

108TH CONGRESS
2D SESSION

S. 2306

To reauthorize, restructure, and reform the intercity passenger rail service program.

IN THE SENATE OF THE UNITED STATES

APRIL 8, 2004

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

A BILL

To reauthorize, restructure, and reform the intercity passenger rail service program.

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 “Rail Passenger Service
5 Restructuring, Reauthorization, and Development Act”.

6 **SEC. 2. TABLE OF CONTENTS; AMENDMENT OF TITLE 49,**
7 **UNITED STATES CODE.**

8 (a) TABLE OF CONTENTS.—The table of contents for
9 this Act is as follows:

Sec. 1. Short title.

Sec. 2. Table of contents; amendment of title 49, United States Code.

TITLE I—NETWORK RESTRUCTURING AND COST-SHARING

Subtitle A—Restructuring

- Sec. 101. Findings, purpose, and goals.
- Sec. 102. Passenger rail service restructuring.
- Sec. 103. Definitions.
- Sec. 104. Operating grants for corridor routes.
- Sec. 105. Operating grants for long distance routes.
- Sec. 106. Long distance route restructuring commission.
- Sec. 107. Criteria for restructuring.
- Sec. 108. Implementation of restructuring plan.
- Sec. 109. Redemption of common stock.
- Sec. 110. Retirement of preferred stock; transfer of assets.
- Sec. 111. Real estate and asset sales; other.

Subtitle B—Northeast Corridor

- Sec. 131. Interstate compact for the Northeast Corridor.
- Sec. 132. Shut-down of commuter or freight operations.
- Sec. 133. Capital grants for the Northeast Corridor.

Subtitle C—Related Matters

- Sec. 151. Fair and open competition.
- Sec. 152. Access to other railroads.
- Sec. 153. Limitations on rail passenger transportation liability.
- Sec. 154. Train operations insurance pool.
- Sec. 155. Collective bargaining arrangements.

TITLE II—RAIL DEVELOPMENT

- Sec. 201. Capital assistance for intercity passenger rail service.
- Sec. 202. Regulations

TITLE III—REFORMS

- Sec. 301. Management of secured debt.
- Sec. 302. Employee transition assistance.
- Sec. 303. Termination of authority for GSA to provide services to Amtrak.
- Sec. 304. Amtrak reform board of directors.
- Sec. 305. Limitations on availability of grants.
- Sec. 306. Repeal of obsolete and executed provisions of law.
- Sec. 307. Establishment of financial accounting system.
- Sec. 308. Restructuring of long-term debt and capital leases.
- Sec. 309. Authorization of appropriations.

1 (b) AMENDMENT OF TITLE 49.—Except as otherwise
 2 expressly provided, whenever in this Act an amendment
 3 or repeal is expressed in terms of an amendment to, or
 4 a repeal of, a section or other provision, the reference shall

1 be considered to be made to a section or other provision
2 of title 49, United States Code.

3 **TITLE I—NETWORK RESTRUC-**
4 **TURING AND COST-SHARING**
5 **Subtitle A—Restructuring**

6 **SEC. 101. FINDINGS, PURPOSE, AND GOALS.**

7 Section 24101 is amended to read as follows:

8 **“§ 24101. Findings, purpose, and goals**

9 “(a) FINDINGS.—

10 “(1) It is in the public interest of the United
11 States to encourage and promote the development of
12 various modes of transportation and transportation
13 infrastructure to efficiently maximize the mobility of
14 passengers and goods.

15 “(2) Despite Federal subsidies of nearly \$27
16 billion over the past 34 years, intercity rail pas-
17 senger service still accounts for less than 1 percent
18 of all intercity travel.

19 “(3) Intercity rail passenger service can be
20 competitive with other modes of transportation and
21 achieve a significant share of the travel market in
22 short-distance corridors connecting metropolitan
23 areas.

24 “(4) Rail passenger transportation can help al-
25 leviate overcrowding of airways and airports, and

1 can provide needed intermodal connections to air-
2 ports, bus terminals, and mass transit services.

3 “(5) Corridor routes account for approximately
4 85 percent of Amtrak’s ridership but only one-third
5 of Amtrak’s operating losses, excluding depreciation.

6 “(6) A number of Amtrak’s long-distance
7 routes may be more efficiently operated and attract
8 higher ridership as connected corridors.

9 “(7) Long-distance routes that cannot be re-
10 structured as connected corridors, do not receive
11 State financial support, cannot be operated on a for-
12 profit basis, or are not an essential link to the rest
13 of the intercity passenger rail network, should be
14 consolidated or discontinued.

15 “(8) Some States with corridor services provide
16 significant financial support for such services, while
17 other States with routes and all States with long-dis-
18 tance routes contribute nothing for such services.
19 More equitable cost-sharing is needed to justify Fed-
20 eral investment in intercity rail passenger service.

21 “(9) The need to invest taxpayer dollars in
22 intercity rail passenger service demands that fair
23 and open competition be permitted for the provision
24 of such services to ensure that service is provided in

1 the most efficient manner without jeopardizing the
2 safety of such operations.

3 “(10) A greater degree of cooperation is nec-
4 essary among intercity passenger service operators,
5 freight railroads, State, regional, and local govern-
6 ments, the private sector, labor organizations, and
7 suppliers of services and equipment to achieve the
8 performance sufficient to justify the expenditure of
9 additional public money on intercity rail passenger
10 service.

11 “(11) Transportation services provided by the
12 private freight railroads are vital to the economy and
13 national defense and should not be disadvantaged by
14 the operation of intercity passenger rail service over
15 their rights-of-way.

16 “(12) The Northeast Corridor is a valuable re-
17 source of the United States used by intercity and
18 commuter rail passenger transportation and freight
19 transportation and should be restored to a state of
20 good repair.

21 “(b) PURPOSE.—The purpose of this part is to assist
22 in the preservation and development of conventional and
23 high-speed intercity rail passenger services where such
24 services can play an important role in facilitating pas-
25 senger mobility in the United States.

1 “(c) GOALS.—The goals of this part are—

2 “(1) to move toward a national network of
3 interconnected short-distance passenger rail corridor
4 services;

5 “(2) to return the Northeast Corridor to a state
6 of good repair;

7 “(3) to establish a framework for the develop-
8 ment of new conventional and high-speed rail serv-
9 ices;

10 “(4) to allow for train services to be operated
11 under contract to a State or group of States, with
12 the operator of the service selected by the State or
13 group of States;

14 “(5) to establish equitable cost-sharing for cap-
15 ital expenses and operating losses with the States;
16 and

17 “(6) to encourage greater participation in the
18 provision of intercity rail passenger services by the
19 private sector.”.

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

21 (a) IN GENERAL.—Chapter 243 is amended by in-
22 serting before section 24301 the following:

23 **“§ 24300. Restructuring mandate**

24 “(a) IN GENERAL.—Within 6 months after the date
25 of enactment of the Rail Passenger Service Restructuring,

1 Reauthorization, and Development Act, the Amtrak Re-
2 form Board shall restructure Amtrak as 2 independent en-
3 tities, as follows:

4 “(1) THE NATIONAL RAILROAD PASSENGER
5 CORPORATION.—One entity shall be the National
6 Railroad Passenger Corporation, otherwise known as
7 Amtrak, that shall provide overall supervision of the
8 restructuring of the intercity passenger rail pro-
9 gram.

10 “(2) THE AMERICAN PASSENGER RAILWAY COR-
11 PORATION.—The other entity shall be a for profit
12 corporation, to be known as the American Passenger
13 Railway Corporation, that shall be responsible for
14 conducting the passenger operations, infrastructure
15 maintenance, and related services, including oper-
16 ation of reservation centers and ownership and
17 maintenance of rolling stock.

18 “(b) ARTICLES OF INCORPORATION AND OTHER
19 DOCUMENTATION.—Within 6 months after the date of en-
20 actment of the Rail Passenger Service Restructuring, Re-
21 authorization, and Development Act, the Amtrak Reform
22 Board shall—

23 “(1) file appropriate articles of incorporation
24 under State law for the American Passenger Rail-
25 way Corporation; and

1 “(2) amend the articles of incorporation and
2 bylaws of the National Railroad Passenger Corpora-
3 tion to reflect its changed functions and responsibil-
4 ities.

5 “(c) ROLES AND RESPONSIBILITIES OF THE AMER-
6 ICAN PASSENGER RAILWAY CORPORATION.—

7 “(1) RAILROAD ACTIVITIES.—Consistent with
8 the business corporation law of the State of incorpo-
9 ration of the American Passenger Railway Corpora-
10 tion, the Corporation shall be qualified to undertake
11 railroad activities of an operational or infrastructure
12 nature.

13 “(2) RAIL OPERATIONS AND RELATED FUNC-
14 TIONS.—The American Passenger Railway Corpora-
15 tion—

16 “(A) shall have the exclusive right, until
17 October 1, 2005, to continue to provide the
18 intercity passenger services provided by Amtrak
19 on the date of enactment of the Rail Passenger
20 Service Restructuring, Reauthorization, and
21 Development Act;

22 “(B) shall, beginning October 1, 2005, op-
23 erate intercity passenger service only on a con-
24 tractual basis under negotiated terms and con-
25 ditions;

1 “(C) shall operate a national reservations
2 system; and

3 “(D) subject to fulfillment of its contrac-
4 tual obligations, shall have the exclusive right,
5 until management of the mainline of the North-
6 east Corridor between Boston, Massachusetts,
7 and Washington, District of Columbia, is trans-
8 ferred to the interstate compact created under
9 section 131 or to another entity, to provide the
10 train operations, dispatching, maintenance, and
11 infrastructure services that are being provided
12 by Amtrak on the date of enactment of the Rail
13 Passenger Service Restructuring, Reauthoriza-
14 tion, and Development Act, but may provide
15 such services beginning October 1, 2005, only
16 on a contractual basis with the National Rail-
17 road Passenger Corporation under negotiated
18 terms and conditions.

19 “(3) STATUS OF CORPORATION.—

20 “(A) The American Passenger Railway
21 Corporation—

22 “(i) is a railroad carrier under section
23 20102(2) and chapters 261 and 281 of
24 this title;

1 “(ii) shall be operated and managed
2 as a for-profit corporation; and

3 “(iii) is not a department, agency, or
4 instrumentality of the United States Gov-
5 ernment nor a Government corporation (as
6 defined in section 103 of title 5).

7 “(B) Chapter 105 of this title does not apply to
8 the American Passenger Railway Corporation, except
9 that laws and regulations governing safety, employee
10 representation for collective bargaining purposes, the
11 handling of disputes between carriers and employees,
12 employee retirement, annuity, and unemployment
13 systems, and other dealings with employees apply to
14 the American Passenger Railway Corporation to the
15 same extent as they applied to Amtrak before the re-
16 structuring required by this section.

17 “(C) Subsections (e), (d), and (f) through (l) of
18 section 24301 of this title shall apply to the Cor-
19 poration.

20 “(4) CHIEF EXECUTIVE OFFICER.—Subject to
21 further action by the board of directors of the Amer-
22 ican Passenger Railway Corporation, the individual
23 who, on the date of enactment of the Rail Passenger
24 Service Restructuring, Reauthorization, and Devel-
25 opment Act, is President of Amtrak shall be offered

1 the position of chief executive officer of the Amer-
2 ican Passenger Railway Corporation as soon as prac-
3 ticable after the corporation is established.

4 “(5) ISSUANCE OF STOCK AND ASSUMPTION OF
5 DEBT.—The Corporation may not issue stock or
6 incur debt without the express approval of the Sec-
7 retary of Transportation.

8 **“§ 24300A. American Passenger Railway Corporation**
9 **board of directors**

10 “(a) IN GENERAL.—

11 “(1) MEMBERSHIP.—The American Passenger
12 Railway Corporation shall be governed by a board of
13 directors consisting of 7 members appointed by the
14 President, by and with the advice and consent of the
15 Senate.

16 “(2) QUALIFICATIONS.—

17 “(A) IN GENERAL.—Members of the board
18 shall be chosen from among individuals who
19 have technical qualifications, professional stand-
20 ing, and demonstrated expertise in the field of
21 transportation, corporate management, or fi-
22 nancial management.

23 “(B) FEDERAL EMPLOYEES DISQUALI-
24 FIED.—No individual who is an officer or em-

1 ployee of the United States may serve as a
2 member of the board.

3 “(3) TERM OF OFFICE.—Each member shall
4 serve for a term of 5 years. An individual may not
5 serve for more than 2 terms.

6 “(4) QUORUM.—A majority of the board mem-
7 bers who have been lawfully appointed and qualified
8 at any moment shall constitute a quorum for the
9 conduct of business.

10 “(b) BYLAWS.—The board of directors shall adopt
11 bylaws governing the corporation consistent with the pro-
12 visions of this section and its articles of incorporation, and
13 may amend, repeal, and otherwise modify the bylaws from
14 time to time as necessary or appropriate.

15 “(c) TRANSITION BOARD MEMBERS.—Individuals
16 who are serving as members of the Amtrak Reform Board
17 on the day before the date on which the American Pas-
18 senger Railway Corporation is established, with the excep-
19 tion of the Secretary of Transportation, shall serve as
20 members of the board of directors of the American Pas-
21 senger Railway Corporation until 4 members of that board
22 have been appointed and qualified.

1 **“§ 24300B. National Railroad Passenger Corporation**
2 **board after restructuring**

3 “(a) IN GENERAL.—After the American Passenger
4 Railway Corporation is established, the Reform Board es-
5 tablished under section 24302(a) shall be dissolved, and
6 the National Railroad Passenger Corporation shall be gov-
7 erned by a board of directors consisting of—

8 “(1) the Secretary of Transportation;

9 “(2) the Federal Railroad Administrator or an-
10 other officer of the United States within the Depart-
11 ment of Transportation compensated under the Ex-
12 ecutive Schedule under title 5, United States Code,
13 who is designated by the Secretary; and

14 “(3) the Federal Transit Administrator or an-
15 other officer of the United States within the Depart-
16 ment of Transportation compensated under the Ex-
17 ecutive Schedule under title 5, who is designated by
18 the Secretary.

