

108TH CONGRESS
1ST SESSION

S. 1501

To amend title 49, United States Code, to provide for stable, productive, and efficient passenger rail service in the United States, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JULY 30 (legislative day, JULY 21), 2003

Mr. McCAIN (by request) introduced the following bill; which was read twice and referred to the Committee on Commerce, Science, and Transportation

A BILL

To amend title 49, United States Code, to provide for stable, productive, and efficient passenger rail service in the United States, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) **SHORT TITLE.**—This Act may be cited as the
5 “Passenger Rail Investment Reform Act”.

6 (b) **TABLE OF CONTENTS.**—The table of contents of
7 this Act is as follows:

Sec. 1. Short title; table of contents.

Sec. 2. Purposes; Definitions.

TITLE I—NATIONAL PASSENGER RAIL SERVICE RESTRUCTURING

- Sec. 101. Board of directors of Amtrak.
- Sec. 102. Passenger rail service restructuring.
- Sec. 103. Northeast Corridor Compact.
- Sec. 104. Assistance to address capital needs.
- Sec. 105. Employee transition assistance; authorization.
- Sec. 106. Limit on operating assistance for long-distance routes.
- Sec. 107. Definitions.
- Sec. 108. Repeal of obsolete and executed provisions of law; other.

TITLE II—FINANCIAL REFORM

- Sec. 201. Limitations on availability of grants.
- Sec. 202. Spending plans for capital backlog reduction.
- Sec. 203. Redemption of common stock.
- Sec. 204. Retirement of preferred stock; transfer of assets.
- Sec. 205. Real estate and asset sales.
- Sec. 206. Management and transfer of secured debt.
- Sec. 207. Transition assistance.

TITLE III—GRANTS AND OTHER ASSISTANCE FOR INTERCITY PASSENGER RAIL SERVICE

- Sec. 301. Capital assistance for intercity passenger rail service.
- Sec. 302. Final regulations on applications by States for corridor development grants.
- Sec. 303. Authority for interstate compacts for corridor development.

1 **SEC. 2. PURPOSES; DEFINITIONS.**

2 (a) PURPOSES.—The purposes of this Act are to—

3 (1) preserve an intercity passenger rail service
4 system in the United States that is driven by sound
5 economics;

6 (2) provide a transition from the existing struc-
7 ture for providing such service to a structure that is
8 more aligned with existing and emerging transpor-
9 tation needs;

10 (3) develop a system that provides high quality
11 passenger rail service at a reasonable cost;

12 (4) establish a long-term partnership among the
13 states and the Federal government to support inter-
14 city passenger rail service; and

1 (5) create an effective public-private partner-
 2 ship, after a reasonable transition, to manage the
 3 capital assets of the Northeast Corridor.

4 (b) DEFINITIONS.—In this Act:

5 (1) YEAR 1.—The term “year 1” means the
 6 earlier of—

7 (A) the fiscal year in which this Act is en-
 8 acted if the fiscal year began less than 61 days
 9 before such date; or

10 (B) the first fiscal year beginning after the
 11 date of enactment of this Act.

12 (2) YEARS 2, 3, 4, 5, AND 6.—The terms “year
 13 2”, “year 3”, “year 4”, “year 5”, and “year 6”,
 14 mean, respectively, the first, second, third, fourth,
 15 and fifth fiscal years following year 1.

16 **TITLE I—NATIONAL PASSENGER**
 17 **RAIL SERVICE RESTRUCTURING**

18 **SEC. 101. BOARD OF DIRECTORS OF AMTRAK.**

19 Section 24302 of title 49, United States Code, is
 20 amended to read as follows:

21 **“§ 24302. Board of directors**

22 “(a) MEMBERSHIP.—

23 “(1) IN GENERAL.—Until the board of directors
 24 provided for in subsection (f) assumes operational
 25 responsibility and control, the board of directors of

1 Amtrak shall be the transition board provided for by
2 this subsection.

3 “(2) TRANSITION BOARD.—The transition
4 board of directors of Amtrak shall consist of 11 vot-
5 ing members, including—

6 “(A) the Secretary of Transportation, or
7 an officer of the United States within the De-
8 partment of Transportation compensated under
9 the Executive Schedule under title 5, who is
10 designated by the Secretary; and

11 “(B) 10 other members appointed by the
12 President, by and with the advice and consent
13 of the Senate.

14 “(3) PRESIDENT OF AMTRAK.—The President
15 of Amtrak shall serve as an ex officio, nonvoting,
16 member of the transition board of directors.

17 “(b) COMPENSATION.—Members of the transition
18 board of directors shall serve without pay, but shall receive
19 travel expenses, including per diem in lieu of subsistence,
20 in accordance with sections 5702 and 5703 of title 5.

21 “(c) TERM OF OFFICE.—Members serving un-expired
22 terms on the date of enactment of the Passenger Rail In-
23 vestment Reform Act may continue to serve until the ear-
24 lier of the expiration of their terms or the date on which
25 the restructuring mandated under section 24310 of this

1 title is implemented. Members appointed by the President
2 under subsection (a)(1)(B) shall serve for a term that ex-
3 pires on the date the restructuring mandated in section
4 24310 of this title is implemented. At the expiration of
5 their terms, members of the Board shall be eligible to
6 serve as members of the boards of successor corporations
7 to Amtrak.

8 “(d) QUORUM.—At any time after the date of enact-
9 ment of the Passenger Rail Investment Reform Act, a ma-
10 jority of the transition board members who have been law-
11 fully appointed shall constitute a quorum for purposes of
12 conducting board meetings and making all necessary deci-
13 sions regarding the operations, structure, and business af-
14 fairs of Amtrak.

15 “(e) ASSET TRANSITION COMMITTEE.—

16 “(1) IN GENERAL.—The transition board of di-
17 rectors shall form an asset transition committee
18 comprised of the Secretary or the Secretary’s des-
19 ignee, and 2 other members, or 1 other member if
20 2 other members are not lawfully appointed.

21 “(2) POWERS AND DUTIES.—In addition to
22 other powers and duties assigned by the board, the
23 Asset Transition Committee has the duty to ensure
24 that the public interest is served in board decisions

1 and Amtrak management actions that change the
2 use of or status of—

3 “(A) the contractual right of access of Am-
4 trak to rail lines of other railroads;

5 “(B) Amtrak secured debt;

6 “(C) Northeast Corridor real property and
7 assets; and

8 “(D) rolling stock.

9 “(3) APPROVAL REQUIRED.—The board may
10 not take an action with regard to the assets or se-
11 cured debt specified in paragraph (2), or permit an
12 Amtrak management action with regard to those as-
13 sets, that is not approved by the asset transition
14 committee.

15 “(f) BOARD AFTER RESTRUCTURING COMPLETED.—

16 “(1) IN GENERAL.—Upon the commencement
17 of operations of the Passenger Rail Service Provider
18 and the Passenger Rail Infrastructure Manager es-
19 tablished under section 24310 of this title, the board
20 of directors of Amtrak shall consist of—

21 “(A) the Secretary of Transportation;

22 “(B) the Federal Railroad Administrator
23 or another officer of the United States within
24 the Department of Transportation compensated
25 under the Executive Schedule under title 5,

1 United States Code, who is designated by the
2 Secretary; and

3 “(C) the Federal Transit Administrator or
4 another officer of the United States within the
5 Department of Transportation compensated
6 under the Executive Schedule under title 5, who
7 is designated by the Secretary.

8 “(2) TRANSITION BOARD DIRECTORS SHIFT-
9 ED.—When the board of directors provided for in
10 paragraph (1) takes office, the members of the tran-
11 sition board of directors, with the exception of the
12 Secretary of Transportation, shall—

13 “(A) cease to serve as appointees of the
14 President to the transition board of directors;
15 and

16 “(B) become members of the board of di-
17 rectors of the Passenger Rail Service Provider
18 or the Passenger Rail Infrastructure Manager
19 established under section 24310 of this title.”.

20 **SEC. 102. PASSENGER RAIL SERVICE RESTRUCTURING.**

21 (a) IN GENERAL.—Chapter 243 of title 49, United
22 States Code, is amended by inserting after section 24309
23 the following:

1 **“§ 24310. Amtrak restructuring mandate**

2 “(a) IN GENERAL.—Within 6 months after year 1 be-
3 gins, and notwithstanding any other provision of this title,
4 the transition board of directors shall prepare a plan to
5 restructure Amtrak management, personnel, assets, oper-
6 ations, and other activities and relationships to conform
7 to the requirements of this section. The board shall trans-
8 mit the completed plan to the Committee on Commerce,
9 Science, and Transportation of the Senate, the Committee
10 on Transportation and Infrastructure of the House of
11 Representatives, and the Committees on Appropriations of
12 the House of Representatives and Senate.

13 “(b) MINIMUM REQUIREMENTS.—At a minimum, the
14 restructuring plan shall provide for the following:

15 “(1) ARTICLE OF INCORPORATION FOR 2 NEW
16 ENTITIES.—The filing of appropriate articles of in-
17 corporation under State law for 2 business corpora-
18 tions that are entirely independent of Amtrak, 1 of
19 which shall be known as the ‘Passenger Rail Service
20 Provider’ and the other of which shall be known as
21 the ‘Passenger Rail Infrastructure Manager’, and re-
22 ferred to collectively as the ‘successor corporations’.

