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108TH CONGRESS
1ST SESSION

H. R. 2571

[Report No. 108–278, Parts I and II]

To provide for the financing of high-speed rail infrastructure, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 24, 2003

Mr. YOUNG of Alaska (for himself, Mr. OBERSTAR, Mr. QUINN, and Ms. CORRINE BROWN of Florida) introduced the following bill; which was referred to the Committee on Transportation and Infrastructure, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

SEPTEMBER 18, 2003

Reported from the Committee on Transportation and Infrastructure with an amendment

[Strike out all after the enacting clause and insert the part printed in *italic*]

SEPTEMBER 18, 2003

Referral to the Committee on Ways and Means extended for a period ending not later than October 3, 2003

OCTOBER 3, 2003

Referral to the Committee on Ways and Means extended for a period ending not later than October 31, 2003

OCTOBER 31, 2003

Referral to the Committee on Ways and Means extended for a period ending not later than November 7, 2003

NOVEMBER 6, 2003

Additional sponsors: Mr. HOUGHTON and Mr. SMITH of Michigan

NOVEMBER 6, 2003

Reported from the Committee on Ways and Means with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Omit the part struck through in boldface brackets and insert the part printed in boldface italic]

A BILL

To provide for the financing of high-speed rail infrastructure, 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 “Rail Infrastructure De-
5 velopment and Expansion Act for the 21st Century”.

6 **[SEC. 2. HIGH-SPEED INTERCITY RAIL FACILITY BONDS.**

7 **[(a) AMENDMENT.**—Chapter 261 of title 49, United
8 States Code, is amended by adding at the end the fol-
9 lowing new section:

10 **[“§ 26106. High-speed rail infrastructure bonds**

11 **[(a) DESIGNATION.**—The Secretary may designate
12 bonds for purposes of subsection (f) or section 54 of the
13 Internal Revenue Code of 1986 if—

14 **[(“(1) the bonds are to be issued by—**

15 **[(“(A) a State, if the entire railroad pas-**
16 **senger transportation corridor containing the**

1 infrastructure project to be financed is within
2 the State;

3 ~~“(B) 1 or more of the States that have~~
4 ~~entered into an agreement or an interstate com-~~
5 ~~pact consented to by Congress under section~~
6 ~~410(a) of Public Law 105–134 (49 U.S.C~~
7 ~~24101 nt); or~~

8 ~~“(C) an agreement or an interstate com-~~
9 ~~pact described in subparagraph (B);~~

10 ~~“(2) the bonds are for the purpose of financ-~~
11 ~~ing—~~

12 ~~“(A) projects that make a substantial~~
13 ~~contribution to providing the infrastructure and~~
14 ~~equipment required to complete a high-speed~~
15 ~~rail transportation corridor (including projects~~
16 ~~for the acquisition, financing, or refinancing of~~
17 ~~equipment and other capital improvements, in-~~
18 ~~cluding the introduction of new high-speed tech-~~
19 ~~nologies such as magnetic levitation systems;~~
20 ~~track or signal improvements, the elimination of~~
21 ~~grade crossings, development of intermodal fa-~~
22 ~~cilities, improvement of train speeds or safety,~~
23 ~~or both, and station rehabilitation or construc-~~
24 ~~tion); but only if the Secretary determines that~~
25 ~~the projects are part of a viable and comprehen-~~

1 sive high-speed rail transportation corridor de-
2 sign for intercity passenger service, including a
3 design for minimally operable segments of a
4 corridor designated under section 104(d)(2) of
5 title 23, United States Code; or

6 [“(B) projects for the Alaska Railroad;

7 [“(3) for a railroad passenger transportation
8 corridor design that includes the use of rights-of-way
9 owned by a freight railroad; a written agreement ex-
10 ists between the applicant and the freight railroad
11 regarding such use and ownership, including com-
12 pensation for such use and assurances regarding the
13 adequacy of infrastructure capacity to accommodate
14 both existing and future freight and passenger oper-
15 ations; and including an assurance by the freight
16 railroad that collective bargaining agreements with
17 the freight railroad’s employees (including terms
18 regulating the contracting of work) shall remain in
19 full force and effect according to their terms for
20 work performed by the freight railroad on such rail-
21 road passenger transportation corridor;

22 [“(4) the corridor design eliminates existing
23 railway-highway grade crossings that the Secretary
24 determines would impede high-speed rail operations;

25 [“(5) the applicant agrees to comply with—

1 ~~“(A) the standards of section 24312, as~~
 2 ~~in effect on September 1, 2002, with respect to~~
 3 ~~the project in the same manner that the Na-~~
 4 ~~tional Railroad Passenger Corporation is re-~~
 5 ~~quired to comply with such standards for con-~~
 6 ~~struction work financed under an agreement~~
 7 ~~made under section 24308(a); and~~

8 ~~“(B) the protective arrangements estab-~~
 9 ~~lished under section 504 of the Railroad Revi-~~
 10 ~~talization and Regulatory Reform Act of 1976~~
 11 ~~(45 U.S.C. 836) with respect to employees af-~~
 12 ~~ected by actions taken in connection with the~~
 13 ~~project to be financed by the bond; and~~

14 ~~“(6) the applicant agrees not to pay the prin-~~
 15 ~~cipal or interest on the bonds using funds derived di-~~
 16 ~~rectly or indirectly from the Highway Trust Fund;~~
 17 ~~except as permitted by law as of the date of the en-~~
 18 ~~actment of this section.~~

19 ~~“(b) BOND AMOUNT LIMITATION.—~~

20 ~~“(1) IN GENERAL.—The amount of bonds des-~~
 21 ~~ignated under this section may not exceed—~~

22 ~~“(A) in the case of subsection (f) bonds,~~
 23 ~~\$1,200,000,000 for each of the fiscal years~~
 24 ~~2004 through 2013; and~~

1 ~~“(B) in the case of section 54 bonds,~~
 2 ~~\$1,200,000,000 for each of the fiscal years~~
 3 ~~2004 through 2013.~~

4 ~~“(2) CARRYOVER OF UNUSED LIMITATION.—If~~
 5 ~~for any fiscal year the limitation amount under sub-~~
 6 ~~paragraph (A) or (B) of paragraph (1) exceeds—~~

7 ~~“(A) with respect to subparagraph (A) of~~
 8 ~~paragraph (1), the amount of subsection (f)~~
 9 ~~bonds issued during such year; or~~

10 ~~“(B) with respect to subparagraph (B) of~~
 11 ~~paragraph (1), the amount of section 54 bonds~~
 12 ~~issued during such year;~~

13 ~~the limitation amount under subparagraph (A) or~~
 14 ~~(B) of paragraph (1), as the case may be, for the~~
 15 ~~following fiscal year (through fiscal year 2017) shall~~
 16 ~~be increased by the amount of such excess.~~

17 ~~“(c) PREFERENCE.—The Secretary shall give pref-~~
 18 ~~erence to the designation under this section of bonds for~~
 19 ~~projects—~~

20 ~~“(1) to be funded through a combination of~~
 21 ~~subsection (f) bonds and section 54 bonds;~~

22 ~~“(2) which propose to link rail passenger serv-~~
 23 ~~ice with other modes of transportation;~~

24 ~~“(3) expected to have a significant impact on~~
 25 ~~air traffic congestion;~~

1 ~~“(4) expected to also improve commuter rail~~
 2 ~~operations;~~

3 ~~“(5) where all environmental work has already~~
 4 ~~been completed and the project is ready to com-~~
 5 ~~mence; or~~

6 ~~“(6) that have received financial commitments~~
 7 ~~and other support of State and local governments.~~

8 ~~“(d) TIMELY DISPOSITION OF APPLICATION.—The~~
 9 ~~Secretary shall grant or deny a requested designation~~
 10 ~~within 9 months after receipt of an application.~~

11 ~~“(e) ANNUAL REPORTS.—~~

12 ~~“(1) FROM ISSUER OF BONDS.—The issuer of~~
 13 ~~bonds designated under subsection (a) shall report~~
 14 ~~annually to the Secretary regarding the terms of~~
 15 ~~outstanding designated bonds and the progress made~~
 16 ~~with respect to the project financed by the bonds.~~

17 ~~“(2) FROM SECRETARY.—The Secretary, in~~
 18 ~~consultation with the Secretary of the Treasury,~~
 19 ~~shall transmit to the Congress an annual report~~
 20 ~~which includes—~~

21 ~~“(A) reports received under paragraph~~
 22 ~~(1); and~~

23 ~~“(B) an assessment of the progress made~~
 24 ~~toward completion of high-speed rail transpor-~~

1 tation corridors resulting from projects financed
2 by bonds designated under subsection (a).

