackage long enough to accomplish this. Many elevators currently have plans in the works, or at least on the drawing board, so that they can give farmers the best prices possible. The State of South Dakota has participated in helping some elevators with track expansion through small loans from the Railroad Trust Fund, which are approved through the South Dakota Railroad Board.

Maintenance of State-Owned Property

Per state law, the Office of Railroads is required to maintain the railroad property owned by the state. This includes weed control and fencing. On trackage which is leased to a railroad company, the state requires the lessee to perform the weed control functions. On other trackage, the state contracts with cities and counties for mowing and weed control. Fencing issues are handled on a case-by-case basis by the Office of Railroads.

Regulatory Functions

All regulatory functions are performed by the Federal Railroad Administration (FRA), part of the US Department of Transportation. The purpose of FRA is to: promulgate and enforce rail safety regulations; administer railroad assistance programs; conduct research and development in support of improved railroad safety and national rail transportation policy; provide for the rehabilitation of Northeast Corridor rail passenger service; and consolidate government support of rail transportation activities.

Private Right of Entry Permits

Any instance where construction of a road will cross a state core line, a permit must be approved.

Rail Mileage

A total of 4,420.5 miles of railroad was constructed in South Dakota, with the last track laid in 1948. Since 1909, rail abandonment's have resulted in the loss of service on over 75% of the maximum system. The State of South Dakota, in cooperation with private railroads, was successful in restoring service on over 900 previously abandoned rail lines in the state. Currently, there are 1,839.5 miles of operating rail lines in South Dakota. The State of South Dakota still owns over 300 miles of track.

Railroad Authority

On March 13, 1980, the South Dakota Railroad Authority was created under Chapter 323 of the 1980 Session Laws, as a result of the imminent abandonment of services and deteriorated railroad properties and facilities in the state. The Railroad Authority, a corporate and political body, consists of seven members appointed by the Governor,

and with the advice and consent of the Senate (SDCL 49-16B-3). The Authority's purpose is to develop the resources and improve the economic facilities of the state. The Authority may engage in works of internal improvement and may own and conduct proper business enterprises through:

1) Planning, establishing, acquiring, developing, constructing, purchasing, enlarging, maintaining, equipping, and protecting railroads and railroad facilities, including railroad rolling stock. For such purposes the Authority may acquire, by purchase, gift, devise, lease, or condemnation real or personal property or any interest therein;
2) Conducting continuous studies into the need for such facilities; and
3) Serving the Legislature by making reports and recommendations concerning the providing of such facilities. (SDCL 49-16B-10)

The Authority can only do those projects as the Legislature, by law, declares to be in the public interest. The Authority then conveys all acquired property to the Department of Transportation without charge once all debts on the property are paid off. (SDCL 49-16B-43)

SDCL 49-16B-11 requires the Authority to obtain estimates of the cost of any project it deems necessary or convenient and formulate and recommend a list of projects. The Authority shall present a report including its recommendations, proposed projects, and estimated costs to the Legislature no later than the first day of November, immediately preceding the convening of each regular session of the Legislature. In recommending projects to be undertaken, the Authority may not deviate from the priority listing of projects submitted by the Department of Transportation.

The Legislature also created the Railroad Authority Fund (SDCL 49-16B-41) that was used for the purchase of the Core railroad line. The gross total income derived by the Authority from the sale of bonds, charges, fees, or rentals, and all other revenue derived from any project undertaken are to be deposited into this fund. Disbursements out of this fund are made upon the order of the authority.

Railroad Board & Railroad Trust Fund

In 1980, the State Railroad Board was created. The board consists of seven Governor appointed members. The Railroad Board administers the Railroad Trust Fund and provides loans to regional railroad authorities. The Department of Transportation is required to obtain the approval of the Railroad Board in matters of operation, management, finance, marketing, and development of rail service over all properties and facilities acquired, leased, or controlled by the state.

The Railroad Trust Fund was created in 1981 for the purposes of planning, enlarging, maintaining, equipping, and protecting railroads and railroad facilities. All moneys in the fund are to be expended in accordance with SDCL Chapters 4-7, 4-8, 4-8A, and 4-8B.

South Dakota statute states that there are other ways that money may be expended from the Railroad Trust Fund:

1) Upon approval of a proposed expenditure as provided for in § 49-16B-13.1, the Governor shall order the approved amount of money transferred from the Railroad Trust Fund to the Railroad Authority Fund;
2) The South Dakota State Railroad Board may upon the written approval of the Governor make loans from the Railroad Trust Fund to regional railroad authorities upon such terms and conditions as the State Railroad Board may determine; (SDCL 49-16C-3)
3) The South Dakota State Railroad Board may, with the approval of the Governor, expend funds from the Railroad Trust Fund to match federal railroad rehabilitation funds; (SDCL 49-16C-5)
4) The South Dakota State Railroad Board may, upon approval of the Governor, expend from the Railroad Trust Fund an amount not to exceed one million dollars to join with other states to preserve the railroad line extending from Jonathan, Minnesota, in a westerly direction through South Dakota to Miles City, Montana; (SDCL 49-16C-6)
5) Any funds in the Railroad Trust Fund designated for expenditure by any of the provisions of § 49-16B-13.1, 49-16C-2, 49-16C-3, 49-16C-5, or 49- 16C-6 are hereby continuously appropriated for such purposes; and (SDCL 40-16C-7)
6) Provisions of chapter 49-16C do not constitute permission to purchase railroad rolling stock or to operate any railroad. (SDCL 49-16C-8)

