

107TH CONGRESS
1ST SESSION

S. 1578

To preserve the continued viability of the United States Travel industry.

IN THE SENATE OF THE UNITED STATES

OCTOBER 25, 2001

Mr. DORGAN (for himself, Mr. SPECTER, Mr. CONRAD, Mr. INOUE, and Mr. REID) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To preserve the continued viability of the United States
Travel industry.

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.**

4 This act may be cited as the “American Travel Indus-

5 try Stabilization Act”.

6 **SEC. 2. TRAVEL INDUSTRY DISASTER RELIEF.**

7 (a) IN GENERAL.—Notwithstanding any other provi-

8 sion of law, the President shall take the actions described

9 in subsection (b) to compensate eligible travel-related busi-

10 nesses.

1 (b) ACTIONS DESCRIBED.—

2 (1) IN GENERAL.—Subject to such terms and
3 conditions as the President deems necessary, and
4 upon application, the President is authorized to
5 issue Federal credit instruments to eligible travel-re-
6 lated businesses described in subsection (c) that do
7 not, in the aggregate, exceed \$5,000,000,000 and
8 provide the subsidy amounts necessary for such in-
9 struments in accordance with the provisions of the
10 Federal Credit Reform Act of 1990 (2 U.S.C. 661
11 et seq.).

12 (2) TIME FOR APPLICATION.—An application
13 for a Federal credit instrument shall be filed by an
14 eligible travel-related business not later than 60 days
15 after the promulgation of regulations.

16 (3) TERMS OF CREDIT INSTRUMENTS.—A loan
17 guaranteed under this Act may be used exclusively
18 for the purpose of meeting obligations and expenses
19 to the extent that an applicant demonstrates—

20 (A) business operations were directly and
21 adversely affected by the events of September
22 11, 2001;

23 (B) the loan guarantee is necessary to
24 meet such obligations;

1 (C) the inability of the applicant to meet
 2 such obligations or expenses is directly attrib-
 3 utable to the impact of September 11, 2001;
 4 and

5 (D) the applicant has the ability to repay
 6 the loan.

7 (c) DEFINITIONS.—In this Act:

8 (1) ELIGIBLE TRAVEL-RELATED BUSINESS.—

9 The term “eligible travel-related business” means a
 10 business that was injured by the Government shut-
 11 down of the airline industry following the terrorist
 12 attacks on the United States that occurred on Sep-
 13 tember 11, 2001, and that on such date—

14 (A) had a contractual arrangement with an
 15 air carrier to provide goods or services, includ-
 16 ing those with a contractual relationship with
 17 the Airline Reporting Corporation; or

18 (B) was a non-aeronautical for-profit busi-
 19 ness operating at an airport engaged in the sale
 20 of consumer goods or services to the public
 21 under an arrangement with the airport or the
 22 airport’s governing body.

23 (2) FEDERAL CREDIT INSTRUMENT.—The term
 24 “Federal credit instrument” means any guarantee or
 25 other pledge by the Board issued under section 2(b)

1 to pledge the full faith and credit of the United
 2 States to pay all or part of any of the principal of
 3 and interest on a loan or other debt obligation
 4 issued by an obligor and funded by a lender.

5 (d) EMERGENCY DESIGNATION.—Congress des-
 6 ignates the amount of new budget authority and outlays
 7 in all fiscal years resulting from this Act as an emergency
 8 requirement pursuant to section 252(e) of the Balanced
 9 Budget and Emergency Deficit Control Act of 1985 (2
 10 U.S.C. 901(e)). Such amount shall be available only to the
 11 extent that a request, that includes designation of such
 12 amount as an emergency requirement as defined in such
 13 Act, is transmitted by the President to Congress.

14 **SEC. 3. ADDITIONAL FUNCTIONS FOR THE AIRLINE STA-**
 15 **BILIZATION BOARD.**

16 (a) DEFINITIONS.—In this section:

17 (1) BOARD.—The term “Board” means the Air
 18 Transportation Stabilization Board established
 19 under Public Law 107–42.

20 (2) FINANCIAL OBLIGATION.—The term “finan-
 21 cial obligation” means any note, bond, debenture, or
 22 other debt obligation issued by an obligor in connec-
 23 tion with financing under this section and section
 24 2(b).

