

SB 274-FN - AS INTRODUCED

2025 SESSION

25-0905

11/08

SENATE BILL **274-FN**

AN ACT establishing a 4-year pilot program with potential for statewide expansion to improve rail trails in New Hampshire through federal, state, and private funding and making a bonded appropriation therefor.

SPONSORS: Sen. Fenton, Dist 10; Sen. Reardon, Dist 15; Sen. Perkins Kwoka, Dist 21; Sen. Altschiller, Dist 24; Rep. Wallner, Merr. 19; Rep. Jones, Ches. 3

COMMITTEE: Transportation

ANALYSIS

This bill:

I. Transfers ownership of 4 rail corridors, and all duties and responsibilities therefor, to the department of natural and cultural resources.

II. Establishes a pilot project to improve the rail trails in 4 rail corridors with funding from federal grants, state sources, and private contributions.

III. Establishes the rail trail project fund and the rail trail emergency fund.

IV. Makes a bonded appropriation to the bureau of trails for the rail trail pilot project.

Explanation: Matter added to current law appears in ***bold italics***.
Matter removed from current law appears [~~in brackets and struckthrough.~~]
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty Five

AN ACT establishing a 4-year pilot program with potential for statewide expansion to improve rail trails in New Hampshire through federal, state, and private funding and making a bonded appropriation therefor.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 1 New Section; Transfer of Ownership; Certain Rail Corridors. Amend RSA 21-L by inserting
2 after section 12-e the following new section:

3 21-L:12-f Transfer of Ownership; Certain Rail Trails.

4 The commissioner of the department of transportation shall facilitate the expeditious transfer of
5 ownership, rights, and responsibilities of the following rail trails to the department of natural and
6 cultural resources:

7 I. Presidential, Pondicherry Section.

8 II. Ammonoosuc Rail Trail.

9 III. New Littleton-Bethlehem Segment.

10 IV. Cheshire Rail Trail.

11 2 New Subparagraph; Rail Trail Ownership. Amend RSA 215-A:3, IV-a by inserting after
12 subparagraph (j) the following new subparagraph:

13 (k) Perform all duties and responsibilities, as designated by the commissioner of the
14 department of natural and cultural resources and the director of the division of parks and recreation,
15 related to safety, maintenance, rehabilitation, and repair of rail trails listed in RSA 21-L:12-f.

16 3 New Sections; Rail Trail Pilot Project. Amend RSA 216-F by inserting after section 7 the
17 following new sections:

18 216-F:8 Rail Trail Pilot Project.

19 I. The department of natural and cultural resources, division of parks and recreation, and
20 the bureau of trails shall together develop a pilot program, in consultation with the New Hampshire
21 Rail Trails Coalition, to be managed by the bureau of trails, to rehabilitate, maintain, and improve
22 83 miles of 4 rail corridors and appurtenant rail trails by rehabilitating abandoned rail corridors and
23 maintaining already established rail trails.

24 II. Forty-four percent of project funds shall be from federal grants obtained by regional
25 stakeholder groups, 6 percent shall be from private contributions and funds generated by any fee
26 increase for individual and family hike safe cards under RSA 206:26-bb, and 50 percent shall be from
27 general obligation bonds, all of which shall be deposited into the rail trails project fund established
28 in RSA 216-F:9.

29 III. The 50 percent of funds from state general obligation bonds shall be used for:

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- 1 (a) Bureau of trails staffing, equipment, and materials;
- 2 (b) Department of fish and game staffing;
- 3 (c) Funding of an emergency trail repair fund; and
- 4 (d) Ten percent match of federal grant funds referenced in paragraph II of this section.

5 IV. The duration of the project shall be 4 years from the effective date of this section.

6 V. The commissioner of the department of natural and cultural resources, director of the
7 division of parks and recreation, and the chief supervisor of the bureau of trails shall adopt rules
8 pursuant to RSA 541-A regarding the administration of the rail trail pilot program established in
9 this section.

10 216-F:9 Rail Trails Project Fund. There is hereby established in the state treasury a continually
11 appropriated and nonlapsing fund to be known as the rail trails project fund which shall be
12 administered by the bureau of trails. The bureau shall credit private contributions and any
13 appropriated funds for the rail trail pilot project to the fund to be expended for the purposes stated
14 in this section.

