

## Rail Divestiture History

The State Of Michigan has been actively involved in the Rail Freight Business since April 1, 1976. Our involvement was in response to the Federal Government's attempt to restructure bankrupt railroads in the northeast and midwest regions of the United States. As the result of this restructuring, Michigan was in jeopardy of losing, through abandonment, approximately 1,100 miles of track. At the time this figure equated to over 35 percent of Michigan's total Rail Freight System.

The potential loss of rail freight service was concentrated in rural areas. These areas would have suffered serious economic ramifications, including: The curtailment of industrial expansion and economic development; increased energy consumption; increased food and merchandise costs for urban and rural consumers; and the elimination of numerous railroad, industrial and agricultural jobs.

These ramifications had the potential of adversely affecting not only rural areas, but Michigan's overall economy as well. Therefore, Michigan opted to protect the public interest by implementing a comprehensive program geared toward providing and maintaining an adequate and efficient railroad network. Of the 1,100 miles originally proposed for abandonment by the United States Railway Association (USRA), Michigan determined that 900 miles was worth retention. Some of these lines were leased and some were purchased.

At the time the major objectives of Michigan's rail freight program were: to retain all needed rail service; to monitor and conduct a relevant assessment as to the overall viability of subsidized rail lines; and to assist in the administrative and operational realignment of those rail lines worthy of service retention.

These objectives have been addressed and now the State has entered the final phase of returning these properties back to the private sector.