19 “(b) ROLES AND RESPONSIBILITIES.—

20 “(1) SUPERVISION AND MANAGEMENT.—After
21 the board of directors described in subsection (a)
22 takes office, the National Railroad Passenger Cor-
23 poration shall—

24 “(A) provide overall supervision of the re-
25 structuring of the intercity passenger rail pro-
26 gram;

1 “(B) manage residual Amtrak responsibil-
2 ities; and

3 “(C) retain and manage Amtrak’s legal
4 rights, including its legal right of access to
5 other railroads, and ownership of Amtrak’s real
6 property, until that property is transferred to
7 the Secretary of Transportation under section
8 110 of the Rail Passenger Service Restruc-
9 turing, Reauthorization, and Development Act.

10 “(2) CONTRACTS FOR SERVICE.—The National
11 Railroad Passenger Corporation shall, by contract,
12 permit an operator to provide intercity passenger
13 rail service over any route operated by Amtrak on
14 the date prior to the date the restructuring required
15 by section 24300 becomes effective, at the fre-
16 quencies in effect on that date, on its behalf and to
17 use its right of access to any segment of rail line
18 owned by another rail carrier needed for the oper-
19 ation of that train. The operator may be the Amer-
20 ican Passenger Railway Corporation or another op-
21 erator, but there shall be no more than 1 intercity
22 passenger rail operator at a time over any segment
23 of rail line owned by another rail carrier, except in
24 terminal areas as determined by the Secretary or as
25 may otherwise be provided by agreement among the

1 National Railroad Passenger Corporation, the opera-
2 tors, and the owner of the rail line.

3 “(3) USE OF AMTRAK NAME.—

4 “(A) IN GENERAL.—The National Railroad
5 Passenger Corporation shall retain all legal
6 rights pertaining to the name ‘Amtrak,’ and
7 may, at its option, license or otherwise make
8 the name ‘Amtrak’ commercially available in
9 connection with intercity passenger rail and re-
10 lated services.

11 “(B) USE BY AMERICAN PASSENGER RAIL-
12 WAY CORPORATION.—Amtrak shall by contract,
13 permit the American Passenger Railway Cor-
14 poration to market its services under the Am-
15 trak name.

16 “(4) AMTRAK PERSONNEL.—All Amtrak em-
17 ployees shall become American Passenger Railway
18 Corporation employees unless retained by the Na-
19 tional Railroad Passenger Corporation. The Amer-
20 ican Passenger Railway Corporation shall succeed to
21 the collective bargaining agreements in effect be-
22 tween Amtrak and labor organizations that are in
23 effect on the day before the date on which that Cor-
24 poration is established. An employee who elects em-
25 ployment with National Railroad Passenger Corpora-

1 tion shall become an employee of that Corporation,
2 with only such rights regarding pay and benefits as
3 that Corporation shall determine.

4 “(5) FREIGHT AND COMMUTER OPERATIONS.—
5 The National Railroad Passenger Corporation shall
6 ensure that the implementation of the restructuring
7 required by section 24300 gives due consideration to
8 the needs of freight and commuter operations that,
9 as of the date of enactment of the Rail Passenger
10 Service Restructuring, Reauthorization, and Devel-
11 opment Act, operate on the Northeast Corridor
12 using Amtrak rights-of-way.

13 “(6) ROLLING STOCK.—The National Railroad
14 Passenger Corporation shall set the terms under
15 which the American Passenger Railway Corporation
16 must make available to any replacement operator the
17 legacy equipment associated with any intercity pas-
18 senger rail service provided as of the date of the re-
19 structuring required by section 24300.”.

20 (b) SPINNING-OFF OF RESERVATIONS SYSTEM.—Not
21 later than 2 years after the date of enactment of the Rail
22 Passenger Service Restructuring, Reauthorization, and
23 Development Act, the Inspector General of the Depart-
24 ment of Transportation shall submit to the Secretary of
25 Transportation, the Senate Committee on Commerce,

1 Science, and Transportation, and the House of Represent-
 2 atives Committee on Transportation and Infrastructure
 3 recommendations on the feasibility, advantages, and dis-
 4 advantages of spinning off the national reservations sys-
 5 tem as a private for-profit entity.

6 (c) CONFORMING AMENDMENT.—The chapter anal-
 7 ysis for chapter 243 is amended by inserting the following
 8 after the item relating to section 24309:

“24300. Restructuring mandate.

“24300A. American Passenger Railway Corporation board of directors.

“24300B. Amtrak board after restructuring.”.

9 **SEC. 103. DEFINITIONS.**

10 Section 24102 is amended—

11 (1) by striking paragraph (2) and redesignating
 12 paragraphs (3) through (9) as paragraphs (2)
 13 through (8), respectively;

14 (2) by redesignating paragraphs (3) through
 15 (8), as redesignated, as paragraphs (4) through (9),
 16 respectively, and inserting after paragraph (2) the
 17 following:

18 “(3) ‘corridor route’ means—

19 “(A) a train route operated by Amtrak
 20 with a route length of 750 miles or less as of
 21 January 1, 2004; or

22 “(B) a new conventional or high-speed
 23 route eligible for funding under chapter 244 of
 24 this title.”;

1 (3) by redesignating paragraphs (6) through
 2 (9), as redesignated, as paragraphs (8) through
 3 (11), respectively, and inserting after paragraph (5)
 4 the following:

5 “(6) ‘long distance route’ means a train route
 6 operated by Amtrak with a route length greater than
 7 750 miles as of January 1, 2004.

8 “(7) ‘legacy equipment’ means the rolling stock
 9 required to provide intercity passenger rail service
 10 owned or leased by Amtrak on the day prior to the
 11 date on which the restructuring required by section
 12 24300 is completed (as such date is determined by
 13 the Secretary).”.

14 **SEC. 104. OPERATING GRANTS FOR CORRIDOR ROUTES.**

15 (a) IN GENERAL.—Chapter 243 is amended by add-
 16 ing at the end the following:

17 **“§ 24316. Operating grants for corridor routes**

18 “(a) IN GENERAL.—

19 “(1) OPERATING GRANT AUTHORITY.—Begin-
 20 ning on October 1, 2005, the Secretary of Transpor-
 21 tation may make grants to States for operating as-
 22 sistance under the authority of this section, and not
 23 under any other provision of law, to reimburse oper-
 24 ators of the corridor routes operated by Amtrak on
 25 the day before the date on which the restructuring

1 required by section 24300 is completed (as deter-
2 mined by the Secretary) for a portion of the oper-
3 ating subsidies required to operate those routes with
4 the same train frequencies.

5 “(2) CONDITIONS.—A grant under this section
6 shall be subject to the terms, conditions, require-
7 ments, and provisions the Secretary decides are nec-
8 essary or appropriate for the purposes of this sec-
9 tion, including limitations on what operating ex-
10 penses are eligible for reimbursement.

11 “(b) FEDERAL SHARE OF OPERATING LOSSES.—

12 “(1) REIMBURSABLE AMOUNT.—A grant to a
13 State under this section for any fiscal year may not
14 exceed an amount equal to the lower of—

15 “(A) the applicable percentage of the Fed-
16 eral operating subsidy for that fiscal year; or

17 “(B) the percentage of the operating sub-
18 sidy for a route not borne by a State during the
19 last fiscal year ending before the date of enact-
20 ment of the Rail Passenger Service Restruc-
21 turing, Reauthorization, and Development Act.

22 “(2) APPLICABLE PERCENTAGE.—For purposes
23 of paragraph (1), the applicable percentage of the
24 operating subsidy for a fiscal year is—

25 “(A) 70 percent for fiscal year 2006;

1 “(B) 60 percent for fiscal year 2007;

2 “(C) 50 percent for fiscal year 2008;

3 “(D) 40 percent for fiscal year 2009; and

4 “(E) 30 percent for fiscal year 2010.

5 “(c) DETERMINATION OF EXPENSES ELIGIBLE FOR
6 REIMBURSEMENT.—

7 “(1) ANNUAL DETERMINATION OF SUBSIDY.—

8 On an annual basis, the Inspector General for the
9 Department of Transportation shall analyze and ad-
10 vise the Secretary of Transportation as to the oper-
11 ating subsidy required on each corridor route oper-
12 ated by the American Passenger Railway Corpora-
13 tion under contract with a State without competitive
14 bid. The operating loss on such routes shall—

15 “(A) reflect the fully allocated costs of op-
16 erating the route, including an appropriate
17 share of overhead expenses, including general
18 and administrative expenses; and

19 “(B) exclude depreciation and interest ex-
20 pense on long-term debt.

21 “(2) AGGREGATION OF NORTHEAST CORRIDOR
22 PROFITS AND LOSSES.—Operating profits and losses
23 on corridor routes operated exclusively on the main-
24 line of the Northeast Corridor extending from Wash-
25 ington, D.C. to Boston, MA may be aggregated for

1 purposes of determining the operating subsidy re-
2 quired on the routes.

3 “(3) DETERMINATION WITH COMPETITIVE BID-
4 DING.—Expenses eligible for Federal support pursu-
5 ant to paragraph (b)(2) for reimbursement for a cor-
6 ridor route that has been competitively bid shall con-
7 sist of the operating subsidy agreed upon by the
8 State, group of States, or other entity and the oper-
9 ator.

10 “(d) EXCEPTION TO DATE COST-SHARING RE-
11 QUIRED.—For any State whose legislature has not con-
12 vened in regular session after the date of enactment of
13 the Rail Passenger Service Restructuring, Reauthoriza-
14 tion, and Development Act and before October 1, 2005,
15 the additional cost-sharing requirements of this section
16 shall become effective on October 1, 2006.

17 “(e) AUTHORIZATION OF APPROPRIATIONS.—There
18 are authorized to be appropriated to the Secretary to carry
19 out this section—

20 “(1) \$125,000,000 for fiscal year 2006;

21 “(2) \$100,000,000 for fiscal year 2007;

22 “(3) \$90,000,000 for fiscal year 2008;

23 “(4) \$75,000,000 for fiscal year 2009; and

24 “(5) \$50,000,000 for fiscal year 2010.”

1 (b) CONFORMING AMENDMENT.—The chapter anal-
 2 ysis for chapter 243 is amended by adding at the end the
 3 following:

“24316. Operating grants for corridor routes.”.

4 **SEC. 105. OPERATING GRANTS FOR LONG DISTANCE**
 5 **ROUTES.**

6 (a) IN GENERAL.—Chapter 243, as amended by sec-
 7 tion 104, is amended by adding at the end the following:

8 **“§ 24317. Operating grants for long distance routes**

9 “(a) IN GENERAL.—

10 “(1) OPERATING GRANT AUTHORITY.—Begin-
 11 ning on October 1, 2005, the Secretary of Transpor-
 12 tation may make grants to the American Passenger
 13 Railway Corporation or to a State providing finan-
 14 cial support for a long distance route for operating
 15 assistance under the authority of this section, and
 16 not under any other provision of law, to reimburse
 17 operators of the long distance routes operated by
 18 Amtrak on the day before the date on which the re-
 19 structuring required by section 24300 is completed
 20 (as determined by the Secretary) for a portion of the
 21 operating subsidies required to operate those routes
 22 with the same train frequencies.

23 “(2) CONDITIONS.—

24 “(A) A grant under this section shall be
 25 subject to the terms, conditions, requirements,

1 and provisions the Secretary decides are nec-
2 essary or appropriate for the purposes of this
3 section, including limitations on what operating
4 expenses are eligible for reimbursement.

5 “(B) The Secretary shall require the
6 American Passenger Railway Corporation, as a
7 condition of a grant under this section, to sys-
8 tematically reduce its route and system-wide
9 overhead expenses by a minimum of 5 percent
10 annually through fiscal year 2010. A contract
11 between the National Railroad Passenger Cor-
12 poration and the American Passenger Railway
13 Corporation for the operation of a long distance
14 route or routes must provide for a reduction in
15 the annual operating subsidy to reflect the re-
16 duction in such expenses.

17 “(3) ANNUAL DETERMINATION OF SUBSIDY.—
18 On an annual basis, the Inspector General for the
19 Department of Transportation shall analyze and ad-
20 vise the Secretary of Transportation as to the oper-
21 ating subsidy required on each long distance route
22 operated by the American Passenger Railway Cor-
23 poration without competitive bid and the portion of
24 the subsidy attributable to route and system-wide
25 overhead expenses.

1 “(b) FEDERAL SHARE OF OPERATING LOSSES.—
2 Pending restructuring of the long distance routes required
3 by sections 106 through 108 of the Rail Passenger Service
4 Restructuring, Reauthorization, and Development Act, the
5 Federal share for an operating grant may be 100 percent
6 of the qualifying operating subsidy for the route.

7 “(c) COST-SHARING PROCESS FOR LONG DISTANCE
8 ROUTES.—Within 9 months after the date of enactment
9 of the Rail Passenger Service Restructuring, Reauthoriza-
10 tion, and Development Act, the Secretary shall develop a
11 process to facilitate State cost-sharing on long distance
12 routes. The process shall—

13 “(1) provide States the option of either—

14 “(A) receiving Federal grants, managing
15 the service, and selecting the train operator; or

16 “(B) having the service managed by the
17 Federal Government with a train operator se-
18 lected by the National Rail Passenger Corpora-
19 tion;

20 “(2) include a methodology to assist States in-
21 terested in providing financial support in equitably
22 allocating the share of a route’s required operating
23 subsidy among the affected States; and

24 “(3) be made available to the Long Distance
25 Restructuring Commission established under section

1 106 of the Rail Passenger Service Restructuring,
 2 Reauthorization, and Development Act and the
 3 States to assist in the development of the restruc-
 4 turing plan under that section.

5 “(d) AUTHORIZATION OF APPROPRIATIONS.—There
 6 are authorized to be appropriated to the Secretary of
 7 Transportation to carry out this section—

8 “(1) \$550,000,000 for fiscal year 2006;

9 “(2) \$425,000,000 for fiscal year 2007;

10 “(3) \$375,000,000 for fiscal year 2008;

11 “(4) \$325,000,000 for fiscal year 2009; and

12 “(5) \$300,000,000 for fiscal year 2010.”.

