

106TH CONGRESS
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S. 1900

To amend the Internal Revenue Code of 1986 to allow a credit to holders of qualified bonds issued by Amtrak, and for other purposes.

IN THE SENATE OF THE UNITED STATES

NOVEMBER 10, 1999

Mr. LAUTENBERG (for himself, Mr. JEFFORDS, Mr. MOYNIHAN, Mr. CLELAND, Mr. KERRY, Mr. BIDEN, Mrs. BOXER, Mr. KOHL, Mr. SPECTER, Mr. ROBB, Mr. LEAHY, Mr. DEWINE, Mr. SARBANES, Mr. TORRICELLI, Mr. L. CHAFEE, Mr. GRAHAM, Mr. KENNEDY, Ms. MIKULSKI, Ms. SNOWE, Mr. SCHUMER, Mr. LEVIN, and Mrs. HUTCHISON) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to allow a credit to holders of qualified bonds issued by Amtrak, and for other purposes.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “High-Speed Rail In-
5 vestment Act”.

1 **SEC. 2. CREDIT TO HOLDERS OF QUALIFIED AMTRAK**
 2 **BONDS.**

3 (a) IN GENERAL.—Part IV of subchapter A of chap-
 4 ter 1 of the Internal Revenue Code of 1986 (relating to
 5 credits against tax) is amended by adding at the end the
 6 following new subpart:

7 **“Subpart H—Nonrefundable Credit for Holders of**
 8 **Qualified Amtrak Bonds**

“Sec. 54. Credit to holders of qualified Amtrak bonds.

9 **“SEC. 54. CREDIT TO HOLDERS OF QUALIFIED AMTRAK**
 10 **BONDS.**

11 “(a) ALLOWANCE OF CREDIT.—In the case of a tax-
 12 payer who holds a qualified Amtrak bond on a credit al-
 13 lowance date of such bond which occurs during the taxable
 14 year, there shall be allowed as a credit against the tax
 15 imposed by this chapter for such taxable year the amount
 16 determined under subsection (b).

17 “(b) AMOUNT OF CREDIT.—

18 “(1) IN GENERAL.—The amount of the credit
 19 determined under this subsection with respect to any
 20 credit allowance date for a qualified Amtrak bond is
 21 25 percent of the annual credit determined with re-
 22 spect to such bond.

23 “(2) ANNUAL CREDIT.—The annual credit de-
 24 termined with respect to any qualified Amtrak bond
 25 is the product of—

1 “(A) the applicable credit rate, multiplied
2 by

3 “(B) the outstanding face amount of the
4 bond.

5 “(3) APPLICABLE CREDIT RATE.—For purposes
6 of paragraph (2), the applicable credit rate with re-
7 spect to an issue is the rate equal to an average
8 market yield (as of the day before the date of
9 issuance of the issue) on outstanding long-term cor-
10 porate debt obligations (determined under regula-
11 tions prescribed by the Secretary).

12 “(4) SPECIAL RULE FOR ISSUANCE AND RE-
13 DEMPTION.—In the case of a bond which is issued
14 during the 3-month period ending on a credit allow-
15 ance date, the amount of the credit determined
16 under this subsection with respect to such credit al-
17 lowance date shall be a ratable portion of the credit
18 otherwise determined based on the portion of the 3-
19 month period during which the bond is outstanding.
20 A similar rule shall apply when the bond is re-
21 deemed.

22 “(c) LIMITATION BASED ON AMOUNT OF TAX.—

23 “(1) IN GENERAL.—The credit allowed under
24 subsection (a) for any taxable year shall not exceed
25 the excess of—

1 “(A) the sum of the regular tax liability
 2 (as defined in section 26(b)) plus the tax im-
 3 posed by section 55, over

4 “(B) the sum of the credits allowable
 5 under this part (other than this subpart and
 6 subpart C).

7 “(2) CARRYOVER OF UNUSED CREDIT.—If the
 8 credit allowable under subsection (a) exceeds the
 9 limitation imposed by paragraph (1) for such taxable
 10 year, such excess shall be carried to the succeeding
 11 taxable year and added to the credit allowable under
 12 subsection (a) for such taxable year.

13 “(d) QUALIFIED AMTRAK BOND.—For purposes of
 14 this part—

15 “(1) IN GENERAL.—The term ‘qualified Amtrak
 16 bond’ means any bond issued as part of an issue
 17 if—

18 “(A) 95 percent or more of the proceeds of
 19 such issue are—

20 “(i) to be used for any qualified
 21 project, or

22 “(ii) to be pledged to secure payments
 23 and other obligations incurred by the Na-
 24 tional Railroad Passenger Corporation in
 25 connection with any qualified project,

1 “(B) the bond is issued by the National
2 Railroad Passenger Corporation,

3 “(C) the issuer—

4 “(i) designates such bond for purposes
5 of this section,

6 “(ii) certifies that it meets the State
7 contribution requirement of paragraph (2)
8 with respect to such project, and

9 “(iii) certifies that it has obtained the
10 written approval of the Secretary of Trans-
11 portation for such project,

12 “(D) the term of each bond which is part
13 of such issue does not exceed 20 years, and

14 “(E) the payment of principal with respect
15 to such bond is guaranteed by the National
16 Railroad Passenger Corporation.

