

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.

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## 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

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## 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.

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