13 (b) CONFORMING AMENDMENT.—The chapter anal-
 14 ysis for chapter 243, as amended by section 104 of this
 15 Act, is amended by adding at the end the following:

“24317. Operating grants for long distance routes.

16 **SEC. 106. LONG DISTANCE ROUTE RESTRUCTURING COM-**
 17 **MISSION.**

18 (a) ESTABLISHMENT.—There is established an inde-
 19 pendent commission to be known as the Long Distance
 20 Route Restructuring Commission.

21 (b) DUTY.—

22 (1) IN GENERAL.—The Commission shall sub-
 23 mit a plan to Congress for restructuring long dis-
 24 tance intercity passenger rail routes in a manner
 25 that will reduce Federal operating subsidies on the

1 routes by at least 50 percent by the end of fiscal
2 year 2010 (as compared to the operating subsidies
3 for those routes for fiscal year 2003) by—

4 (A) retaining routes that provide a unique
5 service that can be contracted out by the Na-
6 tional Railroad Passenger Corporation on a for-
7 profit basis;

8 (B) restructuring other routes as linked
9 corridor routes between major metropolitan
10 areas; and

11 (C) consolidating or discontinuing service
12 over remaining routes.

13 (2) PRESERVATION OF NATIONAL NETWORK.—

14 The restructuring plan submitted by the Commission
15 shall ensure that no corridor route is completely iso-
16 lated from the rest of the intercity passenger rail
17 network.

18 (3) EXCEPTIONS.—

19 (A) IN GENERAL.—A route will be ex-
20 cluded from consideration for restructuring,
21 consolidation, or closure if a State or group of
22 States commits, by contractual arrangement
23 with the American Passenger Railway Corpora-
24 tion or another operator selected through a
25 competitive process, to provide financial oper-

1 ating support at a level sufficient to offset at
2 least

3 (i) 30 percent of the operating subsidy
4 for fiscal year 2007;

5 (ii) 40 percent of the operating sub-
6 sidy for fiscal year 2008; and

7 (iii) 50 percent of the operating sub-
8 sidy thereafter.

9 (B) FAILURE OF SUPPORT.—If a State or
10 group of States fails to provide the financial
11 support to which it committed under this para-
12 graph, then service over the route shall be dis-
13 continued.

14 (4) CONSULTATION REQUIRED.—In carrying
15 out its duties, the Commission shall consult with the
16 American Passenger Railway Corporation, State and
17 local officials, freight railroads, companies with ex-
18 pertise in intercity passenger transportation, and
19 other organizations with an interest in the restruc-
20 turing of the long distance train routes.

21 (c) APPOINTMENT.—

22 (1) The Commission shall be composed of 7
23 members appointed by the President within 6
24 months after the date of enactment of this Act.

1 (2) The Commission members shall elect 1
2 member to serve as Chairman.

3 (d) TERMINATION.—The Commission shall terminate
4 90 days after the Commission’s recommendations for con-
5 solidation and closure are submitted to Congress.

6 (e) VACANCIES.—A vacancy on the Commission shall
7 be filled in the same manner as the original appointment.

8 (f) DETAILEES.—Upon the request of the Chairman
9 of the Commission, the head of any Federal department
10 or agency may detail personnel of that department or
11 agency to the Commission to assist the Commission in car-
12 rying out its duties.

13 (g) COMPENSATION; REIMBURSEMENT.—Members of
14 the Commission shall serve without pay, but shall receive
15 travel expenses, including per diem in lieu of subsistence,
16 in accordance with sections 5702 and 5703 of title 5,
17 United States Code.

18 (h) OTHER AUTHORITY.—

19 (1) The Commission may procure by contract,
20 to the extent funds are available, the temporary or
21 intermittent services of experts or consultants pursu-
22 ant to section 3109 of title 5, United States Code.

23 (2) The Commission may lease space and ac-
24 quire personal property to the extent funds are
25 available.

1 (i) AUTHORIZATION OF APPROPRIATIONS.—There
2 are authorized to be appropriated for the use of the Com-
3 mission in carrying out its responsibilities under this sec-
4 tion for each of fiscal years 2005 and 2006, \$4,000,000,
5 such sums to remain available until expended.

6 **SEC. 107. CRITERIA FOR RESTRUCTURING.**

7 (a) RESTRUCTURING AS LINKED CORRIDORS.—

8 (1) PREREQUISITE FOR RESTRUCTURING.—A
9 long distance route or portion thereof may be rec-
10 ommended for restructuring as a linked corridor if—

11 (A) the origin-to-destination travel time of
12 each corridor link in the new route, at conven-
13 tional train speeds, including all station stops,
14 will be competitive with other modes of trans-
15 portation;

16 (B) each corridor link in the new route
17 connects at least 2 major metropolitan areas or
18 provides a link between 2 or more existing cor-
19 ridor routes;

20 (C) the route as restructured can be rea-
21 sonably expected to attract at least 10 percent
22 of the combined common carrier market in the
23 markets served;

24 (D) the projected cash operating loss of
25 each of the restructured links does not exceed

1 11 cents per passenger-mile on a fully allocated
2 cost basis; and

3 (E) by the end of fiscal year 2010 the Fed-
4 eral operating subsidy will be reduced by at
5 least 50 percent (as compared to the operating
6 subsidy for the route for fiscal year 2003), tak-
7 ing into account commitments by the affected
8 States to provide financial support for the route
9 so that no Federal operating subsidy is avail-
10 able for any portion of a route for which there
11 is no such State commitment.

12 (2) HOURS OF OPERATION.—In addition to the
13 eligibility criteria in paragraph (1), any long dis-
14 tance routes recommended for restructuring as
15 linked corridors shall be designed to operate between
16 the hours of 6:00 a.m. and 11:00 p.m.

17 (3) MODIFICATION OF ROUTES.—With the con-
18 currence of the affected States and the host railroad,
19 the route and stations service by a restructured long
20 distance route may be modified to improve ridership
21 and financial performance.

22 (4) NEW CAPITAL PLANS.—As part of the re-
23 structuring plan for reconfigured routes, the Com-
24 mission shall develop a capital plan, if additional

1 capital is needed to reconfigure the route as linked
2 corridors.

3 (b) CONTRACTING-OUT OF PROFITABLE LONG DIS-
4 TANCE ROUTES AND SERVICES.—The Commission shall
5 determine which long distance routes or services on such
6 routes, including auto-ferry transportation, food service,
7 and sleeping accommodations, could be contracted to a
8 private operator on a for-profit basis. In making these de-
9 terminations, the Commission shall solicit expressions of
10 interest from the private sector in operating long distance
11 routes or services, including the conditions under which
12 private companies may be interested in operating such
13 services.

14 (c) CONSOLIDATION AND CLOSURE.—The Commis-
15 sion shall make recommendations to Congress for consoli-
16 dating and closing long distance train routes or portions
17 of routes that cannot be restructured under subsection (a)
18 or contracted out under subsection (b), to reduce the Fed-
19 eral operating subsidy required by at least 50 percent by
20 the end of fiscal year 2010 (as compared to the operating
21 subsidies for those routes for fiscal year 2003), taking into
22 consideration—

23 (1) the operating loss on a fully allocated cost
24 basis, including capital costs, of the route or portion
25 thereof;

1 (2) the extent to which train service is the only
2 available public transportation to the cities and
3 towns along the route or portion thereof;

4 (3) whether an alternate route could signifi-
5 cantly reduce operating losses and capital require-
6 ments or increase ridership;

7 (4) available capacity on the rights-of-way of
8 the host railroad or railroads; and

9 (5) commitments by the affected States to pro-
10 vide financial support for the route or portion there-
11 of.

12 (d) COOPERATION OF AMERICAN PASSENGER RAIL-
13 WAY CORPORATION.—

14 (1) The American Passenger Railway Corpora-
15 tion shall cooperate and comply, subject to the
16 agreement of the Commission to protect the con-
17 fidentiality of proprietary information, with all re-
18 quests for financial, marketing, and other informa-
19 tion about the routes under consideration by the
20 Commission.

21 (2) The Secretary of Transportation may with-
22 hold all or part of an operating or capital grant to
23 the Corporation if the Secretary determines the
24 American Passenger Railway Corporation is not co-

1 operating with the Commission as required by this
2 subsection.

3 (e) REPORT.—The Commission shall submit its rec-
4 ommendations for restructuring the long distance routes
5 to the Senate Committee on Commerce, Science, and
6 Transportation and the House of Representatives Com-
7 mittee on Transportation and Infrastructure within 18
8 months after the date of enactment of this Act. The report
9 shall include a description of—

10 (1) the analysis performed by the Commission
11 to reach its conclusions;

12 (2) options considered in the development of a
13 restructuring plan; and

14 (3) the impact of the restructuring on employ-
15 ees of the American Passenger Railway Corporation
16 for any long distance route restructured under this
17 section.

18 **SEC. 108. IMPLEMENTATION OF RESTRUCTURING PLAN.**

19 (a) IN GENERAL.—The Secretary of Transportation
20 shall implement the restructuring plan submitted to Con-
21 gress by the Long Distance Route Restructuring Commis-
22 sion in its report pursuant to section 106 unless a joint
23 resolution is enacted by the Congress disapproving such
24 recommendations of the Commission before the earlier
25 of—

1 (1) the end of the 60-day period beginning on
2 the date the Commission submits its report to Con-
3 gress; or

4 (2) the adjournment of Congress sine die for
5 the session during which such report is submitted.

6 (b) CERTAIN DAYS DISREGARDED.—For purposes of
7 subsection (a), the days on which either House of Con-
8 gress is not in session because of an adjournment of more
9 than 4 days to a day certain shall be excluded in the com-
10 putation of a period.

11 (c) 1-YEAR IMPLEMENTATION PERIOD.—Unless dis-
12 approved under section (a), the Secretary of Transpor-
13 tation shall fully implement the plan within 1 year after
14 the date on which the period described in subsection (a)
15 expires.

16 **SEC. 109. REDEMPTION OF COMMON STOCK.**

17 (a) VALUATION.—The Secretary of Transportation
18 shall arrange, at the National Railroad Passenger Cor-
19 poration's expense, for a valuation of all Amtrak assets
20 and liabilities with an estimated value in excess of
21 \$1,000,000 as of the date of enactment of this Act by the
22 Secretary of the Treasury, or by a contractor selected by
23 the Secretary of the Treasury. The valuation shall be con-
24 ducted in accordance with the Uniform Standards of Pro-
25 fessional Appraisal Practice of the Appraisal Foundation's

1 Appraisal Standards Board and shall be completed within
2 1 year after the date of enactment of this Act.

3 (b) REDEMPTION.—

4 (1) Prior to the transfer of assets to the Sec-
5 retary directed by section 110 of this Act, and with-
6 in 3 months after the completion of the valuation
7 under subsection (a), the National Railroad Pas-
8 senger Corporation shall redeem all common stock in
9 Amtrak issued prior to the date of enactment of this
10 Act at the fair market value of such stock, based on
11 the valuation performed under subsection (a).

12 (2) No provision of this Act, or amendments
13 made by this Act, provide to the owners of the com-
14 mon stock a priority over holders of indebtedness or
15 other stock of Amtrak.

16 (c) ACQUISITION THROUGH EMINENT DOMAIN.—In
17 the event that the National Railroad Passenger Corpora-
18 tion and the owners of the Amtrak common stock have
19 not completed the redemption of such stock within 3
20 months after the completion of the valuation under sub-
21 section (a), the National Railroad Passenger Corporation
22 shall exercise its right of eminent domain under section
23 24311 of title 49, United States Code, to acquire that
24 stock. The value assigned to the common stock under sub-
25 section (a) shall be deemed to constitute just compensa-

1 tion except to the extent that the owners of the common
2 stock demonstrate that the valuation is less than the con-
3 stitutional minimum value of the stock.

4 (d) AMENDMENT OF SECTION 24311.—Section
5 24311(a)(1) is amended—

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

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

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

11 “(C) necessary to redeem Amtrak’s com-
12 mon stock from any holder thereof, including a
13 rail carrier.”.

14 (e) CONVERSION OF PREFERRED STOCK TO COM-
15 MON.—

16 (1) Subsequent to the redemption of the com-
17 mon stock in the corporation issued prior to the date
18 of enactment of this Act, the Secretary of Transpor-
19 tation shall convert the one share of the preferred
20 stock of the corporation retained under section 110
21 of this Act for 10 shares of common stock in the
22 National Railroad Passenger Corporation.

23 (2) The National Railroad Passenger Corpora-
24 tion may not issue any other common stock, and

1 may not issue preferred stock, without the express
2 written consent of the Secretary.

3 (f) **TERMINATION OF SECTION 24907 NOTE AND**
4 **MORTGAGE AUTHORITY.**—Section 24907 is amended by
5 adding at the end the following:

6 “(d) **TERMINATION OF AUTHORITY.**—The authority
7 of the Secretary to obtain a note of indebtedness from,
8 and make a mortgage agreement with, the American Pas-
9 senger Railway Corporation under subsection (a) is termi-
10 nated as of the date of the transfer of assets under section
11 110 of the Rail Passenger Service Restructuring, Reau-
12 thorization, and Development Act.”.

13 **SEC. 110. RETIREMENT OF PREFERRED STOCK; TRANSFER**
14 **OF ASSETS.**

15 (a) **TRANSFER.**—Not later than 30 days after the re-
16 demption or acquisition of stock under section 109 of this
17 Act, the National Railroad Passenger Corporation shall,
18 in return for the consideration specified in subsection (c),
19 transfer to the Secretary of Transportation title to—

20 (1) the portions of the Northeast Corridor cur-
21 rently owned or leased by the Corporation as well as
22 any improvements made to these assets, including
23 the rail right-of-way, stations, track, signal equip-
24 ment, electric traction facilities, bridges, tunnels, re-
25 pair facilities, and all other improvements owned by

1 the Corporation between Boston, Massachusetts, and
2 Washington, District of Columbia (including the
3 route through Springfield, Massachusetts, and the
4 routes to Harrisburg, Pennsylvania, and Albany,
5 New York, from the Northeast Corridor mainline);

6 (2) Chicago Union Station and rail-related as-
7 sets in the Chicago Metropolitan area; and

8 (3) all other track and right-of-way, stations,
9 repair facilities, and other real property owned or
10 leased by the Corporation.