23 “(2) TRIFURCATION OF AMTRAK.—The division
24 of Amtrak into 3 functionally independent entities as
25 follows:

1 “(A) A corporation, hereinafter referred to
2 as ‘Amtrak’, that shall provide overall super-
3 vision of Amtrak restructuring and subsequent
4 management of residual responsibilities, includ-
5 ing succeeding to the legal rights of the Na-
6 tional Railroad Passenger Corporation, and in-
7 cluding specifically Amtrak’s legal right of ac-
8 cess to other railroads, following transfer of rail
9 operations and infrastructure management to
10 the successor corporations established under
11 paragraph (1).

12 “(B) A corporation that shall provide pas-
13 senger rail operating services nationwide, in-
14 cluding operation of the reservation centers and
15 ownership and management of existing rolling
16 stock and its maintenance.

17 “(C) A corporation that shall provide pas-
18 senger rail infrastructure management.

19 “(3) ASSIGNMENT OF AMTRAK PERSONNEL.—
20 The assignment of all Amtrak personnel by name to
21 one of the entities specified in paragraph (2), with
22 no loss of pay or benefits, including seniority rights
23 to employment within any entity, except that an em-
24 ployee who elects employment with the corporation
25 described in paragraph (2)(A) shall become an em-

1 ployee of that corporation, with only such rights re-
2 garding pay and benefits as the corporation shall de-
3 termine.

4 “(4) The division of accounting, finance, budget, as-
5 sets, and personnel to provide for the operation and fund-
6 ing of each entity independently.

7 “(5) A transition schedule that provides for comple-
8 tion of the restructuring not later than the last day of
9 year 1.

10 “(c) SUCCESSOR CORPORATIONS.—

11 “(1) Consistent with the business corporation
12 law of the State of incorporation of the successor
13 corporations under subsection (b)(1), each of the
14 successor corporations shall be qualified to under-
15 take railroad activities of an operational or infra-
16 structure nature on a contractual basis with Amtrak
17 or any other entity.

18 “(2) The Passenger Rail Service Provider—

19 “(A) shall have the exclusive right, until
20 the last day of year 3, to continue to provide
21 the intercity passenger service that is being pro-
22 vided by Amtrak on the date of enactment of
23 the Passenger Rail Investment Reform Act, but
24 after the last day of year 1, may operate such

1 passenger rail service only under a contract;
2 and

3 “(B) shall provide interline reservations
4 services to any other provider of intercity pas-
5 senger rail services on the same basis and rates
6 as services are provided to the operational enti-
7 ties that provide service within Amtrak on the
8 date of enactment of that Act.

9 “(3) The Passenger Rail Infrastructure Man-
10 ager—

11 “(A) shall have the exclusive right, until
12 the last day of year 6, to continue to provide
13 the dispatching, maintenance, and infrastruc-
14 ture services that are being provided by Amtrak
15 on the date of enactment of the Passenger Rail
16 Investment Reform Act, but after the last day
17 of year 1, may provide these services only under
18 a contract; and

19 “(B) shall carry out the multi-year infra-
20 structure plan prepared by Amtrak to the ex-
21 tent that funds are made available.

22 “(4)(A) The successor corporations are not a
23 department, agency, or instrumentality of the United
24 States Government nor are they Government cor-
25 porations (as defined in section 103 of title 5).

1 “(B) Chapter 105 of this title does not apply to
2 the successor corporations, except that—

3 “(i) laws and regulations governing
4 safety, employee representation for collec-
5 tive bargaining purposes, the handling of
6 disputes between carriers and employees,
7 employee retirement, annuity, and unem-
8 ployment systems, and other dealings with
9 employees that apply to a rail carrier pro-
10 viding transportation subject to chapter
11 105 apply to the successor corporations;
12 and

13 “(ii) the employee retirement, annuity,
14 and unemployment systems that apply to a
15 rail carrier providing transportation sub-
16 ject to chapter 105 apply to the corpora-
17 tion described in subsection (b)(2)(A).

18 “(C) Subsections (c) through (l) of section
19 24301 of this title shall apply to the successor cor-
20 porations.

21 “(5) Subject to further action by the board of
22 directors, the president of Amtrak on the date of en-
23 actment of the Passenger Rail Investment Reform
24 Act shall be offered the position of chief executive
25 officer of the Passenger Rail Service Provider.

1 “(6) The contractual rights of successor cor-
2 porations to provide services may not be extended
3 beyond the dates set forth in paragraphs (2) and
4 (3), as applicable, without competitive bid.

5 “(7) The Passenger Rail Service Provider shall
6 provide to the Secretary of Transportation not later
7 than the end of year 2, recommendations on the fea-
8 sibility, advantages, and disadvantages of separation
9 of the reservation centers into a free-standing entity
10 that can become an element of an intermodal res-
11 ervations service.

12 “(8) The corporation described in subsection
13 (b)(2)(A) shall retain all legal rights pertaining to
14 the name ‘Amtrak’, and may, at its option, license
15 or otherwise make the name ‘Amtrak’ commercially
16 available in connection with intercity passenger rail
17 and related services.

18 “(d) ROLLING STOCK AND SHOPS.—

19 “(1) With respect to any route on which inter-
20 city passenger rail service is provided on the date of
21 enactment of the Passenger Rail Investment Reform
22 Act, the Passenger Rail Service Provider shall make
23 available to any replacement operator the legacy
24 equipment that is associated with the service on the
25 route.

1 “(2) Such equipment and services shall be made
2 available on such terms as Amtrak determines are
3 fair, reasonable, and in the public interest.

4 “(e) FREIGHT AND COMMUTER OPERATIONS.—

5 “(1) Amtrak shall ensure that the implementa-
6 tion of the restructuring prescribed in this section
7 gives due consideration to the needs of freight and
8 commuter rail operations that, as of the effective
9 date of the Passenger Rail Investment Reform Act,
10 operate in the Northeast Corridor on Amtrak right
11 of way.

12 “(2) Notwithstanding paragraph (1), commuter
13 services headquartered in a State or Commonwealth
14 that is not a member of the Northeast Corridor
15 Compact after the last day of year 2, shall pay the
16 fully allocated costs incurred by the successor cor-
17 poration or any successor entity for access to and
18 use of the Northeast Corridor for such services.

19 “(3) The right of access by Amtrak to rail lines
20 owned by other carriers is, as of the date of enact-
21 ment of the Passenger Rail Investment Reform Act,
22 restricted as follows:

23 “(A) The terms and conditions for oper-
24 ation of an intercity passenger rail route or fre-
25 quency to be added after that date shall be de-

1 terminated by negotiation and mutual agreement
 2 between the host railroad and the operator of
 3 the route or frequency sought to be added, with
 4 no preferential right of access.

5 “(B) If not utilized by Amtrak, Amtrak’s
 6 right of access to any segment of rail line
 7 owned by another rail carrier may be assigned
 8 to no more than 1 intercity passenger rail oper-
 9 ator during the term of the assignment, except
 10 by agreement among Amtrak, its assignee, and
 11 the owner of the rail line.”.

12 (b) CONFORMING AMENDMENT.—The chapter anal-
 13 ysis for chapter 243 of title 49, United States Code, is
 14 amended by inserting the following after the item relating
 15 to section 24309:

“24310. Amtrak restructuring mandate.”.

16 **SEC. 103. NORTHEAST CORRIDOR COMPACT.**

17 (a) CONSENT TO COMPACT.—

18 (1) IN GENERAL.—The States and the District
 19 of Columbia that constitute the Northeast Corridor,
 20 as defined in section 24102 of title 49, United
 21 States Code, may enter into a multistate compact,
 22 not in conflict with any other law of the United
 23 States, to be known as the Northeast Corridor Com-
 24 pact, to provide passenger rail service and to con-
 25 duct related activities in the Northeast Corridor.

1 (2) CONGRESSIONAL APPROVAL REQUIRED.—

2 The Northeast Corridor Compact shall be submitted
3 to Congress for its consent. It is the sense of the
4 Congress that rapid consent to the Compact is a pri-
5 ority matter for the Congress.

6 (b) COMPACT COMMISSION.—

7 (1) IN GENERAL.—There is hereby established
8 a commission to be known as the Northeast Corridor
9 Compact Commission. The Commission shall be
10 composed of—

11 (A) 2 members (or their designees), to be
12 selected by the Secretary of Transportation;

13 (B) 2 members (or their designees), to be
14 selected by agreement of—

15 (i) the governors of Maryland, Dela-
16 ware, Pennsylvania, New Jersey, New
17 York, Connecticut, Rhode Island, and Mas-
18 sachusetts (hereinafter referred to as the
19 “participating States”); and

20 (ii) the mayor of the District of Co-
21 lumbia; and

22 (C) 1 member to be selected by the 4
23 members selected under subparagraphs (A) and
24 (B).

25 (2) ADMINISTRATIVE PROVISIONS.—

1 (A) Members of the Commission shall be
2 appointed for the life of the Commission.

3 (B) A vacancy in the Commission shall be
4 filled in the manner in which the original ap-
5 pointment was made.