1 (3) LENDER.—The term “lender” means any
2 non-Federal qualified institutional buyer (as defined
3 by section 230.144A(a) of title 17, Code of Federal
4 Regulations (or any successor regulatory) known as
5 Rule 144A(a) of the Securities and Exchange Com-
6 mission and issued under the Securities Act of
7 1933), including—

8 (A) a qualified retirement plan (as defined
9 in section 4974(c) of the Internal Revenue Code
10 of 1986 (26 U.S.C. 4974(c))) that is a qualified
11 institutional buyer; and

12 (B) a governmental plan (as defined in
13 section 414(d) of the Internal Revenue Code of
14 1986 (26 U.S.C. 414(d))) that is a qualified in-
15 stitutional buyer.

16 (4) OBLIGOR.—The term “obligor” means a
17 party primarily liable for payment of the principal
18 of, or interest on, a Federal credit instrument, which
19 party may be a corporation, partnership, joint ven-
20 ture, trust, or governmental entity, agency, or in-
21 strumentality.

22 (b) ADDITIONAL FUNCTIONS TO STABILIZE THE
23 TRAVEL INDUSTRY.—The Board shall review and make
24 recommendations to the President with respect to applica-

1 tions for Federal credit instruments submitted under sec-
 2 tion 2(b).

3 (c) FEDERAL CREDIT INSTRUMENTS.—

4 (1) IN GENERAL.—The Board may enter into
 5 agreements with 1 or more obligors to issue Federal
 6 credit instruments under section 2(b) if the Board
 7 determines, in its discretion, that—

8 (A) the obligor is an entity in a travel-re-
 9 lated business for which credit is not reasonably
 10 available at the time of the transaction;

11 (B) the intended obligation by the obligor
 12 is prudently incurred; and

13 (C) such agreement is a necessary part of
 14 maintaining a safe, efficient, and viable travel
 15 industry in the United States.

16 (2) TERMS AND LIMITATIONS.—

17 (A) FORMS, TERMS, AND CONDITIONS.—A
 18 Federal credit instrument shall be issued under
 19 section 2(b) in such form and such terms and
 20 conditions and contain such covenants, rep-
 21 resentatives, warranties, and requirements (in-
 22 cluding requirements for audits) as the Board
 23 determines appropriate, provided that—

1 (i) a loan shall be repaid over a period
2 not to exceed 5 years from the date that
3 the loan is guaranteed under this Act;

4 (ii) the government guarantee shall
5 cover not less than 80 percent of the value
6 of the loan;

7 (iii) loan guarantees under this Act
8 shall be extended based upon the ability of
9 the eligible travel-related business to repay
10 the loan without regard to collateral;

11 (iv) any loan origination fee may not
12 exceed one percent of the loan value.

13 (B) PROCEDURES.—Not later than 14
14 days after the date of enactment of this Act,
15 the Director of the Office of Management and
16 Budget, in consultation with the Board, shall
17 issue regulations setting forth procedures for
18 application and minimum requirements.

19 (d) FINANCIAL PROTECTION OF GOVERNMENT.—

20 (1) IN GENERAL.—To the extent feasible and
21 practicable, as provided in paragraphs (2) and (3),
22 the Board shall ensure that the Government is com-
23 pensated for the risk assumed in making guarantees
24 under this Act.

1 (2) GOVERNMENT PARTICIPATION IN GAINS.—

2 To the extent to which any participating corporation
3 accepts financial assistance, in the form of accepting
4 the proceeds of any loans guaranteed by the Govern-
5 ment under this Act, the Board is authorized to
6 enter into contracts under which the Government,
7 contingent on the financial success of the partici-
8 pating corporation, would participate in the gains of
9 the participating corporation or its security holders
10 through the use of such instruments as warrants,
11 stock options, common or preferred stock, or other
12 appropriate equity instruments.

13 (3) DEPOSIT IN TREASURY.—All amounts col-
14 lected by the Secretary of the Treasury under this
15 subsection shall be deposited in the Treasury as mis-
16 cellaneous receipts.

17 (e) AUTHORIZATION OF FUNDS.—Congress author-
18 izes and hereby appropriates such sums as are necessary
19 to carry out the purposes of this Act.

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