11 (b) EXISTING ENCUMBRANCES.—

12 (1) ASSUMPTION BY FEDERAL GOVERNMENT.—

13 Any outstanding debt on the mainline of the North-
14 east Corridor (other than debt associated with roll-
15 ing stock) shall become a debt obligation of the
16 United States as of the date of transfer of title
17 under subsection (a)(1).

18 (2) RESTRUCTURING.—Except as provided in
19 paragraph (1), the obligation of the American Pas-
20 senger Railway Corporation or its successors or as-
21 signs to repay in full any indebtedness to the United
22 States incurred since January, 1990, is not affected
23 by this Act or an amendment made by this Act.

1 (c) CONSIDERATION.—In consideration for the assets
2 transferred to the United States under subsection (a), the
3 Secretary shall—

4 (1) deliver to the National Passenger Railroad
5 Corporation all but one share of the preferred stock
6 of the corporation held by the Secretary and forgive
7 the corporation's legal obligation to pay any divi-
8 dends, including accrued but unpaid dividends as of
9 the date of transfer, evidenced by the preferred
10 stock certificates; and

11 (2) release the National Railroad Passenger
12 Corporation from all mortgages and liens held by the
13 Secretary that were in existence on January 1,
14 1990.

15 (d) AGREEMENT.—Prior to accepting title to the as-
16 sets transferred under this section, the Secretary shall
17 enter into a contract with American Passenger Railway
18 Corporation under which American Passenger Railway
19 Corporation will exercise care, custody, maintenance, and
20 operational control of the assets to be transferred. The
21 term of the contract shall be for 1 year, which shall be
22 renewed annually without action on the part of either
23 party unless canceled by either party with 90 days notice.

24 (e) FURTHER TRANSFERS.—

1 (1) The Secretary may, for appropriate consid-
2 eration, transfer title to all or part of Chicago Union
3 Station and rail-related assets in the Chicago metro-
4 politan area acquired under this section to a regional
5 public transportation agency that has significant op-
6 erations in Chicago Union Station on the date of en-
7 actment of this Act.

8 (2) The Secretary may, for appropriate consid-
9 eration, transfer to the underlying States title to
10 real estate properties owned by the Corporation be-
11 tween Boston, Massachusetts, and Washington, Dis-
12 trict of Columbia, that constitute the route through
13 Springfield, Massachusetts, and the routes to Har-
14 risburg, Pennsylvania, and Albany, New York, from
15 the Northeast Corridor mainline.

16 (3) The Secretary may, for appropriate consid-
17 eration, transfer title to all or part of the assets ac-
18 quired under subsection (a)(3) to a State, a public
19 agency, a railroad, or other entity deemed appro-
20 priate by the Secretary.

21 (f) USE OF PROCEEDS.—Notwithstanding section
22 3302 of title 31, United States Code, any proceeds from
23 the transfer of the assets described subsection (e) shall
24 be credited as off-setting collections to the account that
25 finances debt and interest payments to the American Pas-

1 senger Railway Corporation. Funds available for corridor
2 development under chapter 244 of title 49, United States
3 Code, shall be increased by an amount equal to the
4 amounts credited under the preceding sentence.

5 **SEC. 111. REAL ESTATE AND ASSET SALES; OTHER.**

6 (a) IN GENERAL.—Within 3 years after the date of
7 enactment of this Act, the Secretary of Transportation
8 shall transfer all stations, track, and other fixed facilities
9 outside the Northeast Corridor mainline to which the Sec-
10 retary has assumed title under section 110 of this Act,
11 other than equipment repair facilities, to States, munici-
12 palities, railroads, or other entities for maximum consider-
13 ation.

14 (b) USE OF PROCEEDS.—Notwithstanding section
15 3302 of title 31, United States Code, any proceeds from
16 the transfer of assets under this section shall be credited
17 as off-setting collections to the account that finances debt
18 and interest payments to the American Passenger Railway
19 Corporation. Funds available for corridor development
20 under chapter 244 of title 49, United States Code, shall
21 be increased by an amount equal to the amounts credited
22 under the preceding sentence.

1 **Subtitle B—Northeast Corridor**

2 **SEC. 131. INTERSTATE COMPACT FOR THE NORTHEAST** 3 **CORRIDOR.**

4 (a) CONSENT TO COMPACT.—

5 (1) IN GENERAL.—The States and the District
6 of Columbia that constitute the Northeast Corridor,
7 as defined in section 24102 of title 49, United
8 States Code, may enter into a multistate compact,
9 not in conflict with any other law of the United
10 States, to be known as the Northeast Corridor Com-
11 pact, to manage railroad operations and rail service
12 and conduct related activities on the Northeast Cor-
13 ridor mainline between Boston, Massachusetts, and
14 Washington, District of Columbia.

15 (2) CONGRESSIONAL APPROVAL REQUIRED.—
16 The Northeast Corridor Compact shall be submitted
17 to Congress for its consent. It is the sense of the
18 Congress that rapid consent to the Compact is a pri-
19 ority matter for the Congress.

20 (b) COMPACT COMMISSION.—

21 (1) IN GENERAL.—There is hereby established
22 a commission to be known as the Northeast Corridor
23 Compact Commission. The Commission shall be
24 composed of—

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

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

5 (i) the governors of Maryland, Dela-
6 ware, Pennsylvania, New Jersey, New
7 York, Connecticut, Rhode Island, and Mas-
8 sachusetts (hereinafter referred to as the
9 “participating States”); and

10 (ii) the mayor of the District of Co-
11 lumbia; and

12 (C) 1 member to be selected by the 4
13 members selected under subparagraphs (A) and
14 (B).

15 (2) ADMINISTRATIVE PROVISIONS.—

16 (A) Members of the Commission shall be
17 appointed for the life of the Commission.

18 (B) A vacancy in the Commission shall be
19 filled in the manner in which the original ap-
20 pointment was made.

21 (C) Members shall serve without pay but
22 shall receive travel expenses, including per diem
23 in lieu of subsistence, in accordance with sec-
24 tions 5702 and 5703 of title 5, United States
25 Code.

1 (D) The Chairman of the Commission shall
2 be elected by the members.

3 (E) The Commission may appoint and fix
4 the pay of such personnel as it considers appro-
5 priate.

6 (F) Upon the request of the Commission,
7 the head of any department or agency of the
8 United States may detail, on a reimbursable
9 basis, any of the personnel of that department
10 or agency to the Commission to assist it in car-
11 rying out its duties under this section.

12 (G) Upon the request of the Commission,
13 the Administrator of General Services shall pro-
14 vide to the Commission, on a reimbursable
15 basis, the administrative support services nec-
16 essary for the Commission to carry out its re-
17 sponsibilities under this section.

18 (c) FUNCTIONS.—The Commission shall prepare for
19 the consideration of and adoption by participating States,
20 the District of Columbia, and the Secretary of Transpor-
21 tation an interstate compact that provides for—

22 (1) full authority for 99 years to succeed to the
23 responsibilities of the National Railroad Passenger
24 Corporation as manager of the Northeast Corridor,
25 subject to the provisions of a lease from the Depart-

1 ment of Transportation, including responsibility
2 for—

3 (A) Corridor maintenance and improve-
4 ment;

5 (B) the operation of intercity passenger
6 rail service;

7 (C) making arrangements for operation of
8 freight railroad operations and commuter oper-
9 ations;

10 (D) the use of the Corridor for non-rail
11 purposes; and

12 (E) the Northeast Corridor financial oper-
13 ations;

14 (2) execution of a lease of the Northeast Cor-
15 ridor from the Department of Transportation, for a
16 period of 99 years, subject to appropriate provisions
17 protecting the lessor's interests, including reversion
18 of all lease interests to the lessor in the event the
19 lessee fails to meet its financial obligations or other-
20 wise assume financial responsibility for Northeast
21 Corridor functions; and

22 (3) participation by the Department of Trans-
23 portation, as the non-voting representative of the
24 United States.

25 (d) FINAL COMPACT PROPOSAL.—

1 (1) The Commission shall submit a final com-
2 pact proposal to participating States, the District of
3 Columbia, and the Federal Government not later
4 than 18 months after the date of enactment of this
5 Act.

6 (2) The Commission shall terminate on the
7 180th day following the date of transmittal of the
8 final compact proposal under this subsection.

9 (e) GOVERNANCE AND FUNDING REQUIREMENTS
10 FOR COMPACT.—

11 (1) The governance provisions of the compact
12 shall provide a mechanism to ensure voting represen-
13 tation for the participating States and the District
14 of Columbia and for non-voting representation for
15 the Secretary of Transportation and a freight rail-
16 road that conducts operations on the Northeast Cor-
17 ridor as ex officio members participating in all Com-
18 pact affairs.

19 (2) The provisions of the compact shall estab-
20 lish the financial obligations of each compact mem-
21 ber and shall provide for each member's manage-
22 ment of rail services in the Northeast Corridor.

23 (f) FEDERAL INTEREST REQUIREMENTS FOR COM-
24 PACT.—The provisions of the Compact shall hold the
25 United States Government harmless as to the actions of

1 the Compact under the lease of rights to the Northeast
2 Corridor by the United States Government.

3 (g) COMPACT BORROWING AUTHORITY.—

4 (1) The borrowing authority provisions of the
5 Compact may authorize it to issue bonds or other
6 debt instruments from time to time at its discretion
7 for purposes that include paying any part of the cost
8 of rail service improvements, construction, and reha-
9 bilitation and the acquisition of real and personal
10 property, including operating equipment, except that
11 debt issued by the Compact may be secured only by
12 revenues to the Compact and may not be a debt of
13 a participating State, the District of Columbia, or
14 the Federal Government.

15 (2) The debt authorized by this subsection shall
16 under no circumstances be backed by the full faith
17 and credit of the United States, and a grant made
18 under the authority of this Act or under the author-
19 ity of part C of subtitle V of title 49, United States
20 Code, shall include an express acknowledgement by
21 the grantee that the debt does not constitute an obli-
22 gation of the United States.

23 (h) ADOPTION OF COMPACT; TURNOVER.—

24 (1) IN GENERAL.—The participating States and
25 the District of Columbia shall adopt a final compact

1 agreement within 5 years after the date of enact-
2 ment of this Act, and the Compact shall thereafter
3 assume responsibility for the Northeast Corridor op-
4 erations on a date that is not later than 6 months
5 after adoption of the Compact.

6 (2) OPERATIONS.—Upon leasing the Northeast
7 Corridor to the Compact, the Secretary shall assign
8 to the Compact and the Compact shall assume the
9 then-current contract for operation of the Northeast
10 Corridor. Upon the termination of that contract, the
11 Compact may make such arrangements for operation
12 of the Northeast Corridor as it sees fit consistent
13 with its lease and this Act. If the Compact chooses
14 to use a contractor other than the American Pas-
15 senger Railway Corporation to operate trains on the
16 Northeast Corridor, the contract shall be awarded
17 competitively.

18 (3) MAINTENANCE.—Upon leasing the North-
19 east Corridor to the Compact, the Secretary shall as-
20 sign to the Compact and the Compact shall assume
21 the then-current contract for maintenance of the
22 Northeast Corridor. Upon the termination of that
23 contract, the Compact may make such arrangements
24 for maintenance of the Northeast Corridor as it sees
25 fit consistent with its lease and this Act. If the Com-

1 pact chooses to use a contractor other than the
 2 American Passenger Railway Corporation to main-
 3 tain the Northeast Corridor and provide related
 4 services, the contract shall be awarded competitively.

5 (4) NON-COMPACT ALTERNATIVE.—If the par-
 6 ticipating States and the District of Columbia do not
 7 adopt the final compact agreement and make it
 8 operational under the schedule set forth in this sec-
 9 tion, the Secretary of Transportation, through a
 10 competitive bidding process, shall contract with an-
 11 other public or private entity to manage the North-
 12 east Corridor, with a goal of maximizing the return
 13 to the Federal government from such operations.

14 (i) AUTHORIZATION OF APPROPRIATIONS.—There
 15 are authorized to be appropriated to the Secretary of
 16 Transportation to carry out this section—

17 (1) \$3,000,000 for fiscal year 2005, and

18 (2) \$2,000,000 for fiscal year 2006,

19 such sums to remain available until expended.

20 **SEC. 132. SHUT-DOWN OF COMMUTER OR FREIGHT OPER-**
 21 **ATIONS.**

22 (a) IN GENERAL.—Section 11123 is amended by
 23 striking “National Railroad Passenger Corporation” each
 24 place it appears and inserting “American Passenger Rail-
 25 way Corporation”.

1 (b) AUTHORIZATION OF APPROPRIATIONS.—From
2 the funds made available for the American Passenger Rail-
3 way Corporation for fiscal years 2005 through 2010, the
4 Secretary of Transportation shall in each fiscal year hold
5 in reserve from the amounts authorized by section
6 24402(g) of title 49, United States Code, such sums as
7 may be necessary to carry out directed service orders
8 issued under section 1123 of title 49, United States Code,
9 to respond to the shut-down of commuter rail operations
10 or freight operations due to a shut-down of operations by
11 the American Passenger Railway Corporation. The Sec-
12 retary shall make the reserved funds available through an
13 appropriate grant instrument during the fourth quarter
14 of each fiscal year to the extent that no grant orders have
15 been issued by the Surface Transportation Board during
16 that fiscal year prior to the date of transfer of the reserved
17 funds or there is a balance of reserved funds not needed
18 by the Board to pay for any directed service order in that
19 fiscal year.

20 (c) EFFECTIVE DATE FOR SUBSECTION (a).—The
21 amendment made by subsection (a) shall take effect on
22 the date, determined by the Secretary of Transportation,
23 on which the restructuring required by sections 24300 of
24 title 49, United States Code, is completed.