6 (C) Members shall serve without pay but
7 shall receive travel expenses, including per diem
8 in lieu of subsistence, in accordance with sec-
9 tions 5702 and 5703 of title 5, United States
10 Code.

11 (D) The Chairman of the Commission shall
12 be elected by the members.

13 (E) The Commission may appoint and fix
14 the pay of such personnel as it considers appro-
15 priate.

16 (F) Upon the request of the Commission,
17 the head of any department or agency of the
18 United States may detail, on a reimbursable
19 basis, any of the personnel of that department
20 or agency to the Commission to assist it in car-
21 rying out its duties under this section.

22 (G) Upon the request of the Commission,
23 the Administrator of General Services shall pro-
24 vide to the Commission, on a reimbursable
25 basis, the administrative support services nec-

1 essary for the Commission to carry out its re-
2 sponsibilities under this section.

3 (c) FUNCTIONS.—

4 (1) The Commission shall prepare for the con-
5 sideration of and adoption by participating States,
6 the District of Columbia, and the Secretary of
7 Transportation an interstate compact that provides
8 for—

9 (A) full authority for 99 years to succeed
10 to the responsibilities of the National Railroad
11 Passenger Corporation as operator of the
12 Northeast Corridor, subject to the provisions of
13 a lease from the Department of Transportation;

14 (B) execution of a lease of the Northeast
15 Corridor from the Department of Transpor-
16 tation, for a period of 99 years, subject to ap-
17 propriate provisions protecting the lessor's in-
18 terests, including reversion of all lease interests
19 to the lessor in the event the lessee fails to meet
20 its financial obligations or otherwise assume fi-
21 nancial responsibility for Northeast Corridor
22 functions;

23 (C) responsibility for Corridor maintenance
24 and improvement;

1 (D) operation of intercity passenger rail
2 service;

3 (E) arrangements for operation of freight
4 railroad operations and commuter operations;

5 (F) assumption of financial responsibility
6 for Northeast Corridor functions;

7 (G) authority to make use of the Corridor
8 for non-rail purposes; and

9 (H) participation by the Department of
10 Transportation, as the non-voting representa-
11 tive of the United States.

12 (2) The compact terms shall, at a minimum,
13 conform to the requirements of subsections (e)
14 through (i) of this section.

15 (d) FINAL COMPACT PROPOSAL.—

16 (1) The Commission shall submit a final com-
17 pact proposal to participating States, the District of
18 Columbia, and the Federal Government not later
19 than the last day of year 1.

20 (2) The Commission shall terminate on the
21 180th day following the date of transmittal of the
22 final compact proposal under this subsection. All
23 records and papers of the Commission shall there-
24 upon be delivered to the Administrator of General
25 Services for deposit in the National Archives.

1 (e) GOVERNANCE AND FUNDING REQUIREMENTS
2 FOR COMPACT.—

3 (1) The governance provisions of the compact
4 shall provide a mechanism to ensure voting represen-
5 tation for the participating States and the District
6 of Columbia and for non-voting representation for
7 the Secretary of Transportation as an ex officio
8 member participating in all Compact affairs.

9 (2) The provisions of the compact shall estab-
10 lish the financial obligations of each compact mem-
11 ber and shall provide for its management of rail
12 services in the Northeast Corridor.

13 (f) EMPLOYEE INTEREST REQUIREMENTS FOR COM-
14 PACT.—The employee provisions of the compact shall, at
15 a minimum, provide the following with regard to employ-
16 ees in the Northeast Corridor if the Compact chooses to
17 replace the successor corporations for operation and main-
18 tenance of the physical plant or operation of passenger
19 trains, or both:

20 (1) Payment of any labor protection payments
21 owed and not paid by the successor corporations es-
22 tablished under section 24310(b) of title 49, United
23 States Code.

24 (2) In the case of an employee who is employed
25 by the National Railroad Passenger Corporation on

1 the date of enactment of the Passenger Rail Invest-
2 ment Reform Act and who accepts employment by a
3 successor corporation, a right of first refusal to ac-
4 cept a substantially similar position with the replace-
5 ment operator when the successor corporation is re-
6 placed.

7 (g) FEDERAL INTEREST REQUIREMENTS FOR COM-
8 PACT.—The provisions of the Compact shall hold the
9 United States Government harmless as to the actions of
10 the Compact under the lease of rights to the Northeast
11 Corridor by the United States Government.

12 (h) COMPACT BORROWING AUTHORITY.—

13 (1) The borrowing authority provisions of the
14 Compact may authorize it to issue bonds or other
15 debt instruments from time to time at its discretion
16 for purposes that include paying any part of the cost
17 of rail service improvements, construction, and reha-
18 bilitation and the acquisition of real and personal
19 property, including operating equipment, except that
20 debt issued by the Compact may be secured only by
21 revenues to the Compact and may not be a debt of
22 a participating State, the District of Columbia, or
23 the Federal Government.

24 (2) The debt authorized by this subsection shall
25 under no circumstances be backed by the full faith

1 and credit of the United States, and a grant made
2 under the authority of this Act or under the author-
3 ity of part C of subtitle V of title 49, United States
4 Code, shall include an express acknowledgement by
5 the grantee that the debt does not constitute an obli-
6 gation of the United States.

7 (i) ADOPTION OF COMPACT; TURNOVER.—

8 (1) The participating States and the District of
9 Columbia shall adopt a final compact agreement not
10 later than the last day of year 2, and the Compact
11 shall thereafter assume responsibility for all North-
12 east Corridor operations from the successor corpora-
13 tions on a date that is not later than 8 months fol-
14 lowing adoption of the Compact.

15 (2) In the event that the participating States
16 and the District of Columbia do not adopt the final
17 compact agreement and make it operational under
18 the schedule set forth in this section, the Secretary
19 of Transportation shall assume control of the cor-
20 poration described in section 24310(b)(2)(A) of title
21 49, United States Code, and shall make such legisla-
22 tive recommendations as the President judges nec-
23 essary and expedient to Congress that address the
24 monetary contributions by Northeast Corridor states
25 and the District of Columbia that would be nec-

1 essary to provide continued intercity passenger rail
2 service in the Northeast Corridor.

3 (j) AUTHORIZATION OF APPROPRIATIONS.—There
4 are authorized to be appropriated to the Secretary of
5 Transportation such sums as may be necessary to carry
6 out the purposes of this section.

7 **SEC. 104. ASSISTANCE TO ADDRESS CAPITAL NEEDS.**

8 (a) IN GENERAL.—There are authorized to be appro-
9 priated to the Secretary of Transportation, for capital ex-
10 penditures in compliance with capital spending plans de-
11 veloped under section 202 of this Act, including the Sec-
12 retary’s expenses related thereto, the following amounts:

13 (1) Such sums as may be necessary for year 3.

14 (2) Such sums as may be necessary for year 4.

15 (3) Such sums as may be necessary for year 5.

16 (4) Such sums as may be necessary for year 6.

17 (b) OBLIGATION OPTIONS.—

18 (1) Subject to paragraph (2), the Secretary
19 may obligate the funds authorized by this section
20 through grants to or cooperative agreements with
21 States, the Passenger Rail Service Provider, the
22 Northeast Corridor Compact or another qualified
23 Compact, or through contracts with private compa-
24 nies.

1 (2) Funds appropriated under this section shall
2 not be obligated and not be disbursed from the
3 Treasury for the Northeast Corridor Compact until
4 it has been established and is empowered and quali-
5 fied to enter into contracts for the expenditure of
6 the funds.

7 (c) ELIGIBILITY OF EXPENDITURES.—

8 (1) The Federal share of expenditures for cap-
9 ital improvements under this section may be not
10 more than 100 percent and is solely authorized for
11 the purpose of funding deferred maintenance, safety,
12 and security projects. Expenditures for capacity ex-
13 pansion are not authorized by this section.

14 (2) Funds appropriated under this section may
15 be obligated for an expenditure only if the Secretary
16 has determined in writing that the expenditure on
17 any railroad infrastructure investments is limited to
18 a route or routes with a useful life of at least 5
19 years.

20 **SEC. 105. EMPLOYEE TRANSITION ASSISTANCE; AUTHOR-**
21 **IZATION.**

22 (a) PROVISION OF FINANCIAL INCENTIVES.—To fa-
23 cilitate the restructuring required by this title, the Sec-
24 retary is authorized to develop a program under which the
25 Secretary may, at the Secretary's discretion, provide

1 grants for financial incentives to be provided to employees
2 of the National Railroad Passenger Corporation who vol-
3 untarily terminate their employment with the Corporation
4 or the successor corporations (as such term is used in sec-
5 tion 24310(b)(1) of title 49, United States Code) and re-
6 linquish any legal rights to receive termination-related
7 payments under any contractual agreement with the Cor-
8 poration or the successor corporations.

9 (b) CONDITIONS FOR FINANCIAL INCENTIVES.—As a
10 condition for receiving financial assistance grants under
11 this section, the Corporation or the successor corporations
12 shall certify that—

13 (1) the financial assistance results in a net re-
14 duction in the total number of employees equal to
15 the number receiving financial incentives;

16 (2) the financial assistance results in a net re-
17 duction in total employment expense equivalent to
18 the total employment expenses associated with the
19 employees receiving financial incentives; and

20 (3) the total number of employees eligible for
21 termination-related payments will not be increased
22 without the express written consent of the Secretary.