15 216-F:10 Emergency Trail Repair Fund. There is hereby established in the state treasury a
16 continually appropriated and nonlapsing fund to be known as the emergency trail repair fund which
17 shall be administered by the bureau of trails. The bureau of trails shall expend moneys in the
18 emergency trail repair fund exclusively to repair trail damage occasioned by severe weather or other
19 unforeseen emergencies. The bureau of trails shall transfer \$1,000,000 every fiscal year from the
20 rail trails project fund established in RSA 216-F:9 to the emergency trail repair fund.

21 4 Appropriation. There is hereby appropriated to the bureau of trails for the purpose of section
22 3 of this act the sum of \$3,600,000 for the fiscal year ending June 30, 2026 and the sum of \$3,600,000
23 for the fiscal year ending June 30, 2027, to be expended by them for the rehabilitation, maintenance,
24 and improvement of 83 miles of rail corridors and appurtenant rail trails across four routes in the
25 state by rehabilitating abandoned rail corridors and maintaining already established rail trails.

26 5 Bonds Authorized. To provide funds for the appropriation made in section 4 of this act, the
27 state treasurer is hereby authorized to borrow upon the credit of the state not exceeding the sum of
28 \$7,200,000 and for said purpose may issue bonds and notes in the name of and on behalf of the state
29 of New Hampshire in accordance with RSA 6-A. Payments of principal and interest shall be made
30 from the general fund of the state.

31 6 New Subparagraphs; Application of Receipts; Rail Trail Project Fund and Rail Trail
32 Emergency Fund. Amend RSA 6:12, I(b) by inserting after subparagraph (399) the following new
33 subparagraphs:

34 (400) Moneys deposited in the rail trail project fund as established in RSA 216-F:9.

35 (401) Moneys deposited in the rail trail emergency fund as established in RSA 216-F-

36 10.

37 7 Effective Date. This act shall take effect July 1, 2025.

SB 274-FN- FISCAL NOTE
 AS INTRODUCED

AN ACT establishing a 4-year pilot program with potential for statewide expansion to improve rail trails in New Hampshire through federal, state, and private funding and making a bonded appropriation therefor.

FISCAL IMPACT:

| Estimated State Impact | | | | |
|-------------------------------|------------------------------------------------------------------------------------------|-------------------------|-------------------------|-------------------------|
| | FY 2025 | FY 2026 | FY 2027 | FY 2028 |
| Revenue | \$0 | Indeterminable | Indeterminable | Indeterminable |
| <i>Revenue Fund(s)</i> | Fish and Game Search and Rescue Fund under RSA 206:42 | | | |
| Expenditures* | \$0 | Indeterminable Increase | Indeterminable Increase | Indeterminable Increase |
| <i>Funding Source(s)</i> | General Fund, Highway Fund, Rail Trails Project Fund and the Emergency Trail Repair Fund | | | |
| Appropriations* | \$0 | \$3,600,000 | \$3,600,000 | \$0 |
| <i>Funding Source(s)</i> | General Fund Bonds | | | |

*Expenditure = Cost of bill

*Appropriation = Authorized funding to cover cost of bill

| Estimated Political Subdivision Impact | | | | |
|-----------------------------------------------|----------------|-------------------------|-------------------------|-------------------------|
| | FY 2025 | FY 2026 | FY 2027 | FY 2028 |
| Local Revenue | \$0 | Indeterminable Increase | Indeterminable Increase | Indeterminable Increase |
| Local Expenditures | \$0 | Indeterminable Increase | Indeterminable Increase | Indeterminable Increase |

The Office of Legislative Budget Assistant is unable to provide a complete fiscal note for this bill, as introduced, as it is awaiting information from the Department of Natural and Cultural Resources. The Department was originally contacted on 1/17/2025 for a fiscal note worksheet. When completed, a revised fiscal note will be forwarded to the Senate Clerk's Office.