1 **SEC. 133. CAPITAL GRANTS FOR NORTHEAST CORRIDOR.**

2 (a) IN GENERAL.—Chapter 243, as amended by sec-
3 tion 105, is amended by adding at the end the following:

4 **“§ 24318. Capital authorizations for the Northeast**
5 **Corridor**

6 “(a) IN GENERAL.—The Secretary of Transpor-
7 tation, in consultation with the American Passenger Rail-
8 way Corporation, shall develop and implement a capital
9 program to restore the mainline of the Northeast Corridor
10 between Boston, Massachusetts, and Washington, District
11 of Columbia, to a state of good repair, as defined by the
12 Secretary.

13 “(b) AUTHORIZATION OF APPROPRIATIONS FOR CAP-
14 ITAL PROJECTS ON THE NORTHEAST CORRIDOR.—There
15 are authorized to be appropriated to the Secretary of
16 Transportation to make capital grants under this section
17 \$200,000,000 for fiscal year 2005 and \$300,000,000 for
18 each of fiscal years 2006 through 2010.

19 “(c) ACHIEVEMENT OF STATE-OF-GOOD-REPAIR ON
20 NORTHEAST CORRIDOR.—

21 “(1) USE OF FUNDS.—Sums authorized for the
22 Northeast Corridor under subsection (b) may be
23 used solely for the purpose of funding deferred
24 maintenance and safety projects, including the nego-
25 tiated Federal share for life-safety improvements in
26 the New York Penn Station tunnels.

1 “(2) STATE OF GOOD REPAIR.—The Northeast
2 Corridor shall be considered to be in a state of good
3 repair upon the completion of the capital program
4 developed under subsection (a).”.

5 (b) CONFORMING AMENDMENT.—The chapter anal-
6 ysis for chapter 243, as amended by section 105, is
7 amended by adding at the end thereof the following:

“24318. Capital authorizations for the Northeast Corridor.”.

8 **Subtitle C—Related Matters**

9 **SEC. 151. FAIR AND OPEN COMPETITION.**

10 (a) IN GENERAL.—The Secretary of Transportation
11 shall consult with States that competitively bid intercity
12 passenger rail services to ensure their bidding practices
13 provide for fair and open competition for all bidders, in-
14 cluding the American Passenger Railway Corporation. The
15 Secretary may withhold all or a portion of a grant under
16 this Act if the Secretary determines that the State’s bid-
17 ding processes do not treat all competitors fairly.

18 (b) USE OF FEDERAL OR STATE FUNDS.—The Sec-
19 retary shall ensure that the American Passenger Railway
20 Corporation may not use Federal or State financial sup-
21 port for a passenger rail route to subsidize a competitive
22 bid to operate intercity passenger rail service on another
23 route.

1 **SEC. 152. ACCESS TO OTHER RAILROADS.**

2 (a) TERMS AND CONDITIONS FOR ACCESS TO OTHER
3 RAILROADS.—

4 (1) EXISTING ROUTES AND FREQUENCIES.—

5 (A) IN GENERAL.—The National Railroad
6 Passenger Corporation shall be responsible for
7 negotiating the terms and conditions under
8 which—

9 (i) the American Passenger Railway
10 Corporation, a State, or other entity may
11 access the property of a rail carrier to pro-
12 vide intercity passenger rail service over
13 routes operated by Amtrak on the day be-
14 fore the date, determined by the Secretary
15 of Transportation, on which the restruc-
16 turing required by sections 24300 of title
17 49, United States Code, is completed at
18 the frequencies in effect on that day; and

19 (ii) the American Passenger Railway
20 Corporation, freight railroads, commuter
21 authorities, and other entities may obtain
22 access to property owned by the United
23 States Government to provide intercity,
24 commuter, freight rail and other services,
25 except that the National Railroad Pas-
26 senger Corporation shall delegate its au-

1 thority under this clause to the interstate
2 compact authorized by section 131 after
3 that compact has been adopted.

4 (B) PRESERVATION OF RAILROAD BENE-
5 FITS.—The access and liability terms and con-
6 ditions of the contracts between the National
7 Railroad Passenger Corporation and other rail
8 carriers following the restructuring required by
9 section 24300 of title 49, United States Code,
10 shall be no less favorable to the railroads than
11 the access and liability terms and conditions
12 under contracts in effect on the day before the
13 date, as so determined by the Secretary, on
14 which the restructuring is completed.

15 (C) INCENTIVE PAYMENTS; PENALTIES.—
16 The National Railroad Passenger Corporation
17 shall retain a system of incentive payments and
18 performance penalties in negotiating compensa-
19 tion payments to other rail carriers under sub-
20 paragraph (A) that encourages on-time per-
21 formance.

22 (3) CONDITIONS FOR NEW ROUTES AND TRAIN
23 FREQUENCIES.—

24 (A) IN GENERAL.—The terms and condi-
25 tions for the operation of a new intercity pas-

1 senger rail route or frequency added after the
2 date of enactment of this Act shall, except for
3 the rental charge compensation to another rail
4 carrier, be determined by negotiation and mu-
5 tual agreement between the host railroad and
6 the operator or sponsor of the route or fre-
7 quency to be added.

8 (B) STANDARD OF COMPENSATION.—The
9 standard of compensation for the rental charge
10 shall be fully allocated costs, excluding capital
11 investments associated with an added route or
12 frequency, when the on-time performance of the
13 new route or train frequency meets or exceeds
14 95 percent of the goal set by the parties, net of
15 delays not within the host railroad’s control.

16 (C) FAILURE OF NEGOTIATION.—If the
17 parties cannot agree on the terms of the rental
18 charge, either party may petition the Surface
19 Transportation Board to prescribe the terms
20 under section 24308 of title 49, United States
21 Code.

22 (b) FITNESS QUALIFICATIONS FOR PASSENGER
23 RAIL.—

24 (1) IN GENERAL.—No person may operate
25 intercity passenger rail service unless that person

1 demonstrates to the satisfaction of the Secretary of
2 Transportation that—

3 (A) its intercity passenger rail operations
4 will meet all applicable Federal safety rules and
5 regulations;

6 (B) it will operate the service on a sound
7 financial basis; and

8 (C) it has the technical expertise to oper-
9 ate intercity passenger rail service.

10 (2) MINIMUM STANDARDS.—Within 6 months
11 after the date of enactment of this Act, the Sec-
12 retary of Transportation shall by regulation estab-
13 lish minimum safety and financial qualifications for
14 operators of intercity passenger rail service.

15 **SEC. 153. LIMITATIONS ON RAIL PASSENGER TRANSPOR-**
16 **TATION LIABILITY.**

17 Section 28103 is amended by striking “Amtrak shall
18 maintain a total” in subsection (c) and inserting “each
19 operator of intercity passenger rail service shall main-
20 tain”.

21 **SEC. 154. TRAIN OPERATIONS INSURANCE POOL.**

22 (a) IN GENERAL.—Chapter 281 is amended by add-
23 ing at the end the following:

1 **“§ 28104. Train operations insurance pool**

2 “(a) IN GENERAL.—The Secretary of Transportation
3 is authorized to encourage and otherwise assist insurance
4 companies and other insurers that meet the requirements
5 prescribed under subsection (b) of this section to form,
6 associate, or otherwise join together in a pool—

7 “(1) to provide the insurance coverage required
8 by section 28103; and

9 “(2) for the purpose of assuming, on such
10 terms and conditions as may be agreed upon, such
11 financial responsibility as will enable such companies
12 and other insurers to assume a reasonable propor-
13 tion of responsibility for the adjustment and pay-
14 ment of claims under section 28103.

15 “(b) REGULATIONS TO ESTABLISH INSURER QUALI-
16 FICATION REQUIREMENTS.—In order to promote the ef-
17 fective administration of the intercity rail passenger pro-
18 gram, and to assure that the objectives of this chapter
19 are furthered, the Secretary is authorized to prescribe re-
20 quirements for insurance companies and other insurers
21 participating in an insurance pool under subsection (a),
22 including minimum requirements for capital or surplus or
23 assets.

24 “(c) AUTHORITY TO COLLECT AND PAY PREMIUMS
25 AND OTHER COSTS.—In order to provide adequate insur-
26 ance coverage at affordable cost to operators of intercity

1 passenger rail service at no cost to the United States, the
2 Secretary is authorized to divide the insurance premiums
3 and all other costs of forming and operating the insurance
4 pool created pursuant to this section, including the costs
5 of any contractors or consultants the Secretary may hire,
6 among all the operators of intercity passenger rail service
7 (including the American Passenger Railway Corporation)
8 and collect from each operator of intercity passenger rail
9 service the insurance premiums and other costs the Sec-
10 retary has allocated to it. Notwithstanding any other pro-
11 vision of law, the Secretary may receive funds collected
12 under this section directly from each operator of intercity
13 passenger rail service, credit the appropriation charged for
14 the insurance premiums and other costs of forming and
15 operating the insurance pool, and use those funds to pay
16 insurance premiums and other costs of forming and oper-
17 ating the insurance pool, including the costs of any con-
18 tractors or consultants the Secretary may hire. The Sec-
19 retary may advance such sums as may be necessary to
20 pay insurance premiums and other costs of forming and
21 operating the insurance pool from unobligated balances
22 available to the Federal Railroad Administration for inter-
23 city passenger rail service, to be reimbursed from pay-
24 ments received from operators of intercity passenger rail
25 service. Where the Secretary is making a grant of oper-

1 ating funds for a route, the Secretary may collect the in-
 2 surance premiums and other costs the Secretary has allo-
 3 cated to it by withholding those funds from the grant and
 4 crediting them to the appropriation charged for the insur-
 5 ance premiums and other costs of forming and operating
 6 the insurance pool.

7 **“§ 28105. Use of insurance pool, companies, or other**
 8 **private organizations for certain pay-**
 9 **ments**

10 “(a) AUTHORIZATION TO ENTER INTO CONTRACTS
 11 FOR CERTAIN RESPONSIBILITIES.—The Secretary of
 12 Transportation may enter into contracts with the pool
 13 formed or otherwise created under section 28104, or any
 14 insurance company or other private organizations, for the
 15 purpose of securing performance by such pool, company,
 16 or organization of any or all of the following responsibil-
 17 ities:

18 “(1) Estimating and later determining any
 19 amounts of payments to be made from the pool.

20 “(2) Receiving from the Secretary, disbursing,
 21 and accounting for payments of insurance pre-
 22 miums.

23 “(3) Making such audits of the records of any
 24 insurance company or other insurer, insurance agent
 25 or broker, or insurance adjustment organization as

1 may be necessary to assure that proper payments
2 are made.

3 “(4) Otherwise assisting in such manner as the
4 contract may provide to further the purposes of this
5 chapter.

6 “(b) TERMS AND CONDITIONS OF CONTRACT.—Any
7 contract with the pool or an insurance company or other
8 private organization under this section may contain such
9 terms and conditions as the Secretary finds necessary or
10 appropriate for carrying out responsibilities under sub-
11 section (a) of this section, and may provide for payment
12 of any costs which the Secretary determines are incidental
13 to carrying out such responsibilities which are covered by
14 the contract.

15 “(c) COMPETITIVE BIDDING.—Any contract entered
16 into under subsection (a) of this section may be entered
17 into without regard to section 5 of title 41 or any other
18 provision of law requiring competitive bidding.

19 “(d) FINDINGS OF SECRETARY.—No contract may be
20 entered into under this section unless the Secretary finds
21 that the pool, company, or organization will perform its
22 obligations under the contract efficiently and effectively,
23 and will meet such requirements as to financial responsi-
24 bility, legal authority, and other matters as the Secretary
25 finds pertinent.

1 “(e) TERM OF CONTRACT; RENEWALS; TERMI-
2 NATION.—Any contract entered into under this section
3 shall be for a term of 1 year, and may be made automati-
4 cally renewable from term to term in the absence of notice
5 by either party of an intention to terminate at the end
6 of the current term; except that the Secretary may termi-
7 nate any such contract at any time (after reasonable no-
8 tice to the pool, company, or organization involved) if the
9 Secretary finds that the pool, company, or organization
10 has failed substantially to carry out the contract, or is car-
11 rying out the contract in a manner inconsistent with the
12 efficient and effective administration of the intercity rail
13 passenger program.”.

14 (b) CONFORMING AMENDMENTS.—

15 (1) Chapter 281 is amended by striking “LAW
16 ENFORCEMENT” in the chapter heading and in-
17 serting “LAW ENFORCEMENT; LIABILITY; IN-
18 SURANCE”.

19 (2) The part analysis of subtitle V is amended
20 by striking the item relating to chapter 281 and in-
21 serting the following:

“281. Law enforcement; liability; insurance 28101”.

22 (3) The table of contents of the title is amended
23 by striking the item relating to chapter 281 and in-
24 serting the following:

“281. Law enforcement; liability; insurance 28101”.

1 (4) The chapter analysis for chapter 281 is
2 amended by adding at the end the following:

“28104. Train operations insurance pool.

“28105. Use of insurance pool, companies, or other private organizations for certain payments.”.

3 **SEC. 155. COLLECTIVE BARGAINING ARRANGEMENTS.**

4 (a) STATUS AS EMPLOYER OR CARRIER.—

5 (1) IN GENERAL.—Any entity providing inter-
6 city passenger railroad transportation (within the
7 meaning of section 20102 of title 49, United States
8 Code) that begins operations after the date of enact-
9 ment of this Act shall be considered an employer for
10 purposes of the Railroad Retirement Act of 1974
11 (45 U.S.C. 231 et seq.) and considered a carrier for
12 purposes of the Railway Labor Act (45 U.S.C. 151
13 et seq.).

14 (2) COLLECTIVE BARGAINING AGREEMENT.—
15 Any entity providing intercity passenger railroad
16 transportation (within the meaning of section 20102
17 of title 49, United States Code) that begins oper-
18 ations after the date of enactment of this Act and
19 replaces intercity rail passenger service that was
20 provided by another entity as of the date of enact-
21 ment of this Act, shall enter into an agreement with
22 the authorized bargaining agent or agents for em-
23 ployees of the predecessor provider that—

1 (A) gives each employee of the predecessor
2 provider priority in hiring according to the em-
3 ployee's seniority on the predecessor provider
4 for each position with the replacing entity that
5 is in the employee's craft or class and is avail-
6 able within three years after the termination of
7 the service being replaced;

8 (B) establishes a procedure for notifying
9 such an employee of such positions;

10 (C) establishes a procedure for such an
11 employee to apply for such positions; and

12 (D) establishes rates of pay, rules, and
13 working conditions.