The Railroad Board has loaned money to various regional railroad authorities since 1994. Loans are approved by the Railroad Board based on the application submitted by a regional railroad authority. The information submitted in the application includes articles of incorporation, bylaws, balance sheets, cash flow statements, and income statements for the past three years. The regional railroad authority also must describe the economic benefit that will be realized with the approval of the loan. The Railroad Board considers several factors before approving a loan such as: the number of primary jobs that will be created, the economic impact of the area and state, whether transportation needs are addressed, if it is supported by public entities in the area, potential success of the project, and the capacity of the applicant to repay the loan.

The Railroad Trust Fund received an influx of revenue from the sale of the Core line in FY 2006 of $40,337,295. This revenue was primarily offset, however, by: A) a transfer to the Railroad Authority Fund for track improvements of $6,178,000 which was laid out in the settlement agreement and B) a transfer of $38,000,000 to the Property Tax Reduction Fund in FY 2006. The FY 2006 ending cash balance in the Railroad Trust Fund was $19,651,188. As of November 13, 2006, the projected ending cash balance for FY 2007 is $7,717,084. These balances do not include the total balance of loan payments due to the Railroad Trust Fund from loans paid out to regional railroad authorities. The total balance of loan payments as of 10/31/06 is $6,442,239. Railroad Trust Fund history can be found in Appendix A.

South Dakota is experiencing a major transportation disadvantage due to a lack of affordable freight transportation alternatives. To remedy this situation, the state embarked on a two-phased study to formulate a transportation business strategy. The Railroad Board in cooperation with the Corn Council, Soybean Council, Oilseeds Council, Wheat Commission, and some Sioux Falls business interests, provided funding to contract with Horizon Services Group, a transportation consulting company to complete the study. The Railroad Board's portion of the funding totaled $53,000. The goals of the study were to explore the feasibility of a railroad constructing an intermodal rail ramp near Sioux Falls, explore the volume of agricultural products that could be, or are currently, being exported in containers, and develop a transportation business strategy to support lower transportation costs for Midwest exporters.

The Railroad Board voted unanimously in October, 2006, to urge approval of a $2.3 billion federal loan for the Dakota, Minnesota and Eastern Railroad's expansion plan that would haul coal from Wyoming to power plants in the Midwest. Members of the Railroad Board support the federal loan because the project would improve rail service, improve the economy, and provide jobs.

Regional Railroad Authorities

In 1978, the Legislature adopted the Regional Railroad Authorities Act which allowed two or more subdivisions to form a regional railroad authority by execution of an agreement authorized by resolution of the governing body of each subdivision. The agreement and a certified copy of the resolution of each subdivision are filed with the Secretary of State. Once the agreement is reviewed by the Secretary of State, the authority is issued a certificate of incorporation. The representatives of the subdivisions, which are members of a regional railroad authority, elect commissioners of the authority.

According to SDCL 49-17A-16, a regional railroad authority may plan, establish, acquire, develop, construct, purchase, enlarge, improve, maintain, equip, operate, regulate, and protect its railroads and railroad facilities used or useful in the operation of the railroad. An authority may also acquire by purchase, gift, devise, lease, condemnation of real or personal property, or any interest therein.

An authority may certify annually, to the governing bodies, the amount of tax to be levied by the governing bodies for railroad purposes. Each subdivision then levies the amount certified, pursuant to provisions of law authorizing municipalities and other political subdivisions of this state to levy taxes for such purposes. The levy, in addition to all other levies authorized by law, may not exceed two dollars and forty cents per thousand dollars of taxable valuation of property in the subdivisions. Each subdivision collects the taxes certified by a railroad authority in the same manner as other taxes are levied, collected, and paid to the railroad authority.

An authority may, from time to time, issue its bonds or notes in such principal amounts as they deem necessary to carry out any of its corporate purposes and powers. This includes, but is not limited to, the funding or refunding of the principal of or interest or redemption premiums on, any bonds or notes issued by it whether or not the bonds, notes, or interest to be funded or refunded have or have not become due, the establishment or increase of reserves to secure or to pay the bonds or notes or interest thereon, and the payment of or establishment of reserves for all other costs or expenses of the authority incident to and necessary to carry out its corporate purposes and powers. (SDCL 49-17A-27)

The authority may enter into contracts, leases, and other arrangements for such term as the authority may determine with any persons:

(1) Granting the privilege of using or improving the railroad or any portion or facility or space for commercial purposes;
(2) Conferring the privilege of supplying goods, commodities, things, services, or facilities along the railroad; and
(3) Making available services to be furnished by the authority or its agents.