3 ~~“(f) TAX TREATMENT OF SUBSECTION (f)~~
4 ~~BONDS.—~~

5 ~~“(1) EXCLUSION FROM GROSS INCOME.—The~~
6 ~~interest on a bond designated by the Secretary~~
7 ~~under subsection (a) for purposes of this subsection~~
8 ~~shall be excluded from gross income under section~~
9 ~~103 of the Internal Revenue Code of 1986, notwith-~~
10 ~~standing section 149(c) of such Code.~~

11 ~~“(2) EXEMPTION FROM VOLUME CAP.—For~~
12 ~~purposes of section 146 of such Code, a bond des-~~
13 ~~ignated by the Secretary under subsection (a) for~~
14 ~~purposes of this subsection shall be considered to be~~
15 ~~exempt from the volume cap of the issuing authority~~
16 ~~in the same manner as bonds listed in subsection (g)~~
17 ~~of such section 146.~~

18 ~~“(g) REFINANCING RULES.—Bonds designated by~~
19 ~~the Secretary under subsection (a) may be issued for refi-~~
20 ~~nancing projects only if the indebtedness being refinanced~~
21 ~~(including any obligation directly or indirectly refinanced~~
22 ~~by such indebtedness) was originally incurred by the~~
23 ~~issuer—~~

24 ~~“(1) after the date of the enactment of this~~
25 ~~section;~~

1 ~~“(2) for a term of not more than 3 years;~~

2 ~~“(3) to finance projects described in sub-~~
 3 ~~section (a)(2); and~~

4 ~~“(4) in anticipation of being refinanced with~~
 5 ~~proceeds of a bond designated under subsection (a).~~

6 ~~“(h) PROVISIONS REGARDING HIGH-SPEED RAIL~~
 7 ~~SERVICE.—~~

8 ~~“(1) STATUS AS EMPLOYER OR CARRIER.—~~

9 ~~Any entity providing railroad transportation (within~~
 10 ~~the meaning of section 20102) that begins oper-~~
 11 ~~ations after the date of enactment of this section~~
 12 ~~and that uses property acquired pursuant to this~~
 13 ~~section (except as provided in subsection (a)(2)(B));~~
 14 ~~shall be considered an employer for purposes of the~~
 15 ~~Railroad Retirement Act of 1974 (45 U.S.C. 231 et~~
 16 ~~seq.) and considered a carrier for purposes of the~~
 17 ~~Railway Labor Act (45 U.S.C. 151 et seq.).~~

18 ~~“(2) COLLECTIVE BARGAINING AGREEMENT.—~~

19 ~~Any entity providing high-speed intercity passenger~~
 20 ~~railroad transportation (within the meaning of sec-~~
 21 ~~tion 20102) that begins operations after the date of~~
 22 ~~enactment of this section on a project funded in~~
 23 ~~whole or in part by bonds designated under sub-~~
 24 ~~section (a); and replaces intercity rail passenger~~
 25 ~~service that was provided by another entity as of the~~

1 date of enactment of this section, shall enter into an
 2 agreement with the authorized bargaining agent or
 3 agents for employees of the predecessor provider
 4 that—

5 ~~“(A) gives each employee of the prede-~~
 6 ~~cessor provider priority in hiring according to~~
 7 ~~the employee’s seniority on the predecessor pro-~~
 8 ~~vider for each position with the replacing entity~~
 9 ~~that is in the employee’s craft or class and is~~
 10 ~~available within three years after the termi-~~
 11 ~~nation of the service being replaced;~~

12 ~~“(B) establishes a procedure for notifying~~
 13 ~~such an employee of such positions;~~

14 ~~“(C) establishes a procedure for such an~~
 15 ~~employee to apply for such positions; and~~

16 ~~“(D) establishes rates of pay, rules, and~~
 17 ~~working conditions.~~

18 ~~“(3) IMMEDIATE REPLACEMENT OF EXISTING~~
 19 ~~RAIL PASSENGER SERVICE.—~~

20 ~~“(A) NEGOTIATIONS.—If the replacement~~
 21 ~~of preexisting intercity rail passenger service oc-~~
 22 ~~curs concurrent with or within a reasonable~~
 23 ~~amount of time before the commencement of~~
 24 ~~the replacing entity’s high-speed rail passenger~~
 25 ~~service, the replacing entity shall give written~~

1 notice of its plan to replace existing rail pas-
2 senger service to the authorized collective bar-
3 gaining agent or agents for the employees of
4 the predecessor provider at least 90 days prior
5 to the date it plans to commence service. With-
6 in 5 days after the date of receipt of such writ-
7 ten notice, negotiations between the replacing
8 entity and the collective bargaining agent or
9 agents for the employees of the predecessor pro-
10 vider shall commence for the purpose of reach-
11 ing agreement with respect to all matters set
12 forth in paragraph (2)(A)–(D). The negotia-
13 tions shall continue for 30 days or until an
14 agreement is reached, whichever is sooner. If at
15 the end of 30 days the parties have not entered
16 into an agreement with respect to all such mat-
17 ters, the unresolved issues shall be submitted
18 for arbitration in accordance with the procedure
19 set forth in subparagraph (B).

20 **“(B) ARBITRATION.—**If an agreement
21 has not been entered into with respect to all
22 matters set forth in paragraph (2)(A)–(D) as
23 provided in subparagraph (A) of this para-
24 graph, the parties shall select an arbitrator. If
25 the parties are unable to agree upon the selec-

tion of such arbitrator within 5 days, either or both parties shall notify the National Mediation Board, which shall provide a list of seven arbitrators with experience in arbitrating rail labor protection disputes. Within 5 days after such notification, the parties shall alternately strike names from the list until only one name remains, and that person shall serve as the neutral arbitrator. Within 45 days after selection of the arbitrator, the arbitrator shall conduct a hearing on the dispute and shall render a decision with respect to the unresolved issues set forth in paragraph (2)(A)–(D). This decision shall be final, binding, and conclusive upon the parties. The salary and expenses of the arbitrator shall be borne equally by the parties; all other expenses shall be paid by the party incurring them.

“(C) SERVICE COMMENCEMENT.—A replacing entity under this paragraph shall commence service only after an agreement is entered into with respect to the matters set forth in paragraph (2)(A)–(D) or the decision of the arbitrator has been rendered.

1 【“(4) SUBSEQUENT REPLACEMENT OF EXIST-
2 ING RAIL PASSENGER SERVICE.—If the replacement
3 of existing rail passenger service takes place within
4 3 years after the replacing entity commences high-
5 speed rail passenger service, the replacing entity and
6 the collective bargaining agent or agents for the em-
7 ployees of the predecessor provider shall enter into
8 an agreement with respect to the matters set forth
9 in paragraph (2)(A)—(D). If the parties have not en-
10 tered into an agreement with respect to all such
11 matters within 60 days after the date on which the
12 replacing entity replaces the predecessor provider,
13 the parties shall select an arbitrator using the proce-
14 dures set forth in paragraph (3)(B), who shall, with-
15 in 20 days after the commencement of the arbitra-
16 tion, conduct a hearing and decide all unresolved
17 issues. This decision shall be final, binding, and con-
18 clusive upon the parties.