23 (c) AMOUNT OF FINANCIAL INCENTIVES.—The fi-
24 nancial incentives authorized under this section may not
25 exceed \$50,000 per employee.

1 (d) AUTHORIZATION OF APPROPRIATIONS.—There
 2 are hereby authorized to be appropriated to the Secretary
 3 such sums as may be necessary to make grants to the Na-
 4 tional Railroad Passenger Corporation or the successor
 5 corporations to fund termination-related payments to em-
 6 ployees under existing contractual agreements from the
 7 first day of year 1 through the last day of year 4.

8 **SEC. 106. LIMIT ON OPERATING ASSISTANCE FOR LONG-**
 9 **DISTANCE ROUTES.**

10 (a) IN GENERAL.—Chapter 243 of title 49, United
 11 States Code, is amended by adding at the end the fol-
 12 lowing:

13 **“§ 24316. Limit on operating assistance for long-dis-**
 14 **tance routes**

15 “(a) GENERAL AUTHORITY.—

16 “(1) GRANT AUTHORITY.—After the last day of
 17 year 1, the Secretary of Transportation may make
 18 grants for operating assistance under the authority
 19 of this section, and not under any other provision of
 20 law, to reimburse operators of long-distance routes
 21 and corridor feeder routes for the operating expenses
 22 incurred in operating those routes to provide inter-
 23 city passenger rail transportation.

24 “(2) CONDITIONS.—A grant under this section
 25 shall be subject to the terms, conditions, require-

1 ments, and provisions the Secretary decides are nec-
2 essary or appropriate for the purposes of this sec-
3 tion, including limitations on what operating ex-
4 penses are eligible for reimbursement and docu-
5 mentation of eligible operating losses on a quarterly
6 basis.

7 “(b) FEDERAL SHARE OF OPERATING EXPENSES.—

8 “(1) IN GENERAL.—No funds appropriated to
9 carry out this section may be used to fund operating
10 expenses of a long-distance route after the last day
11 of year 1, except as provided in paragraph (2).

12 “(2) REIMBURSABLE AMOUNT FOR YEARS 2, 3,
13 AND 4.—The Secretary may reimburse an operator
14 of a long-distance route or a corridor feeder route
15 for operating expenses on that route that do not ex-
16 ceed the operating losses on that route and are not
17 more than—

18 “(A) \$0.40 per-passenger mile during year
19 2;

20 “(B) \$0.20 per-passenger mile during year
21 3; or

22 “(C) \$0.10 per-passenger mile during year
23 4.

24 “(3) TERMINATION AFTER YEAR 4.—The Sec-
25 retary may not reimburse an operator of a long-dis-

1 tance route or a corridor feeder route for operating
2 expenses under this section after year 4.

3 “(c) AUTHORIZATION OF APPROPRIATIONS.—There
4 are authorized to be appropriated to the Secretary such
5 sums as may be necessary to carry out this section, includ-
6 ing administrative costs.”.

7 (b) CONFORMING AMENDMENTS.—The chapter anal-
8 ysis for chapter 243 of title 49, United States Code, is
9 amended by adding at the end the following:

“24316. Limit on operating assistance for long-distance routes.”.

10 **SEC. 107. DEFINITIONS.**

11 Section 24102 of title 49, United States Code, is
12 amended—

13 (1) by redesignating paragraphs (5) through
14 (9) as paragraphs (6) through (10), respectively;

15 (2) by inserting after paragraph (4) the fol-
16 lowing:

17 “(5) ‘corridor feeder route’ means a portion of
18 a long distance train or route that provides services
19 between regional corridors by connecting to
20 endpoints of the corridors.”;

21 (3) by redesignating paragraphs (7) through
22 (10), as redesignated, as paragraphs (9) through
23 (12), respectively;

24 (4) by inserting after paragraph (6), as redesign-
25 nated, the following:

1 “(7) ‘legacy equipment’ means the rolling stock
2 required to provide intercity passenger rail service
3 owned or leased by the National Railroad Passenger
4 Corporation on the date of enactment of the Pas-
5 senger Rail Investment Reform Act.

6 “(8) ‘long distance train’ or ‘long distance
7 route’ means all or a portion of the following trains
8 or routes operated by the National Railroad Pas-
9 senger Corporation on the date of enactment of the
10 Passenger Rail Investment Reform Act:

11 “(A) The Silver Star.

12 “(B) The Three Rivers.

13 “(C) The Cardinal.

14 “(D) The Silver Meteor.

15 “(E) The Empire Builder.

16 “(F) The Capitol Limited.

17 “(G) The California Zephyr.

18 “(H) The Southwest Chief.

19 “(I) The City of New Orleans.

20 “(J) The Texas Eagle.

21 “(K) The Sunset Limited.

22 “(L) The Coast Starlight.

23 “(M) The Lake Shore Limited.

24 “(N) The Palmetto.

25 “(O) The Crescent.

1 “(P) The Pennsylvanian.

2 “(Q) The Auto Train.”; and

3 (5) by adding at the end the following:

4 “(13) ‘year 1’ means the earlier of—

5 “(A) the fiscal year in which the Passenger
6 Rail Investment Reform Act is enacted if the
7 fiscal year began less than 61 days before such
8 date; or

9 “(B) the first fiscal year beginning after
10 the date of enactment of that Act.

11 “(14) ‘year 2’, ‘year 3’, ‘year 4’, ‘year 5’, and
12 ‘year 6’, mean, respectively, the first, second, third,
13 fourth, and fifth fiscal years following year 1.”.

14 **SEC. 108. REPEAL OF OBSOLETE AND EXECUTED PROVI-**
15 **SIONS OF LAW.**

16 (a) IN GENERAL.—Title 49, United States Code, is
17 amended by repeal of the following sections:

18 (1) Section 24701.

19 (2) Section 24706.

20 (3) Section 24901.

21 (4) Section 24902.

22 (5) Section 24904.

23 (6) Section 24906.

24 (7) Section 24909.

1 (b) AMENDMENT OF SECTION 24305.—Section
2 24305 of title 49, United States Code, is amended—

3 (1) by striking paragraph (2) of subsection (a)
4 and redesignating paragraph (3) as paragraph (2);

5 (2) by striking paragraph (4) of subsection (b)
6 and redesignating paragraphs (5) and (6) as para-
7 graphs (4) and (5), respectively; and

8 (3) by inserting “With regard to items acquired
9 with funds provided by the Federal Government,”
10 before “Amtrak” in subsection (f)(2).

11 (c) CONFORMING AMENDMENTS.—The chapter anal-
12 yses for chapters 243, 247, and 249 or title 49, United
13 States Code, are amended, as appropriate, by striking the
14 items relating to sections 24307, 24701, 24706, 24901,
15 24902, 24904, 24906, 24908, and 24909.

16 (d) EFFECTIVE DATE.—The amendments made by
17 this section shall take effect on the first day of year 1.

18 **TITLE II—FINANCIAL REFORMS**

19 **SEC. 201. LIMITATIONS ON AVAILABILITY OF GRANTS.**

20 (a) IN GENERAL.—Chapter 43 of title 49, United
21 States Code, is amended by inserting after section 24313
22 the following:

1 **“§ 24314. Transitional limitations on availability of**
2 **grants**

3 “(a) REQUIREMENTS PRIOR TO RESTRUCTURING.—
4 A grant made to the National Railroad Passenger Cor-
5 poration under the authority of this part between the first
6 day of year 1, and the establishment and commencement
7 of operations by the successor corporations under section
8 24310 of this title may only be made subject to the fol-
9 lowing limitations:

10 “(1) The Secretary of Transportation shall not
11 disburse funding to cover operating losses on a long-
12 distance train route without first receiving and ap-
13 proving a grant request for that specific train route.

14 “(2) Each such grant request shall be accom-
15 panied by a detailed financial analysis and revenue
16 projection justifying the Federal support to the Sec-
17 retary’s satisfaction.

18 “(3) The Secretary of Transportation and the
19 board of directors of the Corporation shall ensure
20 that, of the amount made available by appropria-
21 tions for capital and operating assistance to the Cor-
22 poration in a fiscal year, sufficient sums are re-
23 served to satisfy the contractual obligations of the
24 Corporation to provide commuter and intrastate pas-
25 senger rail service.

1 “(4) Not later than December 31 prior to each
2 fiscal year in which grants are made to the Corpora-
3 tion, the Corporation shall transmit to the Secretary
4 of Transportation, the Committee on Commerce,
5 Science, and Transportation of the Senate, the Com-
6 mittee on Transportation and Infrastructure of the
7 House of Representatives, and the House of Rep-
8 resentatives and Senate Committees on Appropria-
9 tions a business plan for operating and capital im-
10 provements to be funded in the fiscal year under
11 section 24104(a) of this title 49.

12 “(5) The business plan shall include a descrip-
13 tion of the work to be funded, along with cost esti-
14 mates and an estimated timetable for completion of
15 the projects covered by the business plan.