In each case, the authority may establish the terms and conditions and fix the charges, rentals, or fees for the privileges or services, which shall be reasonable and uniform for the same class of privilege or service. (SDCL 49-17A-36)

Regional Railroad Authorities have been formed since 1978 so that local elevators, soybean and ethanol plants, and other businesses could have an avenue to receive funding in the form of taxes and loans from the Railroad Board for the purpose of railroad improvements and expansion. These railroad improvements and expansions ultimately benefit South Dakota agricultural producers.

The chart below lists the regional railroad authorities that have been formed:

AUTHORITY	Members	Date Formed
ABC Regional Railroad Authority	Aberdeen, Brown Co, (Beadle, Edmunds, Spink)	07/22/91
Brookings Co Reg Railroad Authority	Brookings Co, Volga	08/16/96
East Central Reg Railroad Authority	Beadle Co, Cavour Township	08/03/03
Grant Co Reg Railroad Authority	Grant Co, Milbank	07/30/04
Haakon Co Reg Railroad Authority	Haakon Co, Midland	01/03/94
Hughes Co Reg Railroad Authority	Hughes Co, Harrold	05/20/96
Hyde Co Reg Railroad Authority	Hyde Co, Highmore	04/02/02
Lake-Minnehaha Reg Railroad Authority	Lake Co, Minnehaha Co, Madison	03/24/81
Marshall Co Reg Railroad Authority	Marshall Co, Britton	01/12/81
McLaughlin-Corson Co Reg RR Authority	Corson Co, McLaughlin	09/20/06
MRC Reg Railroad Authority	Davison Co, Aurora Co, Brule Co, Lyman Co, Jones Co, Jackson Co.	06/10/93
Napa-Platte Reg Railroad Authority	Charles Mix and Bon Homme Co	07/29/81
Northeast Roberts Reg Railroad Authority	White Rock Twnshp, Rosholt	05/28/96
Northern Hills Reg Railroad Authority	Lead, Deadwood, Whitewood, Sturgis, Spearfish Belle Fourche	12/07/94
Roberts Reg Railroad Authority	Roberts Co, Sisseton	01/12/81
Sioux Valley Reg Railroad Authority	Union Co,Turner Co, Alcester, Beresford, Centerville, Hurley, Marion, Parker	06/21/78
Southern Union Reg Railroad Authority	Union Co, Elk Point, Jefferson	08/11/97
Sully Co Reg Railroad Authority	Sully Co, Onida	08/10/95
Turner Co Reg Railroad Authority	Turner Co, Marion	06/09/06

Conclusion

The State of South Dakota's involvement in the railroad industry has evolved greatly since the late 1970s. The Department of Transportation's efforts in negotiating a settlement with BNSF has opened doors for shippers because they can now access five major railroads. The department also sees a renewed interest in rail transportation due to the increase in diesel fuel prices which will have a positive impact for agricultural producers that ship via rail versus by truck. Any increase in rail traffic also reduces truck wear and tear on our highways. The Railroad Authority has acquired property for construction, maintenance, and improvement as the Legislature has declared to be in the public interest for railroad purposes. The Railroad Board has loaned over $32 million since 1994 to regional railroad authorities for railroad improvements and expansion. These loans have allowed South Dakota businesses to ship on new or improved rail lines. The coordination of these railroad entities will continue to play a vital role in promoting economic development in the future.

This issue memorandum was written by Aaron Olson, Fiscal Analyst for the Legislative Research Council. It is designed to supply background information on the subject and is not a policy statement made by the Legislative Research Council. The information contained in the memorandum is accurate as of the date of publication.