METHODOLOGY:

This bill facilitates the transfer of ownership and management responsibilities for four specific rail trails—Presidential (Pondicherry Section), Ammonoosuc Rail Trail, New Littleton-Bethlehem Segment, and Cheshire Rail Trail—from the Department of Transportation to the Department of Natural and Cultural Resources (DNCR). It establishes a pilot program, administered by the Bureau of Trails, to rehabilitate, maintain, and improve 83 miles of rail corridors and associated rail trails over a four-year period. Funding for the project will come

from a mix of federal grants (44%), private contributions and fee (hike safe cards RSA 206:26-bb) increases (6%), and state general obligation bonds (50%), with dedicated funds set aside for staffing, maintenance, and emergency trail repairs. Two nonlapsing funds are established and administered by the Bureau of Trails - the Rail Trails Project Fund, which shall be funded with private contributions and any appropriated funds for the rail trail pilot project and the Emergency Trail Repair Fund - which shall be funded with a \$1,000,000 transfer every year from the Rail Trails Project Fund.

The bill authorizes the issuance of \$7.2 million in state general obligation bonds to fund the state's share of the rail trail project. The state will incur costs related to bond issuance and debt servicing, which will be paid from the General Fund. The appropriation includes \$3.6 million for each of fiscal years 2026 and 2027. The impact on expenditures for the Department of Natural and Cultural Resources cannot be determined at this time. However, any potential increase in fees could result in additional revenues for the fund.

The Treasury Department makes the following assumptions regarding general fund expenditures:

- The bond would be issued in the Spring of 2026.
- A fixed coupon rate of 5.5% will be applied.
- Amortization over 20 years with debt service payments structured to accommodate the first principal payment in the following fiscal year after the debt issuance, paying 60% of the bonded principal amount in the first 10 years and 40% during the remaining 10 years.

General fund debt service expenditures of the State Treasury would increase by \$396,000 in FY 2027 and \$781,200 in FY 2028. Total interest costs over the life of the bond will extend to FY 2047 totaling \$3,420,000. The Treasury also notes, due to the Internal Revenue Service arbitrage restrictions, the State Treasury issues bonds based on spending, therefore, bond proceeds may not be deposited into the Rail Trail Project Fund.

The Department of Transportation (DOT) indicates it does not have a dedicated revenue source to pay for improvement, maintenance, and repairs of recreational rail trails that occur on abandoned railroad corridors that it owns/manages. Routine maintenance is usually the financial responsibility of trails managers, which are either the Department of Natural and Cultural Resources (DNCR) or municipalities through which the recreational trail runs. Larger scale maintenance issues, such as washouts, are often deferred and result in closures of trails until funds are available or appropriated. Trail improvements are usually funded with a blend of local funds including trail organizations, municipalities and federal funds. The DOT is the

owner/manager of approximately 50% of state-owned rail trails and does not traditionally have dedicated funds to match federal funds for construction/improvements, routine maintenance, or major repairs. If enacted, this bill will provide dedicated funding for only 4 state-owned corridors, which will be the management responsibility of DNCR, and establish an Emergency Trail Repair Funds, which as currently written does not allow DOT to directly access the funds as they will be appropriated and managed by DNCR only. With the establishment of the Rail Trails Project fund and Emergency Trail Repair Fund, it is likely that some financial burdens would be shifted from State agencies (DOT & DNCR) and municipalities and trails organizations, but the amount cannot be determined as the bill proposes multiple uses for the appropriations.

The Fish and Game Department states this bill would create a 4-year pilot project that would provide ownership, rights and responsibilities for Rail Trails throughout the state. This bill would create funding for oversight and enforcement on the state rail trails. Where most of these trails travel through the woodlands of this state, Fish & Game Law Enforcement is the primary enforcement agency. The Department indicates funds would be provided for Conservation Officers to patrol these trails for illegal activity.

The bill includes language that 6% of the funds will be from private contributions and funds generated by any fee increase for hike safe cards under RSA 206:26-bb. The Fish and Game Department does not anticipate using hike safe card fee revenue to fund the rail trail pilot as the Department states these funds are restricted to the Search and Rescue Fund for search and rescue outside of any rail trails.

AGENCIES CONTACTED:

Departments of Natural and Cultural Resources, Transportation, Fish and Game and the State Treasury