19 【“(i) ISSUANCE OF REGULATIONS.—Not later than
20 6 months after the date of the enactment of this section,
21 the Secretary shall issue regulations for carrying out this
22 section.

23 【“(j) DEFINITIONS.—For purposes of this section—

24 【“(1) SUBSECTION (f) BOND.—The term ‘sub-
25 section (f) bond’ means a bond designated by the

1 Secretary under subsection (a) for purposes of sub-
 2 section (f).

3 ~~“(2) SECTION 54 BOND.—The term ‘section 54~~
 4 ~~bond’ means a bond designated by the Secretary~~
 5 ~~under subsection (a) for purposes of section 54 of~~
 6 ~~the Internal Revenue Code of 1986 (relating to cred-~~
 7 ~~it to holders of qualified high-speed rail infrastruc-~~
 8 ~~ture bonds).”.~~

9 ~~“(b) TABLE OF SECTIONS AMENDMENT.—The table~~
 10 ~~of sections of chapter 261 of title 49, United States Code,~~
 11 ~~is amended by adding after the item relating to section~~
 12 ~~26105 the following new item:~~

~~“26106. High-speed rail infrastructure bonds.”.~~

13 **~~[SEC. 3. TAX CREDIT TO HOLDERS OF QUALIFIED HIGH-~~**
 14 **~~SPEED RAIL INFRASTRUCTURE BONDS.~~**

15 ~~“(a) IN GENERAL.—Part IV of subchapter A of~~
 16 ~~chapter 1 of the Internal Revenue Code of 1986 (relating~~
 17 ~~to credits against tax) is amended by adding at the end~~
 18 ~~the following new subpart:~~

19 **~~“Subpart H—Nonrefundable Credit for Holders of~~**
 20 **~~Qualified High-Speed Rail Infrastructure Bonds~~**

~~“Sec. 54. Credit to holders of qualified high-speed rail infra-~~
~~structure bonds.~~

1 **["SEC. 54. CREDIT TO HOLDERS OF QUALIFIED HIGH-**
 2 **SPEED RAIL INFRASTRUCTURE BONDS.**

3 **["(a) ALLOWANCE OF CREDIT.—**In the case of a tax-
 4 payer who holds a qualified high-speed rail infrastructure
 5 bond on a credit allowance date of such bond which occurs
 6 during the taxable year, there shall be allowed as a credit
 7 against the tax imposed by this chapter for such taxable
 8 year an amount equal to the sum of the credits determined
 9 under subsection (b) with respect to credit allowance dates
 10 during such year on which the taxpayer holds such bond.

11 **["(b) AMOUNT OF CREDIT.—**

12 **["(1) IN GENERAL.—**The amount of the credit
 13 determined under this subsection with respect to any
 14 credit allowance date for a qualified high-speed rail
 15 infrastructure bond is 25 percent of the annual cred-
 16 it determined with respect to such bond.

17 **["(2) ANNUAL CREDIT.—**The annual credit de-
 18 termined with respect to any qualified high-speed
 19 rail infrastructure bond is the product of—

20 **["(A)** the applicable credit rate, multiplied
 21 by

22 **["(B)** the outstanding face amount of the
 23 bond.

24 **["(3) APPLICABLE CREDIT RATE.—**For pur-
 25 poses of paragraph (2), the applicable credit rate
 26 with respect to an issue is the rate equal to an aver-

age market yield (as of the day before the date of sale of the issue) on outstanding long-term corporate debt obligations (determined under regulations prescribed by the Secretary).

“(4) CREDIT ALLOWANCE DATE.—For purposes of this section, the term ‘credit allowance date’ means—

“(A) March 15,

“(B) June 15,

“(C) September 15, and

“(D) December 15.

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

“(5) SPECIAL RULE FOR ISSUANCE AND REDEMPTION.—In the case of a bond which is issued during the 3-month period ending on a credit allowance date, the amount of the credit determined under this subsection with respect to such credit allowance date shall be a ratable portion of the credit otherwise determined based on the portion of the 3-month period during which the bond is outstanding. A similar rule shall apply when the bond is redeemed.

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

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

4 ~~“(A) the sum of the regular tax liability~~
 5 ~~(as defined in section 26(b)) plus the tax im-~~
 6 ~~posed by section 55, over~~

7 ~~“(B) the sum of the credits allowable~~
 8 ~~under this part (other than this subpart and~~
 9 ~~subpart C).~~

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

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

21 ~~“(e) QUALIFIED HIGH-SPEED RAIL INFRASTRUC-~~
 22 ~~TURE BOND.—For purposes of this part, the term ‘quali-~~
 23 ~~fied high-speed rail infrastructure bond’ means any bond~~
 24 ~~issued as part of an issue if—~~

1 ~~“(1) the issuer certifies that the Secretary of~~
 2 ~~Transportation has designated the bond for purposes~~
 3 ~~of this section under section 26106(a) of title 49,~~
 4 ~~United States Code, as in effect on the date of the~~
 5 ~~enactment of this section,~~

6 ~~“(2) 95 percent or more of the proceeds from~~
 7 ~~the sale of such issue are to be used for expenditures~~
 8 ~~incurred after the date of the enactment of this sec-~~
 9 ~~tion for any project described in section 26106(a)(2)~~
 10 ~~of title 49, United States Code,~~

11 ~~“(3) the term of each bond which is part of~~
 12 ~~such issue does not exceed 20 years,~~

13 ~~“(4) the payment of principal with respect to~~
 14 ~~such bond is the obligation solely of the issuer, and~~

15 ~~“(5) the issue meets the requirements of sub-~~
 16 ~~section (f) (relating to arbitration).~~

17 ~~“(f) SPECIAL RULES RELATING TO ARBITRAGE.—~~

18 ~~“(1) IN GENERAL.—Subject to paragraph (2),~~
 19 ~~an issue shall be treated as meeting the require-~~
 20 ~~ments of this subsection if as of the date of~~
 21 ~~issuance, the issuer reasonably expects—~~

22 ~~“(A) to spend at least 95 percent of the~~
 23 ~~proceeds from the sale of the issue for 1 or~~
 24 ~~more qualified projects within the 3-year period~~
 25 ~~beginning on such date,~~

1 ~~“(B) to incur a binding commitment with~~
 2 ~~a third party to spend at least 10 percent of the~~
 3 ~~proceeds from the sale of the issue, or to com-~~
 4 ~~mence construction, with respect to such~~
 5 ~~projects within the 6-month period beginning on~~
 6 ~~such date, and~~

7 ~~“(C) to proceed with due diligence to~~
 8 ~~complete such projects and to spend the pro-~~
 9 ~~ceeds from the sale of the issue.~~

10 ~~“(2) RULES REGARDING CONTINUING COMPLI-~~
 11 ~~ANCE AFTER 3-YEAR DETERMINATION.—If at least~~
 12 ~~95 percent of the proceeds from the sale of the issue~~
 13 ~~is not expended for 1 or more qualified projects~~
 14 ~~within the 3-year period beginning on the date of~~
 15 ~~issuance, but the requirements of paragraph (1) are~~
 16 ~~otherwise met, an issue shall be treated as con-~~
 17 ~~tinuing to meet the requirements of this subsection~~
 18 ~~if either—~~

19 ~~“(A) the issuer uses all unspent proceeds~~
 20 ~~from the sale of the issue to redeem bonds of~~
 21 ~~the issue within 90 days after the end of such~~
 22 ~~3-year period, or~~

23 ~~“(B) the following requirements are met:~~

24 ~~“(i) The issuer spends at least 75~~
 25 ~~percent of the proceeds from the sale of~~

the issue for 1 or more qualified projects within the 3-year period beginning on the date of issuance.