16 “(6) Each month of each fiscal year in which
17 grants are made to the Corporation, the Corporation
18 shall submit to the Secretary of Transportation, the
19 Committee on Commerce, Science, and Transpor-
20 tation of the Senate, the Committee on Transpor-
21 tation and Infrastructure of the House of Represent-
22 atives, and the House of Representatives and Senate
23 Committees on Appropriations a supplemental report
24 regarding the business plan, which shall describe the

1 work completed to date, any changes to the business
2 plan, and the reasons for such changes.

3 “(7) A grant that is not approved by the Sec-
4 retary of Transportation and an element of the Cor-
5 poration’s current fiscal year business plan may not
6 be used for operating expenses or capital projects,
7 and may not be obligated or expended unless the
8 Corporation certifies, as part of the grant agree-
9 ment, that it has complied with and will abide by the
10 following requirements:

11 “(A) The Corporation’s management will
12 maintain financial controls and accounting
13 transparency to the satisfaction of the Sec-
14 retary, including developing or enhancing any
15 existing capacity separately to report—

16 “(i) all revenue and expenses associ-
17 ated with rail operations by route; and

18 “(ii) budgeted and actual expenditures
19 for all capital investments.

20 “(B) The Corporation’s management will
21 provide a monthly performance report to the
22 board of directors, the Secretary of Transpor-
23 tation, and the committees of Congress de-
24 scribed paragraph (6). The Corporation shall
25 also make available to the Secretary the same

1 details and reports on its financial performance
2 that it makes available to Amtrak management,
3 at the same time that it provides those reports
4 and details to Amtrak management.

5 “(C) The Corporation shall expend funds
6 only for the continuation of existing plants and
7 services. With the exception of expenditures for
8 which it obtains written approval from the Sec-
9 retary of Transportation, the Corporation will
10 not use of any of its funds for expansion or
11 planning for expansion of rail service, including
12 high speed rail service.

13 “(D) The Corporation has negotiated with
14 its employees substantial operating cost reduc-
15 tions needed to make its operations competitive
16 with private-sector service providers.

17 “(b) REQUIREMENTS FOLLOWING RESTRUC-
18 TURING.—Any grant made directly to a successor corpora-
19 tion (as such term is used in section 24310(b)(1)) under
20 the authority of this part may only be made subject to
21 the following limitations:

22 “(1) The Secretary of Transportation shall not
23 disburse funding to cover operating losses on a long-
24 distance train route without first receiving and ap-
25 proving a grant request for that specific train route.

1 “(2) Each such grant request shall be accom-
2 panied by a detailed financial analysis and revenue
3 projection justifying the Federal support to the Sec-
4 retary’s satisfaction.

5 “(3) The Secretary shall ensure that, of the
6 amount made available by appropriations for capital
7 and operating assistance in a fiscal year, sufficient
8 sums are reserved to satisfy the successor corpora-
9 tion’s contractual obligations, if any, with respect to
10 commuter and intrastate passenger rail service.

11 “(4) Not later than December 31 prior to each
12 fiscal year in which grants are made, the successor
13 corporations shall each transmit to the Secretary of
14 Transportation a business plan for operating and
15 capital improvements to be funded in the fiscal year.

16 “(5) The business plan shall include a descrip-
17 tion of the work to be funded, along with cost esti-
18 mates and an estimated timetable for completion of
19 the projects covered by the business plan.

20 “(6) Each month of each fiscal year in which
21 grants are made, the successor corporations shall
22 each submit to the Secretary a supplemental report
23 regarding the business plan, which shall describe the
24 work completed to date, any changes to the business
25 plan, and the reasons for such changes.

1 “(7) A grant that is not approved by the Sec-
2 retary of Transportation and an element of the Cor-
3 poration’s current fiscal year business plan may not
4 be used for operating expenses or capital projects,
5 and may not be obligated or expended unless the
6 Corporation certifies, as part of the grant agree-
7 ment, that it has complied with and will abide by the
8 following requirements:

9 “(A) Management will maintain financial
10 controls and accounting transparency to the
11 satisfaction of the Secretary, including devel-
12 oping or enhancing any existing capacity sepa-
13 rately to report—

14 “(i) all revenue and expenses associ-
15 ated with rail operations by route; and

16 “(ii) budgeted and actual expenditures
17 for all capital investments.

18 “(B) Management of each successor cor-
19 poration shall make available to the Secretary
20 the same details and reports on its financial
21 performance that it makes available internally,
22 at the same time that it provides those reports
23 and details internally.

24 “(C) Funds will be spent only on existing
25 plants and services.”.

1 (b) CONFORMING AMENDMENT.—The chapter anal-
 2 ysis for chapter 243 of title 49, United States Code, is
 3 amended by inserting after the item relating to section
 4 24313 the following:

“24314. Transitional limitations on availability of grants.”.

5 **SEC. 202. SPENDING PLANS FOR CAPITAL BACKLOG RE-**
 6 **DUCTION.**

7 (a) IN GENERAL.—Within 6 months after year 1 be-
 8 gins, and as a condition of grants to the National Railroad
 9 Passenger Corporation between that date and the imple-
 10 mentation of the restructuring required under section
 11 24310 of title 49, United States Code, the Corporation
 12 shall prepare a capital spending plan that addresses cap-
 13 ital needs, consistent with the funding levels authorized
 14 to be provided for year 1 and each fiscal year thereafter
 15 through year 6, for—

- 16 (1) Northeast Corridor capital assets;
 17 (2) capital assets on long-distance routes other
 18 than on the Northeast Corridor; and
 19 (3) capital assets on short-distance routes other
 20 than the NortheastCorridor.

21 (b) APPROVAL BY THE SECRETARY AND THE COM-
 22 PACT.—

23 (1) IN GENERAL.—The Corporation shall sub-
 24 mit the capital spending plan prepared under sub-
 25 section (a) to the Secretary of Transportation for re-

1 view and approval. The plan shall be implemented
2 only after approval by the Secretary, and with any
3 modifications specified by the Secretary.

4 (2) ANNUAL UPDATES.—The plan shall be up-
5 dated and resubmitted at least annually.

6 (3) NO PLAN NO GRANT.—After creation of
7 Northeast Corridor Compact, the Secretary may not
8 make a grant to the Compact for capital investments
9 except in accordance with a capital spending plan
10 prepared by the Compact and approved by both the
11 Compact and the Secretary. The same requirements
12 shall apply to grants made to States and other Com-
13 pacts under this section.

14 **SEC. 203. REDEMPTION OF COMMON STOCK.**

15 (a) VALUATION.—The Secretary of Transportation
16 shall arrange, at the National Railroad Passenger Cor-
17 poration's expense, for a valuation of all assets and liabil-
18 ities of the Corporation to be performed by the Secretary
19 of the Treasury, or by a contractor selected by the Sec-
20 retary of the Treasury. The valuation shall be conducted
21 in accordance with criteria and requirements to be deter-
22 mined by the Secretary in the Secretary's discretion and
23 shall be completed within 6 months after year 1 begins.

24 (b) REDEMPTION.—

1 (1) Prior to the transfer of assets to the Sec-
2 retary directed by section 204 of this Act, and with-
3 in 9 months after year 1 begins, the Corporation
4 shall redeem all common stock in the Corporation
5 issued prior to the date of enactment of this Act at
6 the value of such stock, based on the valuation per-
7 formed under subsection (a).

8 (2) No provision of this Act, or amendments
9 made by this Act, provide to the owners of the com-
10 mon stock a priority over holders of indebtedness or
11 other stock of the Corporation.

12 (c) ACQUISITION THROUGH EMINENT DOMAIN.—In
13 the event that the Corporation and the owners of its com-
14 mon stock have not completed the redemption of such
15 stock by a date that is within 9 months after year 1 be-
16 gins, the Corporation shall exercise its right of eminent
17 domain under section 24311 of title 49, United States
18 Code, to acquire that stock. The valuation performed
19 under subsection (a) shall be deemed to constitute just
20 compensation except to the extent that the owners of the
21 common stock demonstrate that the valuation is less than
22 the constitutional minimum value of the stock.

23 (d) AMENDMENT OF SECTION 24311.—Section
24 24311(a)(1) of title 49, United States Code, is amended—

1 (1) by striking “or” at the end of subparagraph
2 (A);

3 (2) by striking “Amtrak.” in subparagraph (B)
4 and inserting “Amtrak; or”; and

5 (3) by adding at the end the following:

6 “(C) necessary to redeem the Corporation’s
7 common stock from any holder thereof, includ-
8 ing a rail carrier.”.

9 (e) CONVERSION OF PREFERRED STOCK TO COM-
10 MON.—

11 (1) Subsequent to the redemption of the com-
12 mon stock in the corporation issued prior to the date
13 of enactment of this Act, the Secretary of Transpor-
14 tation shall convert the one share of the preferred
15 stock of the Corporation retained under section 204
16 of this Act for 10 shares of common stock in the
17 Corporation.

18 (2) The Corporation shall not issue any other
19 common stock without the express written consent of
20 the Secretary.