SOUTH DAKOTA DEPARTMENT OF TRANSPORTATION
RAILROAD TRUST FUND (3044) CONDITION STATEMENT
as of 11/13/06

	ACTUAL FY2004	ACTUAL FY2005	ACTUAL FY2006	PROJECTED FY2007	PROJECTED FY2008	PROJECTED FY2009	PROJECTED FY2010	PROJECTED FY2011
RECEIPTS:								
PERMITS & LICENSES								
LEASES								
BNSF	$4,859,516	$0	$5,445,940	$0	$0	$0	$0	$0
Sioux Valley Rail Authority (D&I)	$0	$13,505	$16,020	$16,000	$16,000	$16,000	$16,000	$16,000
Mitchell to Rapid City Rail Authority (Dakota Southern)	$0	$0	$689	$500	$500	$500	$500	$500
Marshall Co Rail Authority (DMVW)	$0	$1,358	$4,868	$4,500	$4,500	$4,500	$4,500	$4,500
SUB-TOTAL LEASES	$4,859,516	$14,863	$5,467,517	$21,000	$21,000	$21,000	$21,000	$21,000
INTEREST								
Investment Council Interest	$515,123	$404,267	$466,823	$393,056	$154,342	$67,453	$154,355	$239,939
Loan Activity Interest	$180,077	$192,022	$212,346	$203,012	$859,775	$791,345	$699,480	$610,982
SUB-TOTAL INTEREST	$695,200	$596,289	$679,168	$596,068	$1,014,117	$858,798	$853,835	$850,921
SALES REAL PROPERTY\SALVAGE	$11,836	$189,693	$3,394,487	$0	$0	$0	$0	$0
SALE OF CORE LINE	$0	$0	$40,337,295	$0	$0	$0	$0	$0
SALE OF NAPA TO RAVINIA	$0	$0	$0	$0	$0	$0	$0	$0
SUB-TOTAL SALES	$11,836	$189,693	$43,731,782	$0	$0	$0	$0	$0
Loan Payments Received (Principal)								
ABC Regional Rail Authority-Mina	$0	$0	$0	$0	$263,800	$263,800	$263,800	$263,800
ABC Regional Rail Authority-Bowdle	$0	$0	$0	$0	$0	$271,315	$271,315	$217,315
ABC Regional Rail Authority-Grebner	$43,364	$46,182	$48,958	$46,182	$46,182	$46,182	$46,182	$46,182
ABC Regional Rail Authority-Groton	$20,250	$0	$0	$0	$0	$0	$0	$0
ABC Regional Rail Authority-Mansfield	$16,469	$17,539	$140,628	$0	$0	$0	$0	$0
ABC Regional Rail Authority-Mellette	$92,900	$97,545	$102,810	$97,545	$97,545	$97,545	$97,545	$97,545
ABC Regional Rail Authority-Wolsey	$105,887	$110,137	$116,884	$110,137	$110,137	$110,137	$110,137	$0
Brookings County Regional Rail Authority-Aurora	$0	$0	$0	$0	$263,750	$263,750	$263,750	$263,750
Brookings County Regional Rail Authority-Volga	$59,587	$60,951	$67,339	$60,951	$60,951	$60,951	$0	$0
Corson County Regional Rail Authority-McLaughlin	$0	$0	$0	$0	$0	$305,340	$305,340	$305,340
East Central Rail Authority-Yale	$0	$0	$0	$600,000	$0	$0	$0	$0
Grant County Regional Rail Authority-Milbank	$0	$0	$34,135	$148,000	$148,000	$148,000	$148,000	$148,000
Hyde County Regional Rail Authority-Highmore	$0	$31,332	$34,370	$54,170	$54,170	$54,170	$54,170	$54,170
Marshall Regional Rail Authority-Britton	$0	$0	$0	$0	$0	$122,260	$122,260	$122,260
MRC Regional RR Authority-Oacoma	$33,689	$35,834	$36,884	$35,834	$35,834	$35,834	$35,834	$35,834
Northeast Regional Rail Authority-Rosholt	$0	$0	$0	$43,350	$43,350	$43,350	$43,350	$43,350
Roberts Regional Rail Authority-Sisseton	$15,792	$45,365	$61,094	$45,365	$45,365	$45,365	$45,365	$45,365
Sioux Valley Regional Rail Authority-Beresford	$0	$36,181	$91,170	$0	$130,000	$130,000	$130,000	$130,000
Sioux Valley Regional Rail Authority-Beresford	$0	$0	$0	$0	$400,000	$835,260	$835,260	$835,260
Southern Union County Regional Rail Authority-Elk Point	$111,945	$116,344	$122,593	$116,344	$116,344	$116,344	$116,344	$0
Sully County Regional Rail Authority-Onida	$23,819	$32,846	$0	$0	$0	$0	$0	$0
Sully County Regional Rail Authority-Onida	$0	$0	$0	$0	$0	$263,800	$263,800	$263,800
Turner County Regional Rail Authority-Marion	$0	$0	$0	$0	$0	$263,800	$263,800	$263,800
SUB-TOTAL LOAN INCOME	$523,701	$630,256	$856,866	$1,357,878	$1,815,428	$3,477,203	$3,416,252	$3,135,771
TOTAL RECEIPTS:	$6,090,253	$1,431,100	$50,735,333	$1,974,946	$2,850,545	$4,357,001	$4,291,087	$4,007,692