“(ii) Either—

“(I) the issuer spends at least 95 percent of the proceeds from the sale of the issue for 1 or more qualified projects within the 4-year period beginning on the date of issuance; or

“(II) the issuer pays to the Federal Government any earnings on the proceeds from the sale of the issue that accrue after the end of the 3-year period beginning on the date of issuance and uses all unspent proceeds from the sale of the issue to redeem bonds of the issue within 90 days after the end of the 4-year period beginning on the date of issuance.

“(g) RECAPTURE OF PORTION OF CREDIT WHERE CESSATION OF COMPLIANCE.—

“(1) IN GENERAL.—If any bond which when issued purported to be a qualified high-speed rail infrastructure bond ceases to be such a qualified bond;

1 the issuer shall pay to the United States (at the
 2 time required by the Secretary) an amount equal to
 3 the sum of—

4 ~~“(A) the aggregate of the credits allow-~~
 5 ~~able under this section with respect to such~~
 6 ~~bond (determined without regard to subsection~~
 7 ~~(c)) for taxable years ending during the cal-~~
 8 ~~endar year in which such cessation occurs and~~
 9 ~~the 2 preceding calendar years; and~~

10 ~~“(B) interest at the underpayment rate~~
 11 ~~under section 6621 on the amount determined~~
 12 ~~under subparagraph (A) for each calendar year~~
 13 ~~for the period beginning on the first day of~~
 14 ~~such calendar year.~~

15 ~~“(2) FAILURE TO PAY.—If the issuer fails to~~
 16 ~~timely pay the amount required by paragraph (1)~~
 17 ~~with respect to such bond, the tax imposed by this~~
 18 ~~chapter on each holder of any such bond which is~~
 19 ~~part of such issue shall be increased (for the taxable~~
 20 ~~year of the holder in which such cessation occurs) by~~
 21 ~~the aggregate decrease in the credits allowed under~~
 22 ~~this section to such holder for taxable years begin-~~
 23 ~~ning in such 3 calendar years which would have re-~~
 24 ~~sulted solely from denying any credit under this sec-~~

1 tion with respect to such issue for such taxable
2 years.

3 ~~“(3) SPECIAL RULES.—~~

4 ~~“(A) TAX BENEFIT RULE.—~~The tax for
5 the taxable year shall be increased under para-
6 graph ~~(2)~~ only with respect to credits allowed
7 by reason of this section which were used to re-
8 duce tax liability. In the case of credits not so
9 used to reduce tax liability, the carryforwards
10 and carrybacks under section ~~39~~ shall be appro-
11 priately adjusted.

12 ~~“(B) NO CREDITS AGAINST TAX.—~~Any
13 increase in tax under paragraph ~~(2)~~ shall not be
14 treated as a tax imposed by this chapter for
15 purposes of determining—

16 ~~“(i) the amount of any credit allow-~~
17 able under this part, or

18 ~~“(ii) the amount of the tax imposed~~
19 by section ~~55~~.

20 ~~“(h) OTHER DEFINITIONS AND SPECIAL RULES.—~~

21 For purposes of this section—

22 ~~“(1) BOND.—~~The term ‘bond’ includes any
23 obligation.

1 【“(2) QUALIFIED PROJECT.—The term ‘quali-
2 fied project’ means any project described in section
3 26106(a)(2) of title 49, United States Code.

4 【“(3) TREATMENT OF CHANGES IN USE.—For
5 purposes of subsection (e)(2), the proceeds from the
6 sale of an issue shall not be treated as used for a
7 qualified project to the extent that the issuer takes
8 any action within its control which causes such pro-
9 ceeds not to be used for a qualified project. The Sec-
10 retary shall prescribe regulations specifying remedial
11 actions that may be taken (including conditions to
12 taking such remedial actions) to prevent an action
13 described in the preceding sentence from causing a
14 bond to fail to be a qualified high-speed rail infra-
15 structure bond.

16 【“(4) PARTNERSHIP; S CORPORATION; AND
17 OTHER PASS-THRU ENTITIES.—Under regulations
18 prescribed by the Secretary, in the case of a partner-
19 ship, trust, S corporation, or other pass-thru entity,
20 rules similar to the rules of section 41(g) shall apply
21 with respect to the credit allowable under subsection
22 (a).

23 【“(5) BONDS HELD BY REGULATED INVEST-
24 MENT COMPANIES.—If any qualified high-speed rail
25 infrastructure bond is held by a regulated invest-

1 ment company, the credit determined under sub-
 2 section (a) shall be allowed to shareholders of such
 3 company under procedures prescribed by the Sec-
 4 retary.

5 ~~“(6) REPORTING.—~~Issuers of qualified high-
 6 speed rail infrastructure bonds shall submit reports
 7 similar to the reports required under section
 8 149(e).”.

9 ~~“(b) AMENDMENTS TO OTHER CODE SECTIONS.—~~

10 ~~“(1) REPORTING.—~~Subsection (d) of section
 11 6049 of the Internal Revenue Code of 1986 (relating
 12 to returns regarding payments of interest) is amend-
 13 ed by adding at the end the following new para-
 14 graph:

15 ~~“(8) REPORTING OF CREDIT ON QUALIFIED~~
 16 HIGH-SPEED RAIL INFRASTRUCTURE BONDS.—

17 ~~“(A) IN GENERAL.—~~For purposes of sub-
 18 section (a), the term ‘interest’ includes amounts
 19 includible in gross income under section 54(d)
 20 and such amounts shall be treated as paid on
 21 the credit allowance date (as defined in section
 22 54(b)(4)).

23 ~~“(B) REPORTING TO CORPORATIONS,~~
 24 ETC.—Except as otherwise provided in regula-
 25 tions, in the case of any interest described in

1 subparagraph (A), subsection (b)(4) shall be
 2 applied without regard to subparagraphs (A),
 3 (H), (I), (J), (K), and (L)(i) of such subsection.

4 **[(“C) REGULATORY AUTHORITY.—**The
 5 Secretary may prescribe such regulations as are
 6 necessary or appropriate to carry out the pur-
 7 poses of this paragraph, including regulations
 8 which require more frequent or more detailed
 9 reporting.”.

10 **[(2) TREATMENT FOR ESTIMATED TAX PUR-**
 11 **POSES.—**

12 **[(A) INDIVIDUAL.—**Section 6654 of such
 13 Code (relating to failure by individual to pay es-
 14 timated income tax) is amended by redesign-
 15 nating subsection (m) as subsection (n) and by
 16 inserting after subsection (l) the following new
 17 subsection:

18 **[(“m) SPECIAL RULE FOR HOLDERS OF QUALIFIED**
 19 **HIGH-SPEED RAIL INFRASTRUCTURE BONDS.—**For pur-
 20 poses of this section, the credit allowed by section 54 to
 21 a taxpayer by reason of holding a qualified high-speed rail
 22 infrastructure bond on a credit allowance date shall be
 23 treated as if it were a payment of estimated tax made by
 24 the taxpayer on such date.”.

1 ~~[(B) CORPORATE.—Section 6655 of such~~
 2 Code (relating to failure by corporation to pay
 3 estimated income tax) is amended by adding at
 4 the end of subsection (g) the following new
 5 paragraph:

6 ~~["(5) SPECIAL RULE FOR HOLDERS OF QUALI-~~
 7 ~~FIED HIGH-SPEED RAIL INFRASTRUCTURE BONDS.—~~
 8 For purposes of this section, the credit allowed by
 9 section 54 to a taxpayer by reason of holding a
 10 qualified high-speed rail infrastructure bond on a
 11 credit allowance date shall be treated as if it were
 12 a payment of estimated tax made by the taxpayer on
 13 such date.”.