21 **SEC. 204. RETIREMENT OF PREFERRED STOCK; TRANSFER**
22 **OF ASSETS.**

23 (a) TRANSFER.— Not later than 30 days after the
24 redemption or acquisition of stock under section 203 of
25 this Act, the Corporation shall, in return for the consider-

1 ation specified in subsection (c), transfer to the Secretary
2 of Transportation title to the following assets:

3 (1) The portions of the Northeast Corridor cur-
4 rently owned or leased by the Corporation as well as
5 any improvements made to these assets, including
6 the rail right-of-way, stations, track, signal equip-
7 ment, electric traction facilities, bridges, tunnels and
8 all other improvements owned by Amtrak between
9 Boston, Massachusetts, and Washington, District of
10 Columbia (including the route through Springfield,
11 Massachusetts, and the routes to Harrisburg, Penn-
12 sylvania, and Albany, New York, from the Northeast
13 Corridor mainline).

14 (2) Chicago Union Station and rail-related as-
15 sets in the Chicago metropolitan area.

16 (3) All other track and right-of-way, stations,
17 repair facilities, and other real property owned or
18 leased by the Corporation.

19 (b) EXISTING ENCUMBRANCES.—(1) With regard to
20 any assets described in subsection (a) that the Corporation
21 has provided as security or collateral for a debt entered
22 into prior to the date of enactment of this Act, the Cor-
23 poration shall transfer its underlying legal interest in such
24 asset to the Secretary, but the Corporation shall remain
25 liable for the debt secured by the asset.

1 (2) The obligation of the National Railroad Pas-
2 senger Corporation to repay in full any indebtedness to
3 the United States incurred since January 1, 1990, is not
4 affected by this Act or an amendment made by this Act.

5 (c) CONSIDERATION.—In consideration for the assets
6 transferred to the United States under subsection (b), the
7 Secretary shall—

8 (1) deliver to the Corporation all but 1 share of
9 the preferred stock of the Corporation held by the
10 Secretary and forgive the Corporation’s legal obliga-
11 tion to pay any dividends, including accrued but un-
12 paid dividends as of the date of transfer, evidenced
13 by the preferred stock certificates; and

14 (2) release the Corporation from all mortgages
15 and liens held by the Secretary that were in exist-
16 ence on January 1, 1990.

17 (d) AGREEMENT.—Prior to accepting title to the as-
18 sets transferred under this section, the Secretary shall
19 enter into an agreement with the Corporation under which
20 the Corporation will exercise on behalf of the Secretary
21 care, custody, and control of the assets to be transferred.
22 The agreement shall identify in detail the specific func-
23 tions of the Corporation’s employees and equipment, and
24 the specific numbers and locations of the employees and
25 equipment associated with each function, that would be

1 needed for continuation of commuter and freight rail serv-
2 ice in the event that the Corporation were to cease oper-
3 ation, and identify those actions that would be required
4 to ensure that such functions can be continued on an in-
5 terim basis to avoid any interruption in commuter or
6 freight rail service on the Northeast Corridor.

7 (e) FURTHER TRANSFERS.—

8 (1) The Secretary may, for appropriate consid-
9 eration, transfer title to all or part of Chicago Union
10 Station and rail-related assets in the Chicago metro-
11 politan area acquired under this section to a regional
12 public transportation agency that has significant op-
13 erations in Chicago Union Station on the date of en-
14 actment of this Act.

15 (2) The Secretary may, for appropriate consid-
16 eration, transfer to the underlying States title to
17 real estate properties owned by the Corporation be-
18 tween Boston, Massachusetts, and Washington, Dis-
19 trict of Columbia, that constitute the route through
20 Springfield, Massachusetts, and the routes to Har-
21 risburg, Pennsylvania, and Albany, New York, from
22 the Northeast Corridor mainline.

23 (3) The Secretary may, for appropriate consid-
24 eration, transfer title to all or part of the assets ac-
25 quired under subsection (a)(3) to a State, a public

1 agency, a railroad, or other entity deemed appro-
2 priate by the Secretary.

3 (4) All financial consideration determined by
4 the Secretary to be appropriate consideration for the
5 transfer of the assets described in paragraphs (1)
6 through (3) shall be used exclusively to reduce the
7 Corporation's long-term debt that exists on the date
8 of enactment.

9 **SEC. 205. REAL ESTATE AND ASSET SALES; OTHER.**

10 (a) IN GENERAL.—The Amtrak board of directors
11 shall undertake and complete not later than the last day
12 of year 3, the disposition of all stations, track, and other
13 facilities outside the Northeast Corridor mainline, includ-
14 ing property conveyed to the Secretary of Transportation
15 under section 204 of this Act.

16 (b) PROCEEDS OF LIQUIDATION.—Notwithstanding
17 section 3302 of title 31, United States Code, any proceeds
18 from the liquidation of assets under this section shall—

19 (1) be credited as an offsetting collection to the
20 account that finances grants for debt and interest
21 payments under section 206 of this Act to the Pas-
22 senger Rail Service Provider established under sec-
23 tion 24310 of title 49, United States Code; and

24 (2) remain available until expended.

1 **SEC. 206. MANAGEMENT AND TRANSFER OF SECURED**
2 **DEBT.**

3 (a) NEW DEBT PROHIBITION.—Except as approved
4 by the Secretary of Transportation to refinance existing
5 secured debt, the Corporation shall not enter into any obli-
6 gation secured by assets of the Corporation after the date
7 of enactment of this Act. This section does not prohibit
8 unsecured lines of credit used by the Corporation or any
9 subsidiary for working capital purposes.

10 (b) SECURED DEBT TRANSFER.—

11 (1) Upon establishment of the Passenger Rail
12 Service Provider established under section 24310 of
13 title 49, United States Code, and the transfer of
14 ownership of the existing rolling stock, all debt se-
15 cured by the rolling stock shall be transferred to and
16 become a liability solely of, the Passenger Rail Serv-
17 ice Provider.

18 (2) Upon establishment of the Northeast Cor-
19 ridor Compact under section 103 of this Act, the se-
20 cured debt associated with fixed assets in the North-
21 east Corridor shall be transferred to, and become a
22 liability solely of, the Northeast Corridor Compact.

23 (c) AUTHORIZATION OF APPROPRIATIONS.—

24 (1) IN GENERAL.—There are authorized to be
25 appropriated to the Secretary of Transportation for
26 grants to the Passenger Rail Service Provider estab-

1 lished under section 24310 of title 49, United States
2 Code, to pay principal and interest payments on se-
3 cured debt existing on the date of enactment of this
4 Act the following amounts:

5 (A) Such sums as may be necessary in
6 year 2.

7 (B) Such sums as may be necessary in
8 year 3.

9 (C) Such sums as may be necessary in
10 year 4.

11 (D) Such sums as may be necessary in
12 year 5.

13 (E) Such sums as may be necessary in
14 year 6.

15 (2) LEGAL EFFECT OF PAYMENTS UNDER THIS
16 SECTION.—The payment of principal and interest se-
17 cured debt with the proceeds of grants under para-
18 graph (1) on funding authorized by this section shall
19 not—

20 (A) modify the extent or nature of any in-
21 debtedness of the National Railroad Passenger
22 Corporation to the United States in existence of
23 the date of enactment of this Act;

24 (B) change the private nature of Amtrak's
25 or its successors' liabilities; or

1 (C) imply any Federal guarantee or com-
2 mitment to amortize Amtrak's outstanding in-
3 debtedness.

4 **SEC. 207. TRANSITION ASSISTANCE.**

5 (a) YEAR 1 ASSISTANCE.—There are authorized to
6 be appropriated to the Secretary of Transportation for
7 grants to the National Railroad Passenger Corporation for
8 operating and capital expenses such sums as may be nec-
9 essary in year 1.

10 (b) YEAR 2 SUCCESSOR CORPORATION OPERATING
11 ASSISTANCE.—There are authorized to be appropriated to
12 the Secretary such sums as may be necessary for grants
13 to—

14 (1) the Passenger Rail Service Provider estab-
15 lished under section 24310 of title 49, United States
16 Code, for operating expenses of all services except
17 long-distance trains and routes in year 2; and

18 (2) the Passenger Rail Infrastructure Manager
19 established under that section for capital expenses in
20 year 2.

21 (c) ADMINISTRATIVE EXPENSES OF COMPACTS.—
22 There are authorized to be appropriated to the Secretary
23 such sums as may be necessary for grants for the adminis-
24 trative expenses of interstate compacts in years 1 through
25 3.

1 (d) EXPENSES OF AMTRAK.— There are authorized
 2 to be appropriated to the Secretary such sums as may be
 3 necessary for grants for the administrative expenses of
 4 Amtrak in years 2 through 6.

5 (e) GRANTS MADE AFTER YEAR 2.—After the last
 6 day of year 2, the Secretary may not enter into a grant
 7 agreement under this Act, other than section 206(c), or
 8 part C of title V of title 49, United States Code, unless
 9 each other party to the grant agreement is a State, re-
 10 gional compact, or other public entity.

11 **TITLE III—GRANTS AND OTHER**
 12 **ASSISTANCE FOR INTERCITY**
 13 **PASSENGER RAIL SERVICE**

14 **SEC. 301. CAPITAL ASSISTANCE FOR INTERCITY PAS-**
 15 **SENGER RAIL SERVICE.**

16 (a) IN GENERAL.—Part C of subtitle V of title 49,
 17 United States Code, is amended by inserting after chapter
 18 243 the following:

“CHAPTER 244—INTERCITY PASSENGER RAIL SERVICE CORRIDOR
 CAPITAL ASSISTANCE

“Sec.