SOUTH DAKOTA DEPARTMENT OF TRANSPORTATION
RAILROAD TRUST FUND (3044) CONDITION STATEMENT
as of 11/13/06

	ACTUAL FY2004	ACTUAL FY2005	ACTUAL FY2006	PROJECTED FY2007	PROJECTED FY2008	PROJECTED FY2009	PROJECTED FY2010	PROJECTED FY2011
DISBURSEMENTS:								
EXPENSES								
Aberdeen Litigation	$164,298	$133,414	$0	$0	$0	$0	$0	$0
Sioux Falls Rail Relocation (Phillips to the Falls)	$10,605	$2,752	$2,475	$0	$0	$0	$0	$0
Legal Expenses (Core Sale, Yale, Napa, Wolsey)	$2,054	$242,841	$319,153	$80,000	$0	$0	$0	$0
Horizons - Container Study Grant to Ag	$0	$16,105	$35,636	$0	$0	$0	$0	$0
LE Peabody-Audit	$0	$126,407	$0	$0	$0	$0	$0	$0
Misc (inspections, etc.)	$5,163	$20,674	$12,561	$11,900	$11,900	$11,900	$11,900	$11,900
City of Pierre By Pass	$0	$0	$27,125	$0	$0	$0	$0	$0
Yale Line Purchase	$0	$0	$0	$600,000	$0	$0	$0	$0
Railroad Construction Projects	$4,755,373	$1,395,720	$297,619	$0	$0	$0	$0	$0
Railplan	$0	$0	$0	$0	$0	$0	$0	$0
SUB-TOTAL EXPENSES	$4,937,492	$1,937,913	$694,568	$691,900	$11,900	$11,900	$11,900	$11,900
LOANS PAID OUT								
ABC Regional Rail Authority-Mina	$0	$0	$0	($2,000,000)	$0	$0	$0	$0
ABC Regional Rail Authority-Bowdle	$0	$0	$0	($2,137,150)	$0	$0	$0	$0
Brookings County Regional Rail Authority-Aurora	$0	$0	($2,100,000)	$0	$0	$0	$0	$0
Corson County Regional Rail Authority-McLaughlin	$0	$0	$0	($2,480,000)	$0	$0	$0	$0
East Central Rail Authority-Yale	$0	$0	$0	($600,000)	$0	$0	$0	$0
Grant County Regional Rail Authority-Milbank	$0	($380,338)	($772,382)	$0	$0	$0	$0	$0
Hyde County Regional Rail Authority-Highmore	($81,744)	$0	$0	$0	$0	$0	$0	$0
Marshall Regional Rail Authority-Britton	$0	$0	$0	$0	($981,000)	$0	$0	$0
Northeast Regional Rail Authority-Rosholt	$0	$0	$0	$0	$0	$0	$0	$0
Roberts Regional Rail Authority-Sisseton	($33,139)	($18,348)	($56,713)	$0	$0	$0	$0	$0
Sioux Valley Regional Rail Authority (Loan)	$0	($245,860)	($1,084,235)	($2,000,000)	($5,702,075)	$0	$0	$0
Sully County Regional Rail Authority-Onida	$0	$0	$0	($2,000,000)	$0	$0	$0	$0
Turner County Regional Rail Authority-Marion	$0	$0	$0	($2,000,000)	$0	$0	$0	$0
SUB-TOTAL LOANS PAID OUT	($114,883)	($644,546)	($4,013,331)	($13,217,150)	($6,683,075)	$0	$0	$0
TOTAL DISBURSEMENTS:	($5,052,374)	($2,582,459)	($4,707,899)	($13,909,050)	($6,694,975)	($11,900)	($11,900)	($11,900)
NET OPERATING TRANSFERS								
Amtrak	$4,905,547	$1,822,634	($501,876)	$0	$0	$0	$0	$0
RR Authority Fund	$0	$0	($6,178,000)	$0	($500,000)	$0	$0	$0
LTAP	$25,693	($25,693)	$0	$0	$0	$0	$0	$0
To Property Tax Reduction fund	$0	$0	($38,000,000)	$0	$0	$0	$0	$0
SUB-TOTAL TRANSFERS	$4,931,240	$1,796,940	($44,679,876)	$0	($500,000)	$0	$0	$0
NET CHANGE IN FUND BALANCE	$5,969,119	$645,581	$1,347,557	($11,934,104)	($4,344,430)	$4,345,101	$4,279,187	$3,995,792
BEGINNING CASH BALANCE	$11,688,931	$17,658,050	$18,303,631	$19,651,188	$7,717,084	$3,372,654	$7,717,754	$11,996,941
ENDING CASH BALANCE	**$17,658,050**	**$18,303,631**	**$19,651,188**	**$7,717,084**	**$3,372,654**	**$7,717,754**	**$11,996,941**	**$15,992,733**