14 ~~[(e) CLERICAL AMENDMENTS.—~~

15 ~~[(1) The table of subparts for part IV of sub-~~
 16 chapter A of chapter 1 is amended by adding at the
 17 end the following new item:

~~["Subpart H. Nonrefundable Credit for Holders of Qualified Am-~~
 ~~trak Bonds.”.~~

18 ~~[(2) Section 6401(b)(1) is amended by striking~~
 19 “and G” and inserting “G, and H”.

20 ~~[(d) ISSUANCE OF REGULATIONS.—Not later than 6~~
 21 months after the date of the enactment of this section,
 22 the Secretary of the Treasury shall issue regulations for
 23 carrying out this section and the amendments made by
 24 this section.

1 ~~[(e) HIGH-SPEED INTERCITY RAIL FACILITIES.—~~

2 ~~[(1) REQUIREMENT TO MEET TITLE 49 RE-~~
 3 ~~QUIREMENTS.—Section 142(i) of the Internal Rev-~~
 4 ~~enue Code of 1986 is amended by adding at the end~~
 5 ~~the following new paragraph:~~

6 ~~["(4) ADDITIONAL REQUIREMENTS.—A bond~~
 7 ~~issued as part of an issue described in subsection~~
 8 ~~(a)(11) shall not be considered an exempt facility~~
 9 ~~bond unless the requirements of paragraphs (1)~~
 10 ~~through (6) of section 26106(a) of title 49, United~~
 11 ~~States Code, are met."].~~

12 ~~[(2) REVISION OF SPEED REQUIREMENT.—Sec-~~
 13 ~~tion 142(i)(1) of such Code is amended by striking~~
 14 ~~“150 miles per hour” and inserting “110 miles per~~
 15 ~~hour”].~~

16 ~~[(f) EFFECTIVE DATE.—The amendments made by~~
 17 ~~this section shall apply to obligations issued after the date~~
 18 ~~of enactment of this Act.]~~

19 ~~SEC. [4.] 2. HIGH-SPEED RAIL CORRIDOR DEVELOPMENT.~~

20 ~~(a) CORRIDOR DEVELOPMENT.—~~

21 ~~(1) AMENDMENTS.—Section 26101 of title 49,~~
 22 ~~United States Code, is amended—~~

23 ~~(A) in the section heading, by striking~~
 24 ~~“**planning**” and inserting “**development**”;~~

1 (B) in the heading of subsection (a), by
 2 striking “PLANNING” and inserting “DEVELOP-
 3 MENT”;

4 (C) by striking “corridor planning” each
 5 place it appears and inserting “corridor devel-
 6 opment”;

7 (D) in subsection (b)(1)—

8 (i) by inserting “, or if it is an activity
 9 described in subparagraph (M)” after
 10 “high-speed rail improvements”;

11 (ii) by striking “and” at the end of
 12 subparagraph (K);

13 (iii) by striking the period at the end
 14 of subparagraph (L) and inserting “; and”;
 15 and

16 (iv) by adding at the end the following
 17 new subparagraph:

18 “(M) the acquisition of locomotives, rolling
 19 stock, track, and signal equipment.”; and

20 (E) in subsection (c)(2), by striking “plan-
 21 ning” and inserting “development”.

22 (2) CONFORMING AMENDMENT.—The item re-
 23 lating to section 26101 in the table of sections of
 24 chapter 261 of title 49, United States Code, is

1 amended by striking “planning” and inserting “de-
2 velopment”.

3 (b) AUTHORIZATION OF APPROPRIATIONS.—Section
4 26104 of title 49, United States Code, is amended to read
5 as follows:

6 **“§ 26104. Authorization of appropriations**

7 “(a) FISCAL YEARS 2004 THROUGH 2011.—There
8 are authorized to be appropriated to the Secretary—

9 “(1) \$70,000,000 for carrying out section
10 26101; and

11 “(2) \$30,000,000 for carrying out section
12 26102;

13 for each of the fiscal years 2004 through 2011.

14 “(b) FUNDS TO REMAIN AVAILABLE.—Funds made
15 available under this section shall remain available until ex-
16 pended.”.

17 **SEC. [5.] 3. REHABILITATION AND IMPROVEMENT FINANC-**
18 **ING.**

19 (a) DEFINITIONS.—Section 102(7) of the Railroad
20 Revitalization and Regulatory Reform Act of 1976 (45
21 U.S.C. 802(7)) is amended to read as follows:

22 “(7) ‘railroad’ has the meaning given that term
23 in section 20102 of title 49, United States Code;
24 and”.

1 (b) GENERAL AUTHORITY.—Section 502(a) of the
 2 Railroad Revitalization and Regulatory Reform Act of
 3 1976 (45 U.S.C. 822(a)) is amended by striking “Sec-
 4 retary may provide direct loans and loan guarantees to
 5 State and local governments,” and inserting “Secretary
 6 shall provide direct loans and loan guarantees to State and
 7 local governments, agreements or interstate compacts con-
 8 sented to by Congress under section 410(a) of Public Law
 9 105–134 (49 U.S.C. 24101 nt),”.

10 (c) EXTENT OF AUTHORITY.—Section 502(d) of the
 11 Railroad Revitalization and Regulatory Reform Act of
 12 1976 (45 U.S.C. 822(d)) is amended—

13 (1) by striking “\$2,500,000,000” and inserting
 14 “\$35,000,000,000”;

15 (2) by striking “\$1,000,000,000” and inserting
 16 “\$7,000,000,000”; and

17 (3) by adding at the end the following new sen-
 18 tence: “The Secretary shall not establish any limit
 19 on the proportion of the unused amount authorized
 20 under this subsection that may be used for 1 loan
 21 or loan guarantee.”.

22 (d) COHORTS OF LOANS.—Section 502(f) of the Rail-
 23 road Revitalization and Regulatory Reform Act of 1976
 24 (45 U.S.C. 822(f)) is amended—

25 (1) in paragraph (2)—

1 (A) by striking “and” at the end of sub-
2 paragraph (D);

3 (B) by redesignating subparagraph (E) as
4 subparagraph (F); and

5 (C) by adding after subparagraph (D) the
6 following new subparagraph:

7 “(E) the size and characteristics of the co-
8 hort of which the loan or loan guarantee is a
9 member; and”; and

10 (2) by adding at the end of paragraph (4) the
11 following: “A cohort may include loans and loan
12 guarantees. The Secretary shall not establish any
13 limit on the proportion of a cohort that may be used
14 for 1 loan or loan guarantee.”.

15 (c) CONDITIONS OF ASSISTANCE.—Section 502 of the
16 Railroad Revitalization and Regulatory Reform Act of
17 1976 (45 U.S.C. 822) is amended—

18 (1) in subsection (f)(2)(A), by inserting “, if
19 any” after “collateral offered”; and

20 (2) by adding at the end of subsection (h) the
21 following:

22 “The Secretary shall not require an applicant for a direct
23 loan or loan guarantee under this section to provide collat-
24 eral. The Secretary shall not require that an applicant for
25 a direct loan or loan guarantee under this section have

1 previously sought the financial assistance requested from
 2 another source. The Secretary shall require recipients of
 3 direct loans or loan guarantees under this section to apply
 4 the standards of section 26106(a)(5) of title 49, United
 5 States Code, to their projects.”.