“24401. Definitions; effective date.

“24402. Capital investment grants to support intercity passenger rail service.

“24403. Project management oversight.

“24404. Use of capital grants to finance first-dollar liability of grant project.

“24405. Authorization of appropriations.

19 **“§ 24401. Definitions; effective date.**

20 “(a) DEFINITIONS.—In this chapter:

1 “(1) APPLICANT.—The term ‘applicant’ means
2 a State, an Interstate Compact (including the
3 Northeast Corridor Compact as specified in section
4 103 of the Passenger Rail Investment Reform Act),
5 or a public agency established by one or more States
6 and having responsibility for providing intercity pas-
7 senger rail service.

8 “(2) CAPITAL PROJECT.—The term ‘capital
9 project’ means a project within a corridor plan or
10 program for—

11 “(A) acquiring, constructing, supervising
12 or inspecting equipment or a facility for use in
13 intercity passenger rail service, expenses inci-
14 dental to the acquisition or construction (in-
15 cluding designing, engineering, location sur-
16 veying, mapping, environmental studies, and ac-
17 quiring rights-of-way), payments for the capital
18 portions of rail trackage rights agreements,
19 passenger rail-related intelligent transportation
20 systems, highway-rail grade crossing improve-
21 ments on routes used for intercity passenger
22 rail service, relocation assistance, acquiring re-
23 placement housing sites, and acquiring, con-
24 structing, relocating, and rehabilitating replace-
25 ment housing;

1 appropriate for the purposes of this section, including re-
2 quirements for the disposition of net increases in
3 value of real property resulting from the project as-
4 sisted under this section.

5 “(3) LIMITATION.—A grant under this section
6 may not be made for a project or program of
7 projects that qualifies for financial assistance under
8 chapter 53 of this title.

9 “(b) PROJECT AS PART OF APPROVED PROGRAM.—

10 “(1) IN GENERAL.—The Secretary may not ap-
11 prove a grant for a project under this section unless
12 the Secretary finds that the project is part of an ap-
13 proved corridor plan and program developed under
14 section 5303 of this title and that the applicant or
15 recipient has or will have the legal, financial, and
16 technical capacity to carry out the project (including
17 safety and security aspects of the project), satisfac-
18 tory continuing control over the use of the equip-
19 ment or facilities, and the capability and willingness
20 to maintain the equipment or facilities.

21 “(2) ELIGIBILITY INFORMATION.—An applicant
22 shall provide sufficient information upon which the
23 Secretary can make the findings required by this
24 subsection.

1 “(3) PROPOSED OPERATOR JUSTIFICATION.—If
2 an applicant has not selected the proposed operator
3 of its service competitively, the applicant shall pro-
4 vide written justification to the Secretary showing
5 why the proposed operator is the best, taking into
6 account price and other factors, and that use of the
7 proposed operator will not increase the capital cost
8 of the project.

9 “(4) RAIL AGREEMENT.—An applicant shall
10 demonstrate that it has agreed with the railroad
11 over which the intercity passenger rail service will
12 operate concerning the applicant’s operating and
13 capital plans.

14 “(c) LETTERS OF INTENT, FULL FUNDING GRANT
15 AGREEMENTS, AND EARLY SYSTEMS WORK AGREE-
16 MENTS.—

17 “(1) LETTER OF INTENT.—

18 “(A) The Secretary may issue a letter of
19 intent to an applicant announcing an intention
20 to obligate, for a major capital project under
21 this section, an amount from future available
22 budget authority specified in law that is not
23 more than the amount stipulated as the finan-
24 cial participation of the Secretary in the
25 project.

1 “(B) At least 30 days before issuing a let-
2 ter under subparagraph (A) of this paragraph
3 or entering into a full funding grant agreement,
4 the Secretary shall notify in writing the Com-
5 mittee on Transportation and Infrastructure of
6 the House of Representatives and the Com-
7 mittee on Commerce, Science, and Transpor-
8 tation of the Senate and the House of Rep-
9 resentatives and Senate Committees on Appro-
10 priations of the proposed letter or agreement.
11 The Secretary shall include with the notification
12 a copy of the proposed letter or agreement as
13 well as the evaluations and ratings for the
14 project.

15 “(C) The issuance of a letter is deemed not
16 to be an obligation under sections 1108(c) and
17 (d), 1501, and 1502(a) of title 31, or an admin-
18 istrative commitment.

19 “(D) An obligation or administrative com-
20 mitment may be made only when amounts are
21 appropriated.

22 “(2) FULL FUNDING AGREEMENT.—

23 “(A) The Secretary may make a full fund-
24 ing grant agreement with an applicant. The
25 agreement shall—

1 “(i) establish the terms of participa-
2 tion by the United States Government in a
3 project under this section;

4 “(ii) establish the maximum amount
5 of Government financial assistance for the
6 project;

7 “(iii) cover the period of time for com-
8 pleting the project, including a period ex-
9 tending beyond the period of an authoriza-
10 tion; and

11 “(iv) make timely and efficient man-
12 agement of the project easier according to
13 the law of the United States.

14 “(B) An agreement under this paragraph
15 obligates an amount of available budget author-
16 ity specified in law and may include a commit-
17 ment, contingent on amounts to be specified in
18 law in advance for commitments under this
19 paragraph, to obligate an additional amount
20 from future available budget authority specified
21 in law. The agreement shall state that the con-
22 tingent commitment is not an obligation of the
23 Government and is subject to subject to the
24 availability of appropriations made by Federal
25 law and to Federal laws in force on or enacted

1 after the date of the contingent commitment.
2 Interest and other financing costs of efficiently
3 carrying out a part of the project within a rea-
4 sonable time are a cost of carrying out the
5 project under a full funding grant agreement,
6 except that eligible costs may not be more than
7 the cost of the most favorable financing terms
8 reasonably available for the project at the time
9 of borrowing. The applicant shall certify, in a
10 way satisfactory to the Secretary, that the ap-
11 plicant has shown reasonable diligence in seek-
12 ing the most favorable financing terms.

13 “(3) EARLY SYSTEMS WORK AGREEMENT.—

14 “(A) The Secretary may make an early
15 systems work agreement with an applicant if a
16 record of decision under the National Environ-
17 mental Policy Act of 1969 (42 U.S.C. 4321 et
18 seq.) has been issued on the project and the
19 Secretary finds there is reason to believe—

20 “(i) a full funding grant agreement
21 for the project will be made; and

22 “(ii) the terms of the work agreement
23 will promote ultimate completion of the
24 project more rapidly and at less cost.

1 “(B) A work agreement under this para-
2 graph obligates an amount of available budget
3 authority specified in law and shall provide for
4 reimbursement of preliminary costs of carrying
5 out the project, including land acquisition, time-
6 ly procurement of system elements for which
7 specifications are decided, and other activities
8 the Secretary decides are appropriate to make
9 efficient, long-term project management easier.
10 A work agreement shall cover the period of time
11 the Secretary considers appropriate. The period
12 may extend beyond the period of current au-
13 thorization. Interest and other financing costs
14 of efficiently carrying out the work agreement
15 within a reasonable time are a cost of carrying
16 out the agreement, except that eligible costs
17 may not be more than the cost of the most fa-
18 vorable financing terms reasonably available for
19 the project at the time of borrowing. The appli-
20 cant shall certify, in a way satisfactory to the
21 Secretary, that the applicant has shown reason-
22 able diligence in seeking the most favorable fi-
23 nancing terms. If an applicant does not carry
24 out the project for reasons within the control of
25 the applicant, the applicant shall repay all Gov-

1 ernment payments made under the work agree-
2 ment plus reasonable interest and penalty
3 charges the Secretary establishes in the agree-
4 ment.

5 “(4) LIMIT ON TOTAL OBLIGATIONS AND COM-
6 MITMENTS.—The total estimated amount of future
7 obligations of the Government and contingent com-
8 mitments to incur obligations covered by all out-
9 standing letters of intent, full funding grant agree-
10 ments, and early systems work agreements may be
11 not more than the amount authorized under section
12 24405 of this title, less an amount the Secretary
13 reasonably estimates is necessary for grants under
14 this section not covered by a letter. The total
15 amount covered by new letters and contingent com-
16 mitments included in full funding grant agreements
17 and early systems work agreements may be not more
18 than a limitation specified in law.

19 “(d) FEDERAL SHARE OF NET PROJECT COST.—

20 “(1) IN GENERAL.—

21 “(A) Based on engineering studies, studies
22 of economic feasibility, and information on the
23 expected use of equipment or facilities, the Sec-
24 retary shall estimate the net project cost.

1 “(B) A grant for the project shall not ex-
2 ceed the specified percentage of the project net
3 capital cost established for the year the grant is
4 approved, as follows:

5 “(i) 100 percent in the case of ap-
6 proval for year 2.

7 “(ii) 80 percent in the case of ap-
8 proval for year 3.

9 “(iii) 60 percent in the case of ap-
10 proval for year 4.

11 “(iv) 50 percent in the case of ap-
12 proval for year 5, and thereafter.