Appendix A

ANNUAL PAYMENTS
DUE FROM LOANS TO
RAILROAD TRUST FUND
COMPANY 3044

LOANEE	Acct#	LOAN AMOUNT	LOAN BALANCE 10/31/2006	2007 Princ	2007 Int	2008 Princ	2008 Int	2009 Princ	2009 Int	2010 Princ
MRC RRA - OACOMA	1281001	$ 471,932	$167,818.85	$38,825.15	$8,574.85	$40,950.32	$6,449.69	$42,997.83	$4,402.17	$45,045.56
ROBERTS RRA - SISSETON	1281005	170,000	$72,746.24	$18,422.48	$3,577.52	$19,328.46	$2,671.54	$20,279.00	$1,721.00	$14,716.30
BROOKINGS CO RRA - VOLGA	1281007	575,000	$72,334.11	$34,992.42	$1,892.58	$35,959.13	$925.87	$1,382.56	$34.85	
SO UNION RRA - ELK POINT	1281010	1,118,811	$308,010.45	$130,628.69	$14,261.31	$136,676.98	$8,213.02	$40,704.78	$1,884.69	
ABC RRA - SDWG - WOLSEY	1281003	1,085,159	$359,346.39	$123,517.19	$16,982.81	$128,708.54	$11,791.46	$107,120.66	$5,356.03	
ABC RRA - SDWG - MELLETTE	1281003	1,058,275	$357,518.14			$112,874.09	$17,875.91	$118,350.23	$12,399.77	$124,348.81
ABC RRA - SDWG - GREBNER	1281003	502,181	$216,180.08			$55,798.29	$14,051.71	$59,425.18	$10,424.82	$63,287.82
NORTHEAST REG RRA - ROSHOLT	1281009	334,756	$334,755.59	$26,612.22	$16,737.78	$27,942.83	$15,407.17	$29,339.97	$14,010.03	$30,806.97
ROBERTS RRA - SISSETON	1281005	150,000	$122,027.42			$13,323.63	$6,101.37	$13,989.81	$5,435.19	$14,689.30
HYDE CO REG RRA - HIGHMORE	1281011	418,315	$316,412.93			$39,519.65	$14,650.35	$40,325.34	$13,844.66	$42,341.60
SIOUX VALLEY RRA-BERESFORD **	1281012	1,500,000	$1,180,841.40	$112,641.95	$22,258.05	$92,172.02	$42,727.98	$95,858.90	$39,041.10	$99,693.26
GRANT CO RRA MILBANK	1281013	1,152,720	$1,016,701.88			$102,948.50	$51,141.50	$112,971.10	$41,118.90	$118,054.80
BROOKINGS REG RRA - AURORA	1281007	2,100,000	$1,917,545.53			$174,392.12	$89,357.88	$187,487.04	$76,262.96	$195,689.60
ABC RRA - BOWDLE	1281003	2,137,150	$0.00	$174,074.67	$97,240.33	$181,995.07	$89,319.93	$190,275.85	$81,039.15	$198,933.40
EAST CENTRAL RRA - YALE *		600,000	$0.00			$48,260.00	$28,500.00	$50,552.35	$26,207.65	$52,953.59
MARSHALL RRA - BRITTON		981,000	$0.00			$102,225.48	$20,034.52	$80,518.21	$41,741.79	$84,342.83
MCLAUGHLIN-CORSON-MCLAUGHLIN *		2,480,000	$0.00			$187,540.00	$117,800.00	$196,448.15	$108,891.85	$205,779.44
Sully Co - Onida		2,000,000	$0.00			$156,200.00	$107,600.00	$164,603.56	$99,196.44	$173,459.23
Turner County - Marion		2,000,000				$156,200.00	$107,600.00	$164,603.56	$99,196.44	$173,459.23
Totals		$ 20,835,299	$ 6,442,239	$ 659,715	$ 181,525	$ 1,813,015	$ 752,220	$ 1,717,234	$ 682,209	$ 1,637,602

* LOAN AGREEMENTS NOT EXECUTED

** Total amount has not been drawn yet...princ and int based on what has been loaned so far

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ANNUAL LOAN PAYMENT
10/31/2006

Appendix A

ANNUAL PAYMENTS
DUE FROM LOANS TO
RAILROAD TRUST FUND
COMPANY 3044

LOANEE	2011		2012		2013		2014		2015	
	Int	Princ	Int	Princ	Int	Princ	Int	Princ	Int	Princ
MRC RRA - OACOMA	$2,252.28									
ROBERTS RRA - SISSETON	$723.72									
BROOKINGS CO RRA - VOLGA										
SO UNION RRA - ELK POINT										
ABC RRA - SDWG - WOLSEY										
ABC RRA - SDWG - MELLETTE	$6,401.19	$1,945.00	$98.58							
ABC RRA - SDWG - GREBNER	$6,562.18	$37,668.78	$2,448.47							
NORTHEAST REG RRA - ROSHOLT	$12,543.03	$32,347.32	$11,002.68	$33,964.69	$9,385.31	$35,662.92	$7,687.08	$37,446.07	$5,903.93	$39,318.37
ROBERTS RRA - SISSETON	$4,735.70	$15,423.77	$4,001.23	$16,194.95	$3,230.05	$17,004.70	$2,420.30	$17,854.94	$1,570.06	$7,281.67
HYDE CO REG RRA - HIGHMORE	$11,828.40	$44,458.68	$9,711.32	$46,681.62	$7,488.38	$49,015.70	$5,154.30	$51,466.48	$2,703.52	$2,603.86
SIOUX VALLEY RRA-BERESFORD **	$35,206.74	$103,680.99	$31,219.01	$107,828.23	$27,071.77	$112,141.36	$22,758.64	$116,627.01	$18,272.99	$121,292.09
GRANT CO RRA MILBANK	$36,035.20	$123,367.26	$30,722.74	$128,918.79	$25,171.21	$134,720.14	$19,369.86	$140,782.54	$13,307.46	$147,117.76
BROOKINGS REG RRA - AURORA	$68,060.40	$204,251.02	$59,498.98	$213,187.00	$50,563.00	$222,513.93	$41,236.07	$232,248.91	$31,501.09	$242,409.80
ABC RRA - BOWDLE	$72,381.60	$207,984.87	$63,330.13	$217,448.18	$53,866.82	$227,342.07	$43,972.93	$237,686.14	$33,628.86	$248,500.86
EAST CENTRAL RRA - YALE *	$23,806.41	$55,468.88	$21,291.12	$58,103.65	$18,656.35	$60,863.58	$15,896.42	$63,754.60	$13,005.40	$66,782.94
MARSHALL RRA - BRITTON	$37,917.17	$88,349.11	$33,910.89	$92,545.69	$29,714.31	$96,941.61	$25,318.39	$101,546.34	$20,713.66	$106,369.79
MCLAUGHLIN-CORSON-MCLAUGHLIN *	$99,560.56	$215,553.96	$89,786.04	$225,792.77	$79,547.23	$236,517.93	$68,822.07	$247,752.53	$57,587.47	$259,520.78
Sully Co - Onida	$90,340.77	$182,791.34	$81,008.66	$192,625.51	$71,174.49	$202,988.76	$60,811.24	$213,909.56	$49,890.44	$225,417.89
Turner County - Marion	$90,340.77	$182,791.34	$81,008.66	$192,625.51	$71,174.49	$202,988.76	$60,811.24	$213,909.56	$49,890.44	$225,417.89
Totals	$ 598,696	$ 1,496,082	$ 519,039	$ 1,525,917	$ 447,043	$ 1,598,701	$ 374,259	$ 1,674,985	$ 297,975	$ 1,692,034