6 (f) TIME LIMIT FOR APPROVAL OR DISAPPROVAL.—
 7 Section 502 of the Railroad Revitalization and Regulatory
 8 Reform Act of 1976 (45 U.S.C. 822) is amended by add-
 9 ing at the end the following new subsection:

10 “(i) TIME LIMIT FOR APPROVAL OR DISAPPROVAL.—
 11 Not later than 90 days after receiving a complete applica-
 12 tion for a direct loan or loan guarantee under this section,
 13 the Secretary shall approve or disapprove the applica-
 14 tion.”.

15 (g) FEES AND CHARGES.—Section 503 of the Rail-
 16 road Revitalization and Regulatory Reform Act of 1976
 17 (45 U.S.C. 823) is amended by adding at the end the fol-
 18 lowing new subsection:

19 “(1) FEES AND CHARGES.—Except as provided in
 20 this title, the Secretary may not assess any fees, including
 21 user fees, or charges in connection with a direct loan or
 22 loan guarantee provided under section 502.”.

23 (h) SUBSTANTIVE CRITERIA AND STANDARDS.—Not
 24 later than 30 days after the date of the enactment of this
 25 Act, the Secretary of Transportation shall publish in the

1 Federal Register and post on the Department of Trans-
 2 portation web site the substantive criteria and standards
 3 used by the Secretary to determine whether to approve
 4 or disapprove applications submitted under section 502 of
 5 the Railroad Revitalization and Regulatory Reform Act of
 6 1976 (45 U.S.C. 822).

7 **SECTION 1. SHORT TITLE.**

8 *This Act may be cited as the “Rail Infrastructure De-*
 9 *velopment and Expansion Act for the 21st Century”.*

10 **SEC. 2. HIGH-SPEED INTERCITY RAIL FACILITY BONDS.**

11 *(a) AMENDMENT.—Chapter 261 of title 49, United*
 12 *States Code, is amended by adding at the end the following*
 13 *new section:*

14 **“§ 26106. High-speed rail infrastructure bonds**

15 *“(a) DESIGNATION.—The Secretary may designate*
 16 *bonds for purposes of subsection (f) or section 54 of the In-*
 17 *ternal Revenue Code of 1986 if—*

18 *“(1) the bonds are to be issued by—*

19 *“(A) a State, if the entire railroad pas-*
 20 *senger transportation corridor containing the in-*
 21 *frastructure project to be financed is within the*
 22 *State;*

23 *“(B) 1 or more of the States that have en-*
 24 *tered into an agreement or an interstate compact*

1 *consented to by Congress under section 410(a) of*
2 *Public Law 105–134 (49 U.S.C 24101 nt); or*

3 *“(C) an agreement or an interstate compact*
4 *described in subparagraph (B);*

5 *“(2) the bonds are for the purpose of financing—*

6 *“(A) projects that make a substantial con-*
7 *tribution to providing the infrastructure and*
8 *equipment required to complete a high-speed rail*
9 *transportation corridor (including projects for*
10 *the acquisition, financing, or refinancing of*
11 *equipment and other capital improvements, in-*
12 *cluding the introduction of new high-speed tech-*
13 *nologies such as magnetic levitation systems,*
14 *track or signal improvements, the elimination of*
15 *grade crossings, development of intermodal fa-*
16 *cilities, improvement of train speeds or safety, or*
17 *both, and station rehabilitation or construction),*
18 *but only if the Secretary determines that the*
19 *projects are part of a viable and comprehensive*
20 *high-speed rail transportation corridor design for*
21 *intercity passenger service, including a design*
22 *for minimally operable segments of a corridor*
23 *designated under section 104(d)(2) of title 23,*
24 *United States Code; or*

25 *“(B) projects for the Alaska Railroad;*

1 “(3) for a railroad passenger transportation cor-
2 ridor design that includes the use of rights-of-way
3 owned by a freight railroad, a written agreement ex-
4 ists between the applicant and the freight railroad re-
5 garding such use and ownership, including compensa-
6 tion for such use and assurances regarding the ade-
7 quacy of infrastructure capacity to accommodate both
8 existing and future freight and passenger operations,
9 and including an assurance by the freight railroad
10 that collective bargaining agreements with the freight
11 railroad’s employees (including terms regulating the
12 contracting of work) shall remain in full force and ef-
13 fect according to their terms for work performed by
14 the freight railroad on such railroad passenger trans-
15 portation corridor;

16 “(4) the corridor design eliminates existing rail-
17 way-highway grade crossings that the Secretary deter-
18 mines would impede high-speed rail operations;

19 “(5) the applicant agrees to comply with—

20 “(A) the standards of section 24312, as in
21 effect on September 1, 2002, with respect to the
22 project in the same manner that the National
23 Railroad Passenger Corporation is required to
24 comply with such standards for construction

1 *work financed under an agreement made under*
 2 *section 24308(a); and*

3 *“(B) the protective arrangements established*
 4 *under section 504 of the Railroad Revitalization*
 5 *and Regulatory Reform Act of 1976 (45 U.S.C.*
 6 *836) with respect to employees affected by ac-*
 7 *tions taken in connection with the project to be*
 8 *financed by the bond; and*

9 *“(6) the applicant agrees not to pay the prin-*
 10 *cipal or interest on the bonds using funds derived di-*
 11 *rectly or indirectly from the Highway Trust Fund,*
 12 *except as permitted by law as of the date of the enact-*
 13 *ment of this section.*

14 *“(b) BOND AMOUNT LIMITATION.—*

15 *“(1) IN GENERAL.—The amount of bonds des-*
 16 *ignated under this section may not exceed—*

17 *“(A) in the case of subsection (f) bonds,*
 18 *\$1,200,000,000 for each of the fiscal years 2004*
 19 *through 2013; and*

20 *“(B) in the case of section 54 bonds,*
 21 *\$1,200,000,000 for each of the fiscal years 2004*
 22 *through 2013.*

23 *“(2) CARRYOVER OF UNUSED LIMITATION.—If*
 24 *for any fiscal year the limitation amount under sub-*
 25 *paragraph (A) or (B) of paragraph (1) exceeds—*

1 “(A) with respect to subparagraph (A) of
2 paragraph (1), the amount of subsection (f)
3 bonds issued during such year; or

4 “(B) with respect to subparagraph (B) of
5 paragraph (1), the amount of section 54 bonds
6 issued during such year,

7 the limitation amount under subparagraph (A) or
8 (B) of paragraph (1), as the case may be, for the fol-
9 lowing fiscal year (through fiscal year 2017) shall be
10 increased by the amount of such excess.

11 “(c) *PREFERENCE.*—The Secretary shall give pref-
12 erence to the designation under this section of bonds for
13 projects—

14 “(1) to be funded through a combination of sub-
15 section (f) bonds and section 54 bonds;

16 “(2) which propose to link rail passenger service
17 with other modes of transportation;

18 “(3) expected to have a significant impact on air
19 traffic congestion;

20 “(4) expected to also improve commuter rail op-
21 erations;

22 “(5) where all environmental work has already
23 been completed and the project is ready to commence;

24 or

1 “(6) *that have received financial commitments*
 2 *and other support of State and local governments.*

3 “(d) *TIMELY DISPOSITION OF APPLICATION.—The*
 4 *Secretary shall grant or deny a requested designation with-*
 5 *in 9 months after receipt of an application.*

6 “(e) *ANNUAL REPORTS.—*

7 “(1) *FROM ISSUER OF BONDS.—The issuer of*
 8 *bonds designated under subsection (a) shall report an-*
 9 *nually to the Secretary regarding the terms of out-*
 10 *standing designated bonds and the progress made*
 11 *with respect to the project financed by the bonds.*

12 “(2) *FROM SECRETARY.—The Secretary, in con-*
 13 *sultation with the Secretary of the Treasury, shall*
 14 *transmit to the Congress an annual report which in-*
 15 *cludes—*