14 (3) REPLACEMENT OF EXISTING RAIL PAS-
15 Senger Service.—

16 (A) NEGOTIATIONS.—An entity providing
17 replacement intercity rail passenger service
18 under paragraph (2) shall give written notice of
19 its plan to replace existing rail passenger serv-
20 ice to the authorized collective bargaining agent
21 or agents for the employees of the predecessor
22 provider at least 90 days prior to the date it
23 plans to commence service. Within 5 days after
24 the date of receipt of such written notice, nego-
25 tiations between the replacing entity and the

1 collective bargaining agent or agents for the
2 employees of the predecessor provider shall
3 commence for the purpose of reaching agree-
4 ment with respect to all matters set forth in
5 subparagraphs (A) through (D) of paragraph
6 (2). The negotiations shall continue for 30 days
7 or until an agreement is reached, whichever is
8 sooner. If at the end of 30 days the parties
9 have not entered into an agreement with re-
10 spect to all such matters, the unresolved issues
11 shall be submitted for arbitration in accordance
12 with the procedure set forth in subparagraph
13 (B).

14 (B) ARBITRATION.—If an agreement has
15 not been entered into with respect to all mat-
16 ters set forth in subparagraphs (A) through (D)
17 of paragraph (2) as provided in subparagraph
18 (A) of this paragraph, the parties shall select
19 an arbitrator. If the parties are unable to agree
20 upon the selection of such arbitrator within 5
21 days, either or both parties shall notify the Na-
22 tional Mediation Board, which shall provide a
23 list of 7 arbitrators with experience in arbi-
24 trating rail labor protection disputes. Within 5
25 days after such notification, the parties shall al-

1 ternately strike names from the list until only
2 one name remains, and that person shall serve
3 as the neutral arbitrator. Within 45 days after
4 selection of the arbitrator, the arbitrator shall
5 conduct a hearing on the dispute and shall
6 render a decision with respect to the unresolved
7 issues set forth in subparagraphs (A) through
8 (D) of paragraph (2). This decision shall be
9 final, binding, and conclusive upon the parties.
10 The salary and expenses of the arbitrator shall
11 be borne equally by the parties, but all other ex-
12 penses shall be paid by the party incurring
13 them.

14 (C) SERVICE COMMENCEMENT.—An entity
15 providing replacement intercity rail passenger
16 service under paragraph (2) shall commence
17 service only after an agreement is entered into
18 with respect to the matters set forth in sub-
19 paragraphs (A) through (D) of paragraph (2)
20 or the decision of the arbitrator has been ren-
21 dered.

22 (b) REGULATIONS.—Not later than 6 months after
23 the date of the enactment of this Act, the Secretary of
24 Transportation shall issue regulations for carrying out this
25 section.

1 **TITLE II—RAIL DEVELOPMENT**

2 **SEC. 201. CAPITAL ASSISTANCE FOR INTERCITY PAS-**
 3 **SENGER RAIL SERVICE.**

4 (a) IN GENERAL.—Part C of subtitle V is amended
 5 by inserting after chapter 243 the following:

**“CHAPTER 244—INTERCITY PASSENGER RAIL SERVICE
 CORRIDOR CAPITAL ASSISTANCE**

“Sec.

“24401. Definitions.

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

“24403. Project management oversight.

“24404. Inclusion of projects in Budget.

“24405. Local share and maintenance of effort.

“24406. Grants for maintenance and modernization.

6 **“§ 24401. Definitions**

7 “In this chapter:

8 “(1) APPLICANT.—The term ‘applicant’ means
 9 a State, a group of States, including an interstate
 10 compact formed under section 410 of the Amtrak
 11 Reform and Accountability Act of 1997 (49 U.S.C.
 12 24101 note) or section 131 of the Rail Passenger
 13 Service Restructuring, Reauthorization, and Devel-
 14 opment Act, or a public corporation, board, commis-
 15 sion, or agency established by one or more States
 16 designated as the lead agency of a State for pro-
 17 viding intercity passenger rail service.

18 “(2) CAPITAL PROJECT.—The term ‘capital
 19 project’ means a project for—

1 “(A) acquiring or constructing equipment
2 or a facility for use in intercity passenger rail
3 service, expenses incidental to the acquisition or
4 construction (including designing, inspecting,
5 supervising, engineering, location surveying,
6 mapping, environmental studies, and acquiring
7 rights-of-way), alternatives analysis related to
8 the development of such train services, capacity
9 improvements on the property over which the
10 service will be conducted, passenger rail-related
11 intelligent transportation systems, highway-rail
12 grade crossing improvements or closures on
13 routes used for intercity passenger rail service,
14 relocation assistance, acquiring replacement
15 housing sites, and acquiring, constructing, relo-
16 cating, and rehabilitating replacement housing;

17 “(B) rehabilitating or remanufacturing rail
18 rolling stock and associated facilities used pri-
19 marily in intercity passenger rail service;

20 “(C) leasing equipment or a facility for use
21 in intercity passenger rail service, subject to
22 regulations (to be prescribed by the Secretary
23 of Transportation) limiting such leasing ar-
24 rangements to arrangements that are more
25 cost-effective than purchase or construction;

1 “(1) GRANTS.—The Secretary of Transpor-
2 tation may make grants under this section to an ap-
3 plicant to assist in financing capital investments to
4 establish or add additional train frequencies for new
5 intercity corridor passenger rail service.

6 “(2) TERMS AND CONDITIONS.—The Secretary
7 shall require that a grant under this section be sub-
8 ject to the terms, conditions, requirements, and pro-
9 visions the Secretary decides are necessary or appro-
10 prium for the purposes of this section, including re-
11 quirements for the disposition of net increases in
12 value of real property resulting from the project as-
13 sisted under this section.

14 “(3) APPLICATION WITH CHAPTER 53.—A grant
15 under this section may not be made for a project or
16 program of projects that qualifies for financial as-
17 sistance under chapter 53 of this title.

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

19 “(1) IN GENERAL.—The Secretary may not ap-
20 prove a grant for a project under this section unless
21 the Secretary finds that the project is part of an ap-
22 proved corridor plan and program developed under
23 section 135 of title 23 and that the applicant or re-
24 cipient has or will have the legal, financial, and tech-
25 nical capacity to carry out the project (including

1 safety and security aspects of the project), satisfac-
2 tory continuing control over the use of the equip-
3 ment or facilities, and the capability and willingness
4 to maintain the equipment or facilities.

5 “(2) ELIGIBILITY INFORMATION.—An applicant
6 shall provide sufficient information upon which the
7 Secretary can make the findings required by this
8 subsection.

9 “(3) PROPOSED OPERATOR JUSTIFICATION.—If
10 an applicant has not selected the proposed operator
11 of its service competitively, the applicant shall pro-
12 vide written justification to the Secretary showing
13 why the proposed operator is preferred, taking into
14 account price and other factors, and that use of the
15 proposed operator will not increase the capital cost
16 of the project.

17 “(4) RAIL AGREEMENT.—The Secretary of
18 Transportation may not approve a grant under this
19 section unless the applicant demonstrates that the
20 railroad over which the intercity passenger rail serv-
21 ice will operate concurs with the applicant’s oper-
22 ating plans and infrastructure improvement require-
23 ments.

24 “(c) CRITERIA FOR GRANTS FOR INTERCITY COR-
25 RIDOR PASSENGER RAIL PROJECTS.—

1 “(1) IN GENERAL.—The Secretary may approve
2 a grant under this section for a capital project only
3 if the Secretary determines that the proposed project
4 is—

5 “(A) justified, based on—

6 “(i) the results of an alternatives
7 analysis and preliminary engineering; and

8 “(ii) a comprehensive review of its
9 mobility improvements, environmental ben-
10 efits, cost effectiveness, and operating effi-
11 ciencies; and

12 “(B) supported by an acceptable degree of
13 State and local financial commitment, including
14 evidence of stable and dependable financing
15 sources to construct, maintain, and operate the
16 system or extension.

17 “(2) ALTERNATIVES ANALYSIS AND PRELIMI-
18 NARY ENGINEERING.—In evaluating a project under
19 paragraph (1)(A), the Secretary shall analyze and
20 consider the results of the alternatives analysis and
21 preliminary engineering for the project.

22 “(3) PROJECT JUSTIFICATION.—In evaluating a
23 project under paragraph (1)(B), the Secretary shall
24 consider—

1 “(A) the direct and indirect benefits and
2 costs of relevant alternatives;

3 “(B) the ability of the service to compete
4 with other modes of transportation;

5 “(C) the extent to which the project fills
6 an unmet transportation need;

7 “(D) the ability of the service to fund its
8 operating expenses from fare revenues;

9 “(E) population density in the corridor;

10 “(F) the technical capability of the grant
11 recipient to construct the project;

12 “(G) factors such as congestion relief, im-
13 proved mobility, air pollution, noise pollution,
14 energy consumption, and all associated ancillary
15 and mitigating cost increases necessary to carry
16 out each alternative analyzed;

17 “(H) the level of private sector financial
18 participation and risk sharing in the project;

19 “(I) differences in local land, construction,
20 and operating costs in evaluating project jus-
21 tification; and

22 “(J) other factors that the Secretary deter-
23 mines appropriate to carry out this chapter.

24 “(4) LOCAL FINANCIAL COMMITMENT.—

1 “(A) EVALUATION OF PROJECT.—In evalu-
2 ating a project under paragraph (1)(C), the
3 Secretary shall require that—

4 “(i) the proposed project plan pro-
5 vides for the availability of contingency
6 amounts that the Secretary determines to
7 be reasonable to cover unanticipated cost
8 increases;

9 “(ii) each proposed State or local
10 source of capital and operating financing is
11 stable, reliable, and available within the
12 proposed project timetable; and

13 “(iii) State or local resources are
14 available to operate the proposed service.

15 “(B) CONSIDERATIONS.—In assessing the
16 stability, reliability, and availability of proposed
17 sources of local financing under subparagraph
18 (A), the Secretary shall consider—

19 “(i) existing grant commitments;

20 “(ii) the degree to which financing
21 sources are dedicated to the purposes pro-
22 posed;

23 “(iii) any debt obligation that exists
24 or is proposed by the applicant for the pro-

1 posed project or other intercity passenger
2 rail service purpose; and

3 “(iv) the extent to which the project
4 has a local financial commitment that ex-
5 ceeds the required non-Federal share of
6 the cost of the project.

7 “(5) PROJECT EVALUATION AND RATING.—A
8 proposed project may advance from alternatives
9 analysis to preliminary engineering, and may ad-
10 vance from preliminary engineering to final design
11 and construction, only if the Secretary finds that the
12 project meets the requirements of this section and
13 there is a reasonable likelihood that the project will
14 continue to meet such requirements. In making such
15 findings, the Secretary shall evaluate and rate the
16 project as ‘highly recommended’, ‘recommended’, or
17 ‘not recommended’, based on the results of alter-
18 natives analysis, the project justification criteria,
19 and the degree of local financial commitment, as re-
20 quired under this subsection. In rating the projects,
21 the Secretary shall provide, in addition to the overall
22 project rating, individual ratings for each of the cri-
23 teria established under the regulations issued under
24 paragraph (5).

1 “(6) FULL FUNDING GRANT AGREEMENT.—A
2 project financed under this subsection shall be car-
3 ried out through a full funding grant agreement.
4 The Secretary shall enter into a full funding grant
5 agreement based on the evaluations and ratings re-
6 quired under this subsection. The Secretary shall not
7 enter into a full funding grant agreement for a
8 project unless that project is authorized for final de-
9 sign and construction.

10 “(d) LETTERS OF INTENT, FULL FUNDING GRANT
11 AGREEMENTS, AND EARLY SYSTEMS WORK AGREE-
12 MENTS.—

13 “(1) LETTER OF INTENT.—

14 “(A) The Secretary may issue a letter of
15 intent to an applicant announcing an intention
16 to obligate, for a project under this section, an
17 amount from future available budget authority
18 specified in law that is not more than the
19 amount stipulated as the financial participation
20 of the Secretary in the project.

21 “(B) At least 60 days before issuing a let-
22 ter under subparagraph (A) of this paragraph
23 or entering into a full funding grant agreement,
24 the Secretary shall notify in writing the Senate
25 Committee on Commerce, Science, and Trans-

1 portation and the House of Representatives
2 Committee on Transportation and Infrastruc-
3 ture, and the House of Representatives and
4 Senate Committees on Appropriations of the
5 proposed letter or agreement. The Secretary
6 shall include with the notification a copy of the
7 proposed letter or agreement as well as the
8 evaluations and ratings for the project.

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

13 “(D) An obligation or administrative com-
14 mitment may be made only when amounts are
15 appropriated.

16 “(2) FULL FUNDING AGREEMENT.—

17 “(A) The Secretary may make a full fund-
18 ing grant agreement with an applicant. The
19 agreement shall—

20 “(i) establish the terms of partici-
21 tion by the United States Government in a
22 project under this section;

23 “(ii) establish the maximum amount
24 of Government financial assistance for the
25 project, which, with respect to a high-speed

1 rail project, shall be sufficient to complete
2 at least an operable segment;

3 “(iii) cover the period of time for com-
4 pleting the project, including a period ex-
5 tending beyond the period of an authoriza-
6 tion; and

7 “(iv) make timely and efficient man-
8 agement of the project easier according to
9 the law of the United States.

10 “(B) An agreement under this paragraph
11 obligates an amount of available budget author-
12 ity specified in law and may include a commit-
13 ment, contingent on amounts to be specified in
14 law in advance for commitments under this
15 paragraph, to obligate an additional amount
16 from future available budget authority specified
17 in law. The agreement shall state that the con-
18 tingent commitment is not an obligation of the
19 Federal Government and is subject to the avail-
20 ability of appropriations made by Federal law
21 and to Federal laws in force on or enacted after
22 the date of the contingent commitment. Interest
23 and other financing costs of efficiently carrying
24 out a part of the project within a reasonable
25 time are a cost of carrying out the project

1 under a full funding grant agreement, except
2 that eligible costs may not be more than the
3 cost of the most favorable financing terms rea-
4 sonably available for the project at the time of
5 borrowing. The applicant shall certify, in a way
6 satisfactory to the Secretary, that the applicant
7 has shown reasonable diligence in seeking the
8 most favorable financing terms.