* LOAN AGREEMENTS NOT EXECUTED

** Total amount has not been drawn yet...prir

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ANNUAL LOAN PAYMENT
10/31/2006

Appendix A

ANNUAL PAYMENTS
DUE FROM LOANS TO
RAILROAD TRUST FUND
COMPANY 3044

LOANEE		2016		2017		2018		2019		LAST PYMT DUE
	Int	Princ	Int	Princ	Int	Princ	Int	Princ	Int	
MRC RRA - OACOMA										2010
ROBERTS RRA - SISSETON										2010
BROOKINGS CO RRA - VOLGA										2008
SO UNION RRA - ELK POINT										2009
ABC RRA - SDWG - WOLSEY										2009
ABC RRA - SDWG - MELLETTE										2011
ABC RRA - SDWG - GREBNER										2011
NORTHEAST REG RRA - ROSHOLT	$4,031.63	$41,284.29	$2,065.71	$29.94	$1.50					2015
ROBERTS RRA - SISSETON	$677.32	$6,264.65	$313.23							2016
HYDE CO REG RRA - HIGHMORE	$130.19									2015
SIOUX VALLEY RRA-BERESFORD **	$13,607.91	$126,143.78	$8,756.22	$92,761.81	$3,710.47					2017
GRANT CO RRA MILBANK	$6,972.24	$7,820.99	$351.94							2014
BROOKINGS REG RRA - AURORA	$21,340.20	$245,366.11	$10,734.77							2015
ABC RRA - BOWDLE	$22,814.14	$252,908.89	$11,507.35							2016
EAST CENTRAL RRA - YALE *	$9,977.06	$69,955.13	$6,804.87	$73,305.28	$3,482.00					2017
MARSHALL RRA - BRITTON	$15,890.21	$111,422.36	$10,837.64	$116,738.58	$5,545.08					2017
MCLAUGHLIN-CORSON-MCLAUGHLIN *	$45,819.22	$271,848.01	$33,491.99	$147,343.82	$20,579.21	$285,902.61	$13,580.37			2017
Sully Co - Onida	$38,382.11	$237,545.38	$26,254.62	$250,458.77	$13,474.68					2017
Turner County - Marion	$38,382.11	$237,545.38	$26,254.62	$250,458.77	$13,474.68					2017
Totals	$ 218,024	$ 1,608,105	$ 137,373	$ 931,097	$ 60,268	$ 285,903	$ 13,580	$ -	$ -	

* LOAN AGREEMENTS NOT EXECUTED

** Total amount has not been drawn yet...prir

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ANNUAL LOAN PAYMENT
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Appendix A