16 “(A) *reports received under paragraph (1);*
 17 *and*

18 “(B) *an assessment of the progress made to-*
 19 *ward completion of high-speed rail transpor-*
 20 *tation corridors resulting from projects financed*
 21 *by bonds designated under subsection (a).*

22 “(f) *TAX TREATMENT OF SUBSECTION (f) BONDS.—*

23 “(1) *EXCLUSION FROM GROSS INCOME.—The in-*
 24 *terest on a bond designated by the Secretary under*
 25 *subsection (a) for purposes of this subsection shall be*

1 *excluded from gross income under section 103 of the*
 2 *Internal Revenue Code of 1986, notwithstanding sec-*
 3 *tion 149(c) of such Code.*

4 “(2) *EXEMPTION FROM VOLUME CAP.—For pur-*
 5 *poses of section 146 of such Code, a bond designated*
 6 *by the Secretary under subsection (a) for purposes of*
 7 *this subsection shall be considered to be exempt from*
 8 *the volume cap of the issuing authority in the same*
 9 *manner as bonds listed in subsection (g) of such sec-*
 10 *tion 146.*

11 “(g) *REFINANCING RULES.—Bonds designated by the*
 12 *Secretary under subsection (a) may be issued for refi-*
 13 *nancing projects only if the indebtedness being refinanced*
 14 *(including any obligation directly or indirectly refinanced*
 15 *by such indebtedness) was originally incurred by the*
 16 *issuer—*

17 “(1) *after the date of the enactment of this sec-*
 18 *tion;*

19 “(2) *for a term of not more than 3 years;*

20 “(3) *to finance projects described in subsection*
 21 *(a)(2); and*

22 “(4) *in anticipation of being refinanced with*
 23 *proceeds of a bond designated under subsection (a).*

24 “(h) *PROVISIONS REGARDING HIGH-SPEED RAIL*
 25 *SERVICE.—*

1 “(1) *STATUS AS EMPLOYER OR CARRIER.*—Any
2 entity providing railroad transportation (within the
3 meaning of section 20102) that begins operations
4 after the date of enactment of this section and that
5 uses property acquired pursuant to this section (ex-
6 cept as provided in subsection (a)(2)(B)), shall be
7 considered an employer for purposes of the Railroad
8 Retirement Act of 1974 (45 U.S.C. 231 et seq.) and
9 considered a carrier for purposes of the Railway
10 Labor Act (45 U.S.C. 151 et seq.).

11 “(2) *COLLECTIVE BARGAINING AGREEMENT.*—
12 Any entity providing high-speed intercity passenger
13 railroad transportation (within the meaning of sec-
14 tion 20102) that begins operations after the date of
15 enactment of this section on a project funded in whole
16 or in part by bonds designated under subsection (a),
17 and replaces intercity rail passenger service that was
18 provided by another entity as of the date of enactment
19 of this section, shall enter into an agreement with the
20 authorized bargaining agent or agents for employees
21 of the predecessor provider that—

22 “(A) gives each employee of the predecessor
23 provider priority in hiring according to the em-
24 ployee’s seniority on the predecessor provider for
25 each position with the replacing entity that is in

1 *the employee’s craft or class and is available*
2 *within three years after the termination of the*
3 *service being replaced;*

4 *“(B) establishes a procedure for notifying*
5 *such an employee of such positions;*

6 *“(C) establishes a procedure for such an em-*
7 *ployee to apply for such positions; and*

8 *“(D) establishes rates of pay, rules, and*
9 *working conditions.*

10 *“(3) IMMEDIATE REPLACEMENT OF EXISTING*
11 *RAIL PASSENGER SERVICE.—*

12 *“(A) NEGOTIATIONS.—If the replacement of*
13 *preexisting intercity rail passenger service occurs*
14 *concurrent with or within a reasonable amount*
15 *of time before the commencement of the replacing*
16 *entity’s high-speed rail passenger service, the re-*
17 *placing entity shall give written notice of its*
18 *plan to replace existing rail passenger service to*
19 *the authorized collective bargaining agent or*
20 *agents for the employees of the predecessor pro-*
21 *vider at least 90 days prior to the date it plans*
22 *to commence service. Within 5 days after the*
23 *date of receipt of such written notice, negotia-*
24 *tions between the replacing entity and the collec-*
25 *tive bargaining agent or agents for the employees*

1 *of the predecessor provider shall commence for*
2 *the purpose of reaching agreement with respect*
3 *to all matters set forth in paragraph (2)(A)–(D).*
4 *The negotiations shall continue for 30 days or*
5 *until an agreement is reached, whichever is soon-*
6 *er. If at the end of 30 days the parties have not*
7 *entered into an agreement with respect to all*
8 *such matters, the unresolved issues shall be sub-*
9 *mitted for arbitration in accordance with the*
10 *procedure set forth in subparagraph (B).*

11 “(B) *ARBITRATION.*—*If an agreement has*
12 *not been entered into with respect to all matters*
13 *set forth in paragraph (2)(A)–(D) as provided in*
14 *subparagraph (A) of this paragraph, the parties*
15 *shall select an arbitrator. If the parties are un-*
16 *able to agree upon the selection of such arbitrator*
17 *within 5 days, either or both parties shall notify*
18 *the National Mediation Board, which shall pro-*
19 *vide a list of seven arbitrators with experience in*
20 *arbitrating rail labor protection disputes. Within*
21 *5 days after such notification, the parties shall*
22 *alternately strike names from the list until only*
23 *one name remains, and that person shall serve as*
24 *the neutral arbitrator. Within 45 days after se-*
25 *lection of the arbitrator, the arbitrator shall con-*

duct a hearing on the dispute and shall render a decision with respect to the unresolved issues set forth in paragraph (2)(A)–(D). This decision shall be final, binding, and conclusive upon the parties. The salary and expenses of the arbitrator shall be borne equally by the parties; all other expenses shall be paid by the party incurring them.

“(C) *SERVICE COMMENCEMENT.*—A replacing entity under this paragraph shall commence service only after an agreement is entered into with respect to the matters set forth in paragraph (2)(A)–(D) or the decision of the arbitrator has been rendered.

“(4) *SUBSEQUENT REPLACEMENT OF EXISTING RAIL PASSENGER SERVICE.*—If the replacement of existing rail passenger service takes place within 3 years after the replacing entity commences high-speed rail passenger service, the replacing entity and the collective bargaining agent or agents for the employees of the predecessor provider shall enter into an agreement with respect to the matters set forth in paragraph (2)(A)–(D). If the parties have not entered into an agreement with respect to all such matters within 60 days after the date on which the replacing entity

1 *replaces the predecessor provider, the parties shall se-*
 2 *lect an arbitrator using the procedures set forth in*
 3 *paragraph (3)(B), who shall, within 20 days after the*
 4 *commencement of the arbitration, conduct a hearing*
 5 *and decide all unresolved issues. This decision shall be*
 6 *final, binding, and conclusive upon the parties.*

7 “(i) *ISSUANCE OF REGULATIONS.*—Not later than 6
 8 *months after the date of the enactment of this section, the*
 9 *Secretary shall issue regulations for carrying out this sec-*
 10 *tion.*

11 “(j) *DEFINITIONS.*—For purposes of this section—

12 “(1) *SUBSECTION (f) BOND.*—The term ‘sub-
 13 *section (f) bond’ means a bond designated by the Sec-*
 14 *retary under subsection (a) for purposes of subsection*
 15 *(f).*

16 “(2) *SECTION 54 BOND.*—The term ‘section 54
 17 *bond’ means a bond designated by the Secretary*
 18 *under subsection (a) for purposes of section 54 of the*
 19 *Internal Revenue Code of 1986 (relating to credit to*
 20 *holders of qualified high-speed rail infrastructure*
 21 *bonds).’.*

22 (b) *TABLE OF SECTIONS AMENDMENT.*—The table of
 23 *sections of chapter 261 of title 49, United States Code, is*
 24 *amended by adding after the item relating to section 26105*
 25 *the following new item:*

“26106. *High-speed rail infrastructure bonds.*”.