13 “(C) The Secretary shall give priority in
14 allocating future obligations and contingent
15 commitments to incur obligations to grant re-
16 quests seeking a lower federal share of the
17 project net capital cost.

18 “(2) ADDITIONAL FUNDING.—Up to an addi-
19 tional 30 percent of project net capital cost may be
20 funded from amounts appropriated to or made avail-
21 able to a department or agency of the Federal Gov-
22 ernment that are eligible to be expended for trans-
23 portation.

24 “(e) UNDERTAKING PROJECTS IN ADVANCE.—

1 “(1) IN GENERAL.—The Secretary may pay the
2 Federal share of the net capital project cost to an
3 applicant that carries out any part of a project de-
4 scribed in this section according to all applicable
5 procedures and requirements if—

6 “(A) the applicant applies for the payment;

7 “(B) the Secretary approves the payment;

8 and

9 “(C) before carrying out a part of the
10 project, the Secretary approves the plans and
11 specifications for the part in the same way as
12 other projects under this section.

13 “(2) INTEREST COSTS.—The cost of carrying
14 out part of a project includes the amount of interest
15 earned and payable on bonds issued by the applicant
16 to the extent proceeds of the bonds are expended in
17 carrying out the part. The amount of interest in-
18 cludable as cost under this paragraph may not be
19 more than the most favorable interest terms reason-
20 ably available for the project at the time of bor-
21 rowing. The applicant shall certify, in a manner sat-
22 isfactory to the Secretary, that the applicant has
23 shown reasonable diligence in seeking the most fa-
24 vorable financial terms.

1 “(3) USE OF COST INDICES.—The Secretary
2 shall consider changes in capital project cost indices
3 when determining the estimated cost under para-
4 graph (2) of this subsection.

5 **“§ 24403. Project management oversight**

6 “(a) PROJECT MANAGEMENT PLAN REQUIRE-
7 MENTS.—To receive Federal financial assistance for a
8 major capital project under this chapter, an applicant
9 shall prepare and carry out a project management plan
10 approved by the Secretary of Transportation. The plan
11 shall provide for—

12 “(1) adequate recipient staff organization with
13 well-defined reporting relationships, statements of
14 functional responsibilities, job descriptions, and job
15 qualifications;

16 “(2) a budget covering the project management
17 organization, appropriate consultants, property ac-
18 quisition, utility relocation, systems demonstration
19 staff, audits, and miscellaneous payments the recipi-
20 ent may be prepared to justify;

21 “(3) a construction schedule for the project;

22 “(4) a document control procedure and record-
23 keeping system;

1 “(5) a change order procedure that includes a
2 documented, systematic approach to handling the
3 construction change orders;

4 “(6) organizational structures, management
5 skills, and staffing levels required throughout the
6 construction phase;

7 “(7) quality control and quality assurance func-
8 tions, procedures, and responsibilities for construc-
9 tion, system installation, and integration of system
10 components;

11 “(8) material testing policies and procedures;

12 “(9) internal plan implementation and reporting
13 requirements;

14 “(10) criteria and procedures to be used for
15 testing the operational system or its major compo-
16 nents;

17 “(11) periodic updates of the plan, especially
18 related to project budget and project schedule, fi-
19 nancing, and ridership estimates; and

20 “(12) the recipient’s commitment to submit a
21 project budget and project schedule to the Secretary
22 each month.

23 “(b) SECRETARIAL OVERSIGHT.—

24 “(1) IN GENERAL.—The Secretary may use no
25 more than 0.5 percent of amounts made available in

1 a fiscal year for capital projects under this chapter
2 to enter into contracts to oversee the construction of
3 such projects.

4 “(2) USE OF FUNDS.—The Secretary may use
5 amounts available under paragraph (1) of this sub-
6 section to make contracts for safety, procurement,
7 management, and financial compliance reviews and
8 audits of a recipient of amounts under paragraph
9 (1).

10 “(3) FEDERAL SHARE.—The Federal Govern-
11 ment shall pay the entire cost of carrying out a con-
12 tract under this subsection.

13 “(c) ACCESS TO SITES AND RECORDS.—Each recipi-
14 ent of assistance under this chapter shall provide the Sec-
15 retary and a contractor the Secretary chooses under sub-
16 section (b) of this section with access to the construction
17 sites and records of the recipient when reasonably nec-
18 essary.

19 “(d) REGULATIONS.—The Secretary shall prescribe
20 regulations necessary to carry out this section. The regula-
21 tions shall include—

22 “(1) a definition of ‘major capital project’ for
23 this section;

24 “(2) a requirement that oversight begin during
25 the preliminary engineering stage of a project, un-

1 less the Secretary finds it more appropriate to begin
2 oversight during another stage of a project, to maxi-
3 mize the transportation benefits and cost savings as-
4 sociated with project management oversight;

5 “(3) a deadline by which all grant applications
6 for a fiscal year shall be submitted that is early
7 enough to permit the Secretary to evaluate all timely
8 applications thoroughly before making grants;

9 “(4) a formula based on population, track miles
10 of railroad, and passenger miles traveled in the prior
11 fiscal year by which one-half of the funds appro-
12 priated for capital grants for each fiscal year are to
13 be allocated among the States;

14 “(5) a requirement that, if a State does not
15 timely apply for its share of formula grant funds
16 under paragraph (4) of this subsection, those funds
17 will be made available to other States under para-
18 graph (6) of this subsection; and

19 “(6) criteria by which the Secretary will allocate
20 one-half of the funds appropriated for capital grants
21 for each fiscal year, including at least projected rid-
22 ership, passenger rail and intermodal connections,
23 congestion and air quality mitigation, underserved
24 communities, and the effect of the grant on whether
25 existing service will continue.

1 **“§ 24404. Use of capital grants to finance first-dollar**
2 **liability of grant project**

3 “Notwithstanding the requirements of section 24402
4 of this title, the Secretary of Transportation may approve
5 the use of capital assistance under this chapter to fund
6 self-insured retention of risk for the first tier of liability
7 insurance coverage for rail passenger service associated
8 with the capital assistance grant, but the coverage may
9 not exceed \$20,000,000 per occurrence or \$20,000,000 in
10 aggregate per year.

11 **“§ 24405. Authorization of appropriations**

12 “There are authorized to be appropriated to the Sec-
13 retary of Transportation to make capital financial assist-
14 ance grants under this chapter, including administrative
15 expenses, the following amounts:

16 “(1) Such sums as may be necessary in year 2.

17 “(2) Such sums as may be necessary in year 3.

18 “(3) Such sums as may be necessary in year 4.

19 “(4) Such sums as may be necessary in year 5.

20 “(5) Such sums as may be necessary in year
21 6.”.

22 (b) CONFORMING AMENDMENTS.—

23 (1) The table of chapters for title 49, United
24 States Code, is amended by inserting the following
25 after the item relating to chapter 243:

“244. INTERCITY PASSENGER RAIL SERVICE CAPITAL AS-
SISTANCE 24401”.

1 (2) The chapter analysis for subtitle V of title
2 49, United States Code, is amended by inserting the
3 following after the item relating to chapter 243:

“244. Intercity Passenger Rail Service Capital Assistance 24401”.

4 **SEC. 302. FINAL REGULATIONS ON APPLICATIONS BY**
5 **STATES FOR DEVELOPMENT GRANTS.**

6 Not later than June 1 of year 1, the Administrator
7 of the Federal Railroad Administration shall issue final
8 regulations setting forth procedures for application and
9 minimum requirements for the award of grants on and
10 after the first day of year 2, under chapter 244 of title
11 49, United States Code.

12 **SEC. 303. AUTHORITY FOR INTERSTATE COMPACTS FOR**
13 **CORRIDOR DEVELOPMENT.**

14 (a) CONSENT TO COMPACTS.—

15 (1) 2 or more States with an interest in a spe-
16 cific form, route, or corridor of intercity passenger
17 rail service (including high speed rail service) may
18 enter into interstate compacts to implement the
19 service, including—

20 (A) retaining an existing service or com-
21 mencing a new service;

22 (B) assembling rights-of-way; and

1 (C) performing capital improvements, in-
2 cluding—

3 (i) the construction and rehabilitation
4 of maintenance facilities;

5 (ii) the purchase of rolling stock; and

6 (iii) operational improvements, includ-
7 ing communications, signals, and other
8 systems.

9 (2) A compact entered into under the authority
10 of this section shall be submitted to Congress for its
11 consent. It is the sense of Congress that rapid con-
12 sent to the Compact is a priority for the Congress.

13 (b) FINANCING.—

14 (1) An interstate compact established by States
15 under subsection (a) may provide that, in order to
16 carry out the compact, the States may—

17 (A) accept contributions from a unit of
18 State or local government or a person;

19 (B) use any Federal or State funds made
20 available for intercity passenger rail service (ex-
21 cept funds made available for Amtrak);

22 (C) on such terms and conditions as the
23 States consider advisable—

1 (i) borrow money on a short-term
2 basis and issue notes for the borrowing;
3 and

4 (ii) issue bonds; and

5 (D) obtain financing by other means per-
6 mitted under Federal or State law.

7 (2) Bonds and other indebtedness incurred
8 under the authority of this subsection shall under no
9 circumstances be backed by the full faith and credit
10 of the United States.

○