9 “(3) EARLY SYSTEMS WORK AGREEMENT.—

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

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

18 “(ii) the terms of the work agreement
19 will promote ultimate completion of the
20 project more rapidly and at less cost.

21 “(B) A work agreement under this para-
22 graph obligates an amount of available budget
23 authority specified in law and shall provide for
24 reimbursement of preliminary costs of carrying
25 out the project, including land acquisition, time-

1 ly procurement of system elements for which
2 specifications are decided, and other activities
3 the Secretary decides are appropriate to make
4 efficient, long-term project management easier.
5 A work agreement shall cover the period of time
6 the Secretary considers appropriate. The period
7 may extend beyond the period of current au-
8 thorization. Interest and other financing costs
9 of efficiently carrying out the work agreement
10 within a reasonable time are a cost of carrying
11 out the agreement, except that eligible costs
12 may not be more than the cost of the most fa-
13 vorable financing terms reasonably available for
14 the project at the time of borrowing. The appli-
15 cant shall certify, in a way satisfactory to the
16 Secretary, that the applicant has shown reason-
17 able diligence in seeking the most favorable fi-
18 nancing terms. If an applicant does not carry
19 out the project for reasons within the control of
20 the applicant, the applicant shall repay all Gov-
21 ernment payments made under the work agree-
22 ment plus reasonable interest and penalty
23 charges the Secretary establishes in the agree-
24 ment.

1 “(4) LIMIT ON TOTAL OBLIGATIONS AND COM-
2 MITMENTS.—The total estimated amount of future
3 obligations of the Government and contingent com-
4 mitments to incur obligations covered by all out-
5 standing letters of intent, full funding grant agree-
6 ments, and early systems work agreements under
7 this section, when combined with obligations under
8 section 5309 of this title, may be not more than the
9 amount authorized under section 5338(b) of this
10 title, less an amount the Secretary reasonably esti-
11 mates is necessary for grants under this section not
12 covered by a letter. The total amount covered by
13 new letters and contingent commitments included in
14 full funding grant agreements and early systems
15 work agreements may be not more than a limitation
16 specified in law.

17 “(e) FEDERAL SHARE OF NET PROJECT COST.—

18 “(1) IN GENERAL.—

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

23 “(B) A grant for the project may be for up
24 to 50 percent of the net project cost. The re-

1 mainder shall be provided in cash from non-
2 Federal sources.

3 “(f) UNDERTAKING PROJECTS IN ADVANCE.—

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

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

10 “(B) the Secretary approves the payment;

11 and

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

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

1 shown reasonable diligence in seeking the most fa-
2 vorable financial terms.

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

7 “(g) FUNDING.—There are authorized to be appro-
8 priated to the Secretary of Transportation for purposes
9 of this section—

10 “(1) \$525,000,000 for fiscal year 2006,

11 “(2) \$525,000,000 for fiscal year 2007,

12 “(3) \$650,000,000 for fiscal year 2008,

13 “(4) \$750,000,000 for fiscal year 2009, and

14 “(5) \$800,000,000 for fiscal year 2010,

15 such sums to remain available until expended.

16 **“§ 24403. Project management oversight**

17 “(a) PROJECT MANAGEMENT PLAN REQUIRE-
18 MENTS.—To receive Federal financial assistance for a
19 major capital project under this chapter, an applicant
20 shall prepare and carry out a project management plan
21 approved by the Secretary of Transportation. The plan
22 shall provide for—

23 “(1) adequate recipient staff organization with
24 well-defined reporting relationships, statements of

1 functional responsibilities, job descriptions, and job
2 qualifications;

3 “(2) a budget for the project, including the
4 project management organization, appropriate con-
5 sultants, property acquisition, utility relocation, sys-
6 tems demonstration staff, audits, and miscellaneous
7 payments the recipient may be prepared to justify;

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

9 “(4) a document control procedure and record-
10 keeping system;

11 “(5) a change order procedure that includes a
12 documented, systematic approach to handling the
13 construction change orders;

14 “(6) organizational structures, management
15 skills, and staffing levels required throughout the
16 construction phase;

17 “(7) quality control and quality assurance func-
18 tions, procedures, and responsibilities for construc-
19 tion, system installation, and integration of system
20 components;

21 “(8) material testing policies and procedures;

22 “(9) internal plan implementation and reporting
23 requirements;

1 “(10) criteria and procedures to be used for
2 testing the operational system or its major compo-
3 nents;

4 “(11) annual updates of the plan, especially re-
5 lated to project budget and project schedule, financ-
6 ing, and ridership estimates; and

7 “(12) the recipient’s commitment to submit a
8 project budget and project schedule to the Secretary
9 each month.

10 “(b) PLAN APPROVAL.—

11 “(1) 60-DAY DECISION.—The Secretary shall
12 approve or disapprove a plan not later than 60 days
13 after it is submitted. If the approval process cannot
14 be completed within 60 days, the Secretary shall no-
15 tify the recipient, explain the reasons for the delay,
16 and estimate the additional time that will be re-
17 quired.

18 “(2) EXPLANATION OF DISAPPROVAL.—If the
19 Secretary disapproves a plan, the Secretary shall in-
20 form the applicant of the reasons for disapproval of
21 the plan.

22 “(c) SECRETARIAL OVERSIGHT.—

23 “(1) IN GENERAL.—The Secretary may use no
24 more than 0.5 percent of amounts made available in
25 a fiscal year for capital projects under this chapter

1 to enter into contracts to oversee the construction of
2 such projects.

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

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

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

18 **“§ 24404. Inclusion of projects in Budget**

19 “Beginning with fiscal year 2005, the Secretary of
20 Transportation shall transmit to the Office of Manage-
21 ment and Budget for inclusion in the President’s budget
22 submission for the fiscal year a list of projects rec-
23 ommended for funding under section 24402 for the fiscal
24 year.

1 **“§ 24405. Local share and maintenance of effort**

2 “(a) IN GENERAL.—Notwithstanding any other pro-
3 vision of law, a recipient of assistance under section 24402
4 may use, as part of the local matching funds for a capital
5 project, the proceeds from the issuance of revenue bonds.

6 “(b) MAINTENANCE OF EFFORT.—The Secretary of
7 Transportation shall approve the use of proceeds from the
8 issuance of revenue bonds for the non-Federal share of
9 the net project cost only if the aggregate amount of finan-
10 cial support for intercity passenger rail service from the
11 State is not less than the average annual amount provided
12 by the State during the preceding 3 years.

13 **“§ 24406. Grants for maintenance and modernization**

14 “(a) IN GENERAL.—The Secretary of Transportation
15 may make capital grants for renewal and modernization
16 of intercity passenger rail services to—

17 “(1) the American Passenger Railway Corpora-
18 tion for services it operates under contract with the
19 Secretary of Transportation; or

20 “(2) to States for intercity passenger rail serv-
21 ices operated under a contract with the American
22 Passenger Railway Corporation or another train op-
23 erator.

24 “(b) USE OF FUNDS.—Grants under this section may
25 be used—

1 “(1) to purchase, lease, rehabilitate, or remanu-
2 facture rolling stock and associated facilities used
3 primarily in intercity passenger rail service;

4 “(2) to modernize existing intercity passenger
5 rail service facilities and information systems; or

6 “(3) to defray the cost of rental charges to
7 freight railroads for the addition of train fre-
8 quencies.

9 “(c) FEDERAL SHARE.—For fiscal years 2005
10 through 2010, the Federal share for a capital grant under
11 this section may be 100 percent, except that the Federal
12 share for a grant made under subsection (b)(3) may not
13 exceed 50 percent. After fiscal year 2010, the Federal
14 share for a capital grant under this section may not exceed
15 80 percent.

16 “(d) ALLOCATION FORMULA.—Funds made available
17 by this section shall be allocated equitably among the
18 States based on a formula to be determined by the Sec-
19 retary.

20 “(e) SLEEPING AND DINING CARS.—Pending the re-
21 structuring of long distance routes under sections 106
22 through 108 of the Rail Passenger Service Restructuring,
23 Reauthorization, and Development Act, capital grants
24 may be made to the American Passenger Railway Cor-
25 poration for sleeping and dining cars only to the extent

1 necessary to maintain the equipment in working order and
2 not for the purpose of refurbishing, rebuilding, or renew-
3 ing such equipment to extend the equipment's useful life.

4 “(f) LONG DISTANCE RESTRUCTURING PLAN.—Un-
5 less the restructuring plan submitted by the Long Dis-
6 tance Route Restructuring Commission under section 106
7 of the Rail Passenger Service Restructuring, Reauthoriza-
8 tion, and Development Act is disapproved by Congress,
9 from the sums authorized for capital projects outside of
10 the Northeast Corridor, the Secretary may reserve up to
11 \$20,000,000 in each of fiscal years 2007 through 2010
12 to assist in the restructuring of long distance routes as
13 linked corridors, and the Federal share of such assistance
14 shall be 100 percent.

15 “(g) AUTHORIZATION OF APPROPRIATIONS.—There
16 are authorized to be appropriated to the Secretary of
17 Transportation \$200,000,000 for each of fiscal years 2005
18 through 2010 to carry out this section.”.

19 **SEC. 202. REGULATIONS IMPLEMENTING CHAPTER 244.**

20 (a) IN GENERAL.—Not later than 1 year after the
21 date of enactment of this Act, the Secretary of Transpor-
22 tation shall issue final regulations under chapter 244 of
23 title 49, United States Code.

1 (b) SPECIFIC REQUIREMENTS.—The regulations
2 under chapter 244 of title 49, United States Code, shall
3 include—

4 (1) the manner in which the Secretary will
5 evaluate and rate projects based on the results of al-
6 ternatives analysis, project justification, and the de-
7 gree of local financial commitment, as required by
8 section 24402 of that title;

9 (2) a definition of “major capital project” for
10 purposes of section 24403;

11 (3) a requirement that project oversight begin
12 during the preliminary engineering stage of a
13 project, unless the Secretary finds it more appro-
14 priate to begin oversight during another stage of a
15 project, to maximize the transportation benefits and
16 cost savings associated with project management
17 oversight;

18 (4) a deadline by which all grant applications
19 for a fiscal year shall be submitted that is early
20 enough to permit the Secretary to evaluate all timely
21 applications thoroughly before making grants;

22 (5) a formula based on infrastructure owner-
23 ship, boardings, and passenger-miles traveled in the
24 prior fiscal year by which the funds authorized for

1 modernization of existing services will be allocated
 2 among the States; and

3 (6) a requirement that, if a State does not
 4 apply for its share of formula grant funds under
 5 paragraph (5) of this subsection in a timely manner,
 6 those funds will be made available to other States.

7 **TITLE III—REFORMS**

8 **SEC. 301. MANAGEMENT OF SECURED DEBT.**

9 Except as approved by the Secretary of Transpor-
 10 tation to refinance existing secured debt, Amtrak (until
 11 the American Passenger Railway Corporation is estab-
 12 lished) and the American Passenger Railway Corporation
 13 thereafter, may not enter into any obligation secured by
 14 assets after the date of enactment of this Act. This section
 15 does not prohibit unsecured lines of credit used for work-
 16 ing capital purposes.

17 **SEC. 302. EMPLOYEE ASSISTANCE.**

18 (a) **TRANSITION FINANCIAL INCENTIVES.**—

19 (1) **IN GENERAL.**—To reduce operating ex-
 20 penses in preparation for competition from other rail
 21 carriers, the American Passenger Railway Corpora-
 22 tion may institute a program under which it may, at
 23 its discretion, provide financial incentives to employ-
 24 ees who voluntarily terminate their employment with
 25 the Corporation and relinquish any legal rights to

1 receive termination-related payments under any con-
2 tractual agreement with the Corporation.

3 (2) CONDITIONS FOR FINANCIAL INCEN-
4 TIVES.—As a condition for receiving financial assist-
5 ance grants under this section, the American Pas-
6 senger Railway Corporation shall certify to the Sec-
7 retary of Transportation that—

8 (A) the financial assistance results in a net
9 reduction in the total number of employees
10 equal to the number receiving financial incen-
11 tives;

12 (B) the financial assistance results in a net
13 reduction in total employment expense equiva-
14 lent to the total employment expenses associ-
15 ated with the employees receiving financial in-
16 centives; and

17 (C) the total number of employees eligible
18 for termination-related payments will not be in-
19 creased without the express written consent of
20 the Secretary.

21 (3) AMOUNT OF FINANCIAL INCENTIVES.—The
22 financial incentives authorized under this section
23 may not exceed 1 year's base pay.

24 (4) AUTHORIZATION OF APPROPRIATIONS.—
25 There are authorized to be appropriated to the Sec-

1 retary of Transportation \$25,000,000 for each of
2 fiscal years 2005, 2006, and 2007 to make grants
3 to the American Passenger Railway Corporation to
4 fund financial incentive payments to employees
5 under this subsection.

6 (b) LABOR PROTECTION FOR EMPLOYEES OF THE
7 AMERICAN PASSENGER RAILWAY CORPORATION.—

8 (1) IN GENERAL.—The American Passenger
9 Railway Corporation shall be responsible for obliga-
10 tions imposed by law or collective bargaining agree-
11 ment for compensation and benefits payable to its
12 employees terminated in connection with the restruc-
13 turing of passenger rail service under this Act and
14 the amendments made by this Act. The responsi-
15 bility of the American Passenger Railway Corpora-
16 tion under the preceding sentence, and the obliga-
17 tions for which it is responsible under that sentence,
18 may not be transferred to any other entity in con-
19 nection with such restructuring by contract or other-
20 wise.

21 (2) AUTHORIZATION OF APPROPRIATIONS.—
22 There are authorized to be appropriated to the Sec-
23 retary of Transportation for the use of the American
24 Passenger Railway Corporation in meeting its re-

1 sponsibility under paragraph (1) \$75,000,000 for
2 each of fiscal years 2007 through 2010.

3 (3) NOT AN OBLIGATION OF THE UNITED
4 STATES.—Notwithstanding paragraph (2), nothing
5 in paragraph (1) shall be construed to mean that
6 any labor protection obligation of the American Pas-
7 senger Railway Corporation under that paragraph is
8 an obligation of the United States Government.

9 **SEC. 303. TERMINATION OF AUTHORITY FOR GSA TO PRO-**
10 **VIDE SERVICES TO AMTRAK.**

11 Section 1110 of division A of H.R. 5666 (114 Stat.
12 2763A–202), as enacted by section 1(a)(4) of the Consoli-
13 dated Appropriations Act, 2001, is repealed.

14 **SEC. 304. AMTRAK REFORM BOARD OF DIRECTORS.**

15 Section 24302 is amended by adding at the end the
16 following:

17 “(d) ASSET TRANSITION COMMITTEE.—

18 “(1) IN GENERAL.—The Reform Board shall
19 form an asset transition committee comprised of the
20 Secretary or the Secretary’s designee, and 2 other
21 members, or 1 other member if 2 other members are
22 not lawfully appointed.

23 “(2) POWERS AND DUTIES.—In addition to
24 other powers and duties assigned by the board, the
25 Asset Transition Committee has the duty to ensure

1 that the public interest is served in board decisions
 2 and Amtrak management actions that change the
 3 use of or status of—

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

6 “(B) Amtrak’s secured debt;

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

9 “(D) rolling stock.

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

16 **SEC. 305. LIMITATIONS ON AVAILABILITY OF GRANTS.**

17 (a) IN GENERAL.—Chapter 243, as amended by sec-
 18 tion 136 of this Act is amended by inserting after section
 19 24318 the following:

20 **“§ 24319. Limitations on availability of grants**

21 “(a) IN GENERAL.—In addition to any other require-
 22 ment imposed under this title, grants under this subtitle
 23 are subject to the following conditions:

24 “(1) The Secretary of Transportation may ap-
 25 prove funding to cover operating losses or operating

1 expenses (including advance purchase orders) only
2 after receiving and approving a grant request for
3 each specific train route to which the grant relates.

4 “(2) Each such grant request shall be accom-
5 panied by a detailed financial analysis, revenue pro-
6 jection, and capital expenditure program justifying
7 the Federal support to the Secretary’s satisfaction.

8 “(3) Not later than December 31st prior to
9 each fiscal year in which a grant under this subtitle
10 is to be made, the grant recipient shall transmit a
11 business plan for operating and capital improve-
12 ments to be funded in the fiscal year under section
13 24104(a) to the Secretary of Transportation, the
14 Committee on Commerce, Science, and Transpor-
15 tation of the Senate, the Committee on Transpor-
16 tation and Infrastructure of the House of Represent-
17 atives, and the House of Representatives and Senate
18 Committees on Appropriations.

19 “(4) The business plan shall include—

20 “(A) targets, as applicable, for ridership,
21 revenues, and capital and operating expenses;

22 “(B) a separate accounting for such tar-
23 gets—

24 “(i) on the Northeast Corridor;

25 “(ii) each intercity train route;

1 “(iii) as a group for long distance
2 trains and corridor services; and

3 “(iv) commercial activities, including
4 contract operations and mail and express;
5 and

6 “(C) a description of the work to be fund-
7 ed, along with cost estimates and an estimated
8 timetable for completion of the projects covered
9 by the business plan.

10 “(5) Each month of each fiscal year in which
11 grants are made under this subtitle, the grant recipi-
12 ent shall submit a supplemental report in electronic
13 format regarding the business plan, which shall de-
14 scribe the work completed to date, any changes to
15 the business plan, and the reasons for such changes,
16 to the Secretary of Transportation, the Committee
17 on Commerce, Science, and Transportation of the
18 Senate, the Committee on Transportation and Infra-
19 structure of the House of Representatives, and the
20 House of Representatives and Senate Committees on
21 Appropriations.

22 “(6) None of the funds authorized by this sub-
23 title or the Rail Passenger Service Restructuring,
24 Reauthorization, and Development Act may be dis-
25 bursed for operating expenses, including advance

1 purchase orders and capital projects not approved by
2 the Secretary nor in the business plan submitted by
3 the grant recipient under paragraph (3).

4 “(7) The grant recipient shall display the busi-
5 ness plan required by paragraph (3) and all subse-
6 quent supplemental plans required by paragraph (5)
7 on its website within a reasonable time after they
8 are submitted to the Secretary and the Congress
9 under this section.

10 “(8) The Secretary may not make any grant
11 under this subtitle, until the grant recipient agrees
12 to continue abiding by the provisions of paragraphs
13 (1), (2), (5), (9), and (11) of the summary of condi-
14 tions on the direct loan agreement of June 28, 2002,
15 until the loan is repaid.

16 “(9) With respect to any route on which inter-
17 city passenger rail service is provided on the day be-
18 fore the date on which the restructuring required by
19 section 24300 is completed (as determined by the
20 Secretary), the American Passenger Railway Cor-
21 poration shall make available to any replacement op-
22 erator the legacy equipment that is associated with
23 the service on the route. The equipment shall be
24 made available on such terms as the National Rail-

1 road Passenger Corporation determines are fair, rea-
2 sonable, and in the public interest.

3 “(10) The American Passenger Railway Cor-
4 poration shall provide interline reservations services
5 to any other provider of intercity passenger rail
6 transportation on the same basis and at the same
7 rates as those services were provided to the oper-
8 ating entities that provide passenger rail service
9 within Amtrak as of the date of enactment of the
10 Rail Passenger Service Restructuring, Reauthoriza-
11 tion, and Development Act.

12 “(b) GRANT RECIPIENT.—In this section, the term
13 ‘grant recipient’ means—

14 “(1) Amtrak, until the date on which the Amer-
15 ican Passenger Railway Corporation is established;
16 and

17 “(2) the American Passenger Railway Corpora-
18 tion, after it is established.”.

19 (b) CONFORMING AMENDMENT.—The chapter anal-
20 ysis for chapter 243 is amended by inserting after the item
21 relating to section 24318 the following:

“24319. Limitations on availability of grants.”.

22 **SEC. 306. REPEAL OF OBSOLETE AND EXECUTED PROVI-**
23 **SIONS OF LAW.**

24 (a) IN GENERAL.—The following sections are re-
25 pealed:

1 (1) Section 24701.

2 (2) Section 24706.

3 (3) Section 24901.

4 (4) Section 24902.

5 (5) Section 24904.

6 (6) Section 24906.

7 (7) Section 24909.

8 (b) AMENDMENT OF SECTION 24305.—Section
9 24305 is amended—

10 (1) by striking paragraph (2) of subsection (a)
11 and redesignating paragraph (3) as paragraph (2);
12 and

13 (2) by inserting “With regard to items acquired
14 with funds provided by the Federal Government,”
15 before “Amtrak” in subsection (f)(2).

16 (c) CONFORMING AMENDMENTS.—The chapter anal-
17 yses for chapters 243, 247, and 249 are amended, as ap-
18 propriate, by striking the items relating to sections 24307,
19 24701, 24706, 24901, 24902, 24904, 24906, 24908, and
20 24909.

21 **SEC. 307. ESTABLISHMENT OF FINANCIAL ACCOUNTING**
22 **SYSTEM.**

23 (a) IN GENERAL.—The Inspector General of the De-
24 partment of Transportation shall employ an independent
25 financial consultant—

1 (1) to assess Amtrak’s financial accounting and
2 reporting system and practices as of the date of en-
3 actment of this Act;

4 (2) to design and assist the American Pas-
5 senger Railway Corporation in implementing a mod-
6 ern financial accounting and reporting system, on
7 the basis of the assessment, that will produce accu-
8 rate and timely financial information in sufficient
9 detail—

10 (A) to enable the American Passenger
11 Railway Corporation to assign revenues and ex-
12 penses appropriately to each of its lines of busi-
13 ness and to each major activity within each line
14 of business activity, including train operations,
15 equipment maintenance, ticketing, and reserva-
16 tions;

17 (B) to aggregate expenses and revenues re-
18 lated to infrastructure and distinguish them
19 from expenses and revenues related to rail oper-
20 ations; and

21 (C) to provide ticketing and reservation in-
22 formation on a real-time basis.

23 (b) VERIFICATION OF SYSTEM; REPORT.—The In-
24 spector General of the Department of Transportation shall
25 review the accounting system designed and implemented

1 under subsection (a) to ensure that it accomplishes the
2 purposes for which it is intended. The Inspector General
3 shall report his findings and conclusions, together with
4 any recommendations, to the Senate Committee on Com-
5 merce, Science, and Transportation and the House of Rep-
6 resentatives Committee on Transportation and Infrastruc-
7 ture.

8 (c) SEPARATE FINANCIAL STATEMENTS FOR NORTH-
9 EAST CORRIDOR INFRASTRUCTURE.—Beginning with fis-
10 cal year 2006, the American Passenger Railway Corpora-
11 tion shall issue separate financial statements for activities
12 related to the infrastructure of the Northeast Corridor.

13 (d) AUTHORIZATION OF APPROPRIATIONS.—There
14 are authorized to be appropriated to the Secretary of
15 Transportation \$2,500,000 for fiscal year 2005 to carry
16 out subsection (a), such sums to remain available until
17 expended.

18 **SEC. 308. RESTRUCTURING OF LONG-TERM DEBT AND CAP-**
19 **ITAL LEASES.**

20 (a) IN GENERAL.—The Secretary of the Treasury, in
21 consultation with the Secretary of Transportation and
22 Amtrak, shall restructure Amtrak's indebtedness as of the
23 date of enactment of this Act.

24 (b) DEBT REDEMPTION.—The Secretary of Trans-
25 portation, in consultation with the Secretary of the Treas-

1 ury, shall enter into negotiations with the holders of Am-
2 trak debt, including leases, that is outstanding on the date
3 of enactment of this Act for the purpose of restructuring
4 that debt. The Secretary, in consultation with the Sec-
5 retary of the Treasury, shall secure agreements for repay-
6 ment on such terms as the Secretary deems favorable to
7 the interests of the Government.

8 (c) CRITERIA.—In redeeming or restructuring Am-
9 trak’s indebtedness, the Secretaries and Amtrak—

10 (1) shall ensure that the restructuring imposes
11 the least practicable burden on taxpayers; and

12 (2) take into consideration repayment costs, the
13 term of any loan or loans, and market conditions.

14 (d) EARLY REDEMPTION PLAN.—Within 1 year after
15 the date of enactment of this Act, the Secretary of Trans-
16 portation and the Secretary of the Treasury shall transmit
17 to the Congress—

18 (1) a plan for the early redemption of Amtrak
19 debt; and

20 (2) a proposal for covering the costs associated
21 with the early redemption.

22 (e) AMTRAK PRINCIPAL AND INTEREST PAY-
23 MENTS.—

24 (1) PRINCIPAL ON DEBT SERVICE.—Unless the
25 Secretary of Transportation and the Secretary of the

1 Treasury restructure or redeem the debt, there are
2 authorized to be appropriated to the Secretary of
3 Transportation for the use of Amtrak (before the
4 date, determined by the Secretary of Transportation,
5 on which the restructuring required by section
6 24300 of title 49, United States Code, is completed)
7 and the American Passenger Railway Corporation
8 (after that date) for retirement of principal on loans
9 for capital equipment, or capital leases, not more
10 than the following amounts:

11 (A) For fiscal year 2005, \$110,000,000.

12 (B) For fiscal year 2006, \$115,000,000.

13 (C) For fiscal year 2007, \$205,000,000.

14 (D) For fiscal year 2008, \$165,000,000.

15 (E) For fiscal year 2009, \$155,000,000.

16 (F) For fiscal year 2010, \$150,000,000.

17 (2) INTEREST ON DEBT.—Unless the Secretary
18 of Transportation and the Secretary of the Treasury
19 restructure or redeem the debt, there are authorized
20 to be appropriated to the Secretary of Transpor-
21 tation for the use of Amtrak (before the date, deter-
22 mined by the Secretary of Transportation, on which
23 the restructuring required by section 24300 of title
24 49, United States Code, is completed) and the
25 American Passenger Railway Corporation (after that

1 date) for the payment of interest on loans for capital
2 equipment, or capital leases, the following amounts:

3 (A) For fiscal year 2005, \$155,000,000.

4 (B) For fiscal year 2006, \$150,000,000.

5 (C) For fiscal year 2007, \$140,000,000.

6 (D) For fiscal year 2008, \$130,000,000.

7 (E) For fiscal year 2009, \$125,000,000.

8 (F) For fiscal year 2010, \$115,000,000.

9 (3) REDUCTIONS IN AUTHORIZATION LEVELS.—

10 Whenever action taken by the Secretary of the
11 Treasury under subsection (c) results in reductions
12 in amounts of principle and interest that Amtrak
13 must service on existing debt, Amtrak shall submit
14 to the Senate Committee on Commerce, Science and
15 Transportation, the House of Representatives Com-
16 mittee on Transportation and Infrastructure, the
17 Senate Committee on Appropriations, and House of
18 Representatives Committee on Appropriations re-
19 vised requests for amounts authorized by paragraphs
20 (1) and (2) that reflect such reductions.

21 (f) LEGAL EFFECT OF PAYMENTS UNDER THIS SEC-
22 TION.—The payment of principal and interest secured
23 debt with the proceeds of grants under subsection (f) shall
24 not—

1 (1) modify the extent or nature of any indebt-
2 edness of the National Railroad Passenger Corpora-
3 tion to the United States in existence of the date of
4 enactment of this Act;

5 (2) change the private nature of Amtrak's or its
6 successors' liabilities; or

7 (3) imply any Federal guarantee or commit-
8 ment to amortize Amtrak's outstanding indebted-
9 ness.

10 **SEC. 309. AUTHORIZATION OF APPROPRIATIONS.**

11 There are authorized to be appropriated to the Sec-
12 retary of Transportation for the benefit of Amtrak for fis-
13 cal year 2005 \$750,000,000 for operating expenses.

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