1 **SEC. 3. TAX CREDIT TO HOLDERS OF QUALIFIED HIGH-**
 2 **SPEED RAIL INFRASTRUCTURE BONDS.**

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

7 **“Subpart H—Nonrefundable Credit for Holders of**
 8 **Qualified High-Speed Rail Infrastructure Bonds**

“Sec. 54. Credit to holders of qualified high-speed rail infrastruc-
 ture bonds.

9 **“SEC. 54. CREDIT TO HOLDERS OF QUALIFIED HIGH-SPEED**
 10 **RAIL INFRASTRUCTURE BONDS.**

11 “(a) *ALLOWANCE OF CREDIT.*—In the case of a tax-
 12 payer who holds a qualified high-speed rail infrastructure
 13 bond on a credit allowance date of such bond which occurs
 14 during the taxable year, there shall be allowed as a credit
 15 against the tax imposed by this chapter for such taxable
 16 year an amount equal to the sum of the credits determined
 17 under subsection (b) with respect to credit allowance dates
 18 during such year on which the taxpayer holds such bond.

19 “(b) *AMOUNT OF CREDIT.*—

20 “(1) *IN GENERAL.*—The amount of the credit de-
 21 termined under this subsection with respect to any
 22 credit allowance date for a qualified high-speed rail
 23 infrastructure bond is 25 percent of the annual credit
 24 determined with respect to such bond.

1 “(2) *ANNUAL CREDIT.*—*The annual credit deter-*
 2 *mined with respect to any qualified high-speed rail*
 3 *infrastructure bond is the product of—*

4 “(A) *the applicable credit rate, multiplied*
 5 *by*

6 “(B) *the outstanding face amount of the*
 7 *bond.*

8 “(3) *APPLICABLE CREDIT RATE.*—*For purposes*
 9 *of paragraph (2), the applicable credit rate with re-*
 10 *spect to an issue is the rate equal to an average mar-*
 11 *ket yield (as of the day before the date of sale of the*
 12 *issue) on outstanding long-term corporate debt obliga-*
 13 *tions (determined under regulations prescribed by the*
 14 *Secretary).*

15 “(4) *CREDIT ALLOWANCE DATE.*—*For purposes*
 16 *of this section, the term ‘credit allowance date’*
 17 *means—*

18 “(A) *March 15,*

19 “(B) *June 15,*

20 “(C) *September 15, and*

21 “(D) *December 15.*

22 *Such term includes the last day on which the bond is*
 23 *outstanding.*

24 “(5) *SPECIAL RULE FOR ISSUANCE AND REDEMP-*
 25 *TION.*—*In the case of a bond which is issued during*

1 *the 3-month period ending on a credit allowance date,*
 2 *the amount of the credit determined under this sub-*
 3 *section with respect to such credit allowance date*
 4 *shall be a ratable portion of the credit otherwise deter-*
 5 *mined based on the portion of the 3-month period*
 6 *during which the bond is outstanding. A similar rule*
 7 *shall apply when the bond is redeemed.*

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

9 “(1) *IN GENERAL.*—*The credit allowed under*
 10 *subsection (a) for any taxable year shall not exceed*
 11 *the excess of—*

12 “(A) *the sum of the regular tax liability (as*
 13 *defined in section 26(b)) plus the tax imposed by*
 14 *section 55, over*

15 “(B) *the sum of the credits allowable under*
 16 *this part (other than this subpart and subpart*
 17 *C).*

18 “(2) *CARRYOVER OF UNUSED CREDIT.*—*If the*
 19 *credit allowable under subsection (a) exceeds the limi-*
 20 *tation imposed by paragraph (1) for such taxable*
 21 *year, such excess shall be carried to the succeeding*
 22 *taxable year and added to the credit allowable under*
 23 *subsection (a) for such taxable year.*

24 “(d) *CREDIT INCLUDED IN GROSS INCOME.*—*Gross in-*
 25 *come includes the amount of the credit allowed to the tax-*

1 payer under this section (determined without regard to sub-
 2 section (c)) and the amount so included shall be treated as
 3 interest income.

4 “(e) *QUALIFIED HIGH-SPEED RAIL INFRASTRUCTURE*
 5 *BOND.*—For purposes of this part, the term ‘qualified high-
 6 speed rail infrastructure bond’ means any bond issued as
 7 part of an issue if—

8 “(1) the issuer certifies that the Secretary of
 9 Transportation has designated the bond for purposes
 10 of this section under section 26106(a) of title 49,
 11 United States Code, as in effect on the date of the en-
 12 actment of this section,

13 “(2) 95 percent or more of the proceeds from the
 14 sale of such issue are to be used for expenditures in-
 15 curred after the date of the enactment of this section
 16 for any project described in section 26106(a)(2) of
 17 title 49, United States Code,

18 “(3) the term of each bond which is part of such
 19 issue does not exceed 20 years,

20 “(4) the payment of principal with respect to
 21 such bond is the obligation solely of the issuer, and

22 “(5) the issue meets the requirements of sub-
 23 section (f) (relating to arbitrage).

24 “(f) *SPECIAL RULES RELATING TO ARBITRAGE.*—

1 “(1) *IN GENERAL.*—Subject to paragraph (2), an
2 issue shall be treated as meeting the requirements of
3 this subsection if as of the date of issuance, the issuer
4 reasonably expects—

5 “(A) to spend at least 95 percent of the pro-
6 ceeds from the sale of the issue for 1 or more
7 qualified projects within the 3-year period begin-
8 ning on such date,

9 “(B) to incur a binding commitment with
10 a third party to spend at least 10 percent of the
11 proceeds from the sale of the issue, or to com-
12 mence construction, with respect to such projects
13 within the 6-month period beginning on such
14 date, and

15 “(C) to proceed with due diligence to com-
16 plete such projects and to spend the proceeds
17 from the sale of the issue.

18 “(2) *RULES REGARDING CONTINUING COMPLI-*
19 *ANCE AFTER 3-YEAR DETERMINATION.*—If at least 95
20 percent of the proceeds from the sale of the issue is not
21 expended for 1 or more qualified projects within the
22 3-year period beginning on the date of issuance, but
23 the requirements of paragraph (1) are otherwise met,
24 an issue shall be treated as continuing to meet the re-
25 quirements of this subsection if either—

1 “(A) the issuer uses all unspent proceeds
2 from the sale of the issue to redeem bonds of the
3 issue within 90 days after the end of such 3-year
4 period, or

5 “(B) the following requirements are met:

6 “(i) The issuer spends at least 75 per-
7 cent of the proceeds from the sale of the
8 issue for 1 or more qualified projects within
9 the 3-year period beginning on the date of
10 issuance.

11 “(ii) Either—

12 “(I) the issuer spends at least 95
13 percent of the proceeds from the sale of
14 the issue for 1 or more qualified
15 projects within the 4-year period be-
16 ginning on the date of issuance, or

17 “(II) the issuer pays to the Fed-
18 eral Government any earnings on the
19 proceeds from the sale of the issue that
20 accrue after the end of the 3-year pe-
21 riod beginning on the date of issuance
22 and uses all unspent proceeds from the
23 sale of the issue to redeem bonds of the
24 issue within 90 days after the end of

1 *the 4-year period beginning on the date*
2 *of issuance.*

3 “(g) *RECAPTURE OF