17 “(2) STATE CONTRIBUTION REQUIREMENT.—

18 “(A) IN GENERAL.—For purposes of para-
19 graph (1)(C)(ii), the State contribution require-
20 ment of this paragraph is met with respect to
21 any qualified project if the National Railroad
22 Passenger Corporation has a written binding
23 commitment from 1 or more States to make
24 matching contributions not later than the date

of issuance of the issue of not less than 20 percent of the cost of the qualified project.

“(B) USE OF STATE MATCHING CONTRIBUTIONS.—The matching contributions described in subparagraph (A) with respect to each qualified project shall be used—

“(i) in the case of an amount equal to 20 percent of the cost of such project, to redeem bonds which are a part of the issue with respect to such project, and

“(ii) in the case of any remaining amount, at the election of the National Railroad Passenger Corporation and the contributing State—

“(I) to fund the qualified project,

or

“(II) to redeem such bonds, or

“(III) for the purposes of subclauses (I) and (II).

“(3) QUALIFIED PROJECT.—The term ‘qualified project’ means—

“(A) the acquisition, financing, or refinancing of equipment, rolling stock, and other capital improvements for the northeast rail cor-

1 ridor between Washington, D.C. and Boston,
2 Massachusetts,

3 “(B) the acquisition, financing, or re-fi-
4 nancing of equipment, rolling stock, and other
5 capital improvements for the improvement of
6 train speeds or safety (or both) on the high-
7 speed rail corridors designated under section
8 104(d)(2) of title 23, United States Code, and

9 “(C) with respect to not more than 10 per-
10 cent of the net proceeds of an issue, the acqui-
11 sition, financing, or refinancing of equipment,
12 rolling stock, and other capital improvements
13 for non-designated high-speed rail corridors, in-
14 cluding station rehabilitation, track or signal
15 improvements, or the elimination of grade
16 crossings.

17 “(4) TEMPORARY PERIOD EXCEPTION.—A bond
18 shall not be treated as failing to meet the require-
19 ment of paragraph (1)(A) solely by reason of the
20 fact that the proceeds of the issue of which such
21 bond is a part are invested for a reasonable tem-
22 porary period (but not more than 36 months) until
23 such proceeds are needed for the purpose for which
24 such issue was issued.

1 “(e) LIMITATIONS ON AMOUNT OF BONDS DES-
2 IGNATED.—

3 “(1) IN GENERAL.—There is a qualified Am-
4 trak bond limitation for each fiscal year. Such limi-
5 tation is—

6 “(A) \$1,000,000,000 for each of the fiscal
7 years 2001 through 2010, and

8 “(B) zero after 2010.

9 “(2) CARRYOVER OF UNUSED LIMITATION.—If
10 for any fiscal year—

11 “(A) the limitation amount under para-
12 graph (1), exceeds

13 “(B) the amount of bonds issued during
14 such year which are designated under sub-
15 section (d)(1)(C)(i),

16 the limitation amount under paragraph (1) for the
17 following fiscal year shall be increased by the
18 amount of such excess.

19 “(f) OTHER DEFINITIONS.—For purposes of this
20 subpart—

21 “(1) BOND.—The term ‘bond’ includes any ob-
22 ligation.

23 “(2) CREDIT ALLOWANCE DATE.—The term
24 ‘credit allowance date’ means—

25 “(A) March 15,

1 “(B) June 15,

2 “(C) September 15, and

3 “(D) December 15.

4 Such term includes the last day on which the bond
5 is outstanding.

6 “(3) STATE.—The term ‘State’ includes the
7 District of Columbia.

8 “(g) PARTNERSHIP; S CORPORATION; AND OTHER
9 PASS-THRU ENTITIES.—Under regulations prescribed by
10 the Secretary, in the case of a partnership, trust, S cor-
11 poration, or other pass-thru entity, rules similar to the
12 rules of section 41(g) shall apply with respect to the credit
13 allowable under subsection (a).

14 “(h) BONDS HELD BY REGULATED INVESTMENT
15 COMPANIES.—If any qualified Amtrak bond is held by a
16 regulated investment company, the credit determined
17 under subsection (a) shall be allowed to shareholders of
18 such company under procedures prescribed by the Sec-
19 retary.