Railroad Trust Fund Loan History

REGIONAL RAILROAD AUTHORITY	LOAN AMOUNT	BENEFITED FACILITY	LOAN YEAR
HAAKON CO REG RAIL AUTHORITY	$ 164,000	Midland Elevator	1994
MRC REG RAIL AUTHORITY	$ 471,932	MRC RRA, Oacoma to Kennebec	1994
HUGHES CO REG RAIL AUTHORITY	$ 129,663	Harrold Grain Company	1996
MRC REG RAIL AUTHORITY	$ 129,000	Universal Packaging, Mitchell	1996
ROBERTS REG RAIL AUTHORITY	$ 130,000	SLA, Milbank to Sisseton	1997
BROOKINGS CO REG RAIL AUTHORITY	$ 575,000	Soybean Processors, Volga	1997
SULLY CO REG RAIL AUTHORITY	$ 200,000	Elevator	1997
SOUTHERN UNION REG RAIL AUTHORITY	$ 1,078,784	Southeast Elevator, Elk Point	1998
ABC REG RAIL AUTHORITY	$ 95,900	SD Wheat Growers, Groton	1999
ABC REG RAIL AUTHORITY	$ 1,058,275	SD Wheat Growers, Mellette	1999
ABC REG RAIL AUTHORITY	$ 1,085,159	SD Wheat Growers, Wolsey	1999
ABC REG RAIL AUTHORITY	$ 831,342	North Central Farmers, Craven	2000
ROBERTS REG RAIL AUTHORITY	$ 170,000	SLA, Milbank to Sisseton	2000
ABC REG RAIL AUTHORITY	$ 502,181	SD Wheat Growers, Grebner	2001
ROBERTS REG RAIL AUTHORITY	$ 150,000	SLA, Milbank to Sisseton	2002
ABC REG RAIL AUTHORITY	$ 200,000	DM&E, Mansfield Line	2002
NORTHEAST REG RAIL AUTHORITY	$ 334,756	Tri State Ethanol	2002
HYDE CO REG RAIL AUTHORITY	$ 418,315	Farmers Elavator, Highmore	2003
SIOUX VALLEY REG RAIL AUTHORITY	$ 1,500,000	D&I, Canton to Elk Point	2004
GRANT CO REG RAIL AUTHORITY	$ 1,219,280	Westcon, Twin Brooks	2004
EAST CENTRAL REG RAIL AUTHORITY	$ 600,000	Yale Farmers Coop, Yale	2005
ABC REG RAIL AUTHORITY	$ 2,137,150	North Central Farmers, Bowdle	2005
BROOKINGS CO REG RAIL AUTHORITY	$ 2,100,000	DM&E & Werasun, Aurora	2005
CORSON CO REG RAIL AUTHORITY	$ 2,480,000	McLaughlin Elavator	2006
MARSHALL REG RAIL AUTHORITY	$ 981,000	Farmers Coop Elevator, Britton	2006
SULLY CO REG RAIL AUTHORITY	$ 2,000,000	Midwest Coop, Oahe Grain, Onida	2006
TURNER CO REG RAIL AUTHORITY	$ 2,000,000	Millennium Ethanol, Marion	2006
ABC REG RAIL AUTHORITY	$ 2,000,000	Glacial Lakes Energy, Mina	2006
SIOUX VALLEY REG RAIL AUTHORITY	$ 7,602,075	Elk Point to Hudson	2006
Total Loans	**$ 32,343,812**		

Railroad Trust Fund Lease Payments & Ending Cash Balances

Traffic Year	BNSF	Other
1987	$ 527,439	$ -
1988	$ 1,156,648	$ -
1989	$ 1,381,163	$ -
1990	$ 315,380	$ -
1991	$ 100,000	$ -
1992	$ 100,000	$ -
1993	$ 100,000	$ -
1994	$ 100,000	$ -
1995	$ 393,139	$ 35,737
1996	$ 100,000	$ 2,026
1997	$ 690,416	$ 21,977
1998	$ 1,214,597	$ 21,325
1999	$ 3,338,098	$ 404
2000	$ 2,229,985	$ 46
2001	$ 2,457,694	$ 1
2002	$ 2,088,476	$ 614
2003	$ 2,771,039	$ 2,299
2004	$ 5,445,941	$ 15,401
2005	$ 5,139,871	$ 2,570
Total	**$ 29,649,886**	**$ 102,400**

Year	Cash Balance
FY97	$ 2,395,398
FY98	$ 3,272,192
FY99	$ 3,537,445
FY00	$ 6,656,019
FY01	$ 8,458,741
FY02	$ 9,492,645
FY03	$ 11,688,931
FY04	$ 17,658,050
FY05	$ 18,303,631
FY06	$ 19,651,188

Railroad Trust Fund Grant History

GRANTEE	GRANT AMOUNT	PROJECT	YEAR
SIOUX VALLEY REG RAIL AUTHORITY	$ 1,000,000	Beresford to Haywarden Line	1990
DM&E RAILROAD	$ 25,000	Redfield Industrial Siding	1991
MRC REG RAIL AUTHORITY	$ 451,658	Kennebec to Oacoma	1994
SIOUX VALLEY REG RAIL AUTHORITY	$ 1,000,000	Bridges- Canton to Elk Point	2004
Total Loans	**$ 2,476,658**		

Sioux Valley Regional Rail Authority

1990 Grant: Upgrade of Rail Line

2004 Grant: Loan/Grant Combination- Loan was for $1.5 million

DM&E Railroad

1991 Grant: Repair of a siding to a scrap dealer in Redfield

Mitchell to Rapid City Regional Railroad Authority

1994:The grant was in combination with a trust fund loan and a Federal Railroad Administration grant to fix up the line.