20 “(i) USE OF TRUST ACCOUNT.—

21 “(1) IN GENERAL.—The amount of any match-
22 ing contribution with respect to a qualified project
23 described in subsection (d)(2)(B)(i) or
24 (d)(2)(B)(ii)(II) and the temporary period invest-
25 ment earnings on proceeds of the issue with respect

1 to such project described in subsection (d)(4), and
 2 any earnings thereon, shall be held in a trust ac-
 3 count by a trustee independent of the National Rail-
 4 road Passenger Corporation to be used to redeem
 5 bonds which are part of such issue.

6 “(2) USE OF REMAINING FUNDS IN TRUST AC-
 7 COUNT.—Upon the repayment of the principal of all
 8 qualified Amtrak bonds issued under this section,
 9 any remaining funds in the trust account described
 10 in paragraph (1) shall be available to the trustee de-
 11 scribed in paragraph (1) to meet any remaining obli-
 12 gations under any guaranteed investment contract
 13 used to secure earnings sufficient to repay the prin-
 14 cipal of such bonds. Any remaining balance in such
 15 trust account shall be paid to the United States to
 16 be used to redeem public-debt obligations.

17 “(j) CREDIT INCLUDED IN GROSS INCOME.—Gross
 18 income includes the amount of the credit allowed to the
 19 taxpayer under this section (determined without regard to
 20 subsection (c)) and the amount so included shall be treat-
 21 ed as interest income.

22 “(k) CREDITS MAY BE STRIPPED.—Under regula-
 23 tions prescribed by the Secretary—

24 “(1) IN GENERAL.—There may be a separation
 25 (including at issuance) of the ownership of a quali-

1 fied Amtrak bond and the entitlement to the credit
2 under this section with respect to such bond. In case
3 of any such separation, the credit under this section
4 shall be allowed to the person who on the credit al-
5 lowance date holds the instrument evidencing the en-
6 titlement to the credit and not to the holder of the
7 bond.

8 “(2) CERTAIN RULES TO APPLY.—In the case
9 of a separation described in paragraph (1), the rules
10 of section 1286 shall apply to the qualified Amtrak
11 bond as if it were a stripped bond and to the credit
12 under this section as if it were a stripped coupon.

13 “(l) TREATMENT FOR ESTIMATED TAX PURPOSES.—
14 Solely for purposes of sections 6654 and 6655, the credit
15 allowed by this section to a taxpayer by reason of holding
16 a qualified Amtrak bond on a credit allowance date shall
17 be treated as if it were a payment of estimated tax made
18 by the taxpayer on such date.

19 “(m) CREDIT MAY BE TRANSFERRED.—Nothing in
20 any law or rule of law shall be construed to limit the trans-
21 ferability of the credit allowed by this section through sale
22 and repurchase agreements.

23 “(n) REPORTING.—Issuers of qualified Amtrak bonds
24 shall submit reports similar to the reports required under
25 section 149(e).”

1 (b) REPORTING.—Subsection (d) of section 6049 of
 2 the Internal Revenue Code of 1986 (relating to returns
 3 regarding payments of interest) is amended by adding at
 4 the end the following:

5 “(8) REPORTING OF CREDIT ON QUALIFIED AM-
 6 TRAK BONDS.—

7 “(A) IN GENERAL.—For purposes of sub-
 8 section (a), the term ‘interest’ includes amounts
 9 includible in gross income under section 54(j)
 10 and such amounts shall be treated as paid on
 11 the credit allowance date (as defined in section
 12 54(f)(2)).

13 “(B) REPORTING TO CORPORATIONS,
 14 ETC.—Except as otherwise provided in regula-
 15 tions, in the case of any interest described in
 16 subparagraph (A) of this paragraph, subsection
 17 (b)(4) of this section shall be applied without
 18 regard to subparagraphs (A), (H), (I), (J), (K),
 19 and (L)(i).

20 “(C) REGULATORY AUTHORITY.—The Sec-
 21 retary may prescribe such regulations as are
 22 necessary or appropriate to carry out the pur-
 23 poses of this paragraph, including regulations
 24 which require more frequent or more detailed
 25 reporting.”

1 (c) CLERICAL AMENDMENTS.—

2 (1) The table of subparts for part IV of sub-
3 chapter A of chapter 1 of the Internal Revenue Code
4 of 1986 is amended by adding at the end the fol-
5 lowing:

“Subpart H. Nonrefundable Credit for Holders of Qualified Am-
trak Bonds.”

6 (2) Section 6401(b)(1) of such Code is amend-
7 ed by striking “and G” and inserting “G, and H”.

8 (d) EFFECTIVE DATE.—The amendments made by
9 this section shall apply to obligations issued after Sep-
10 tember 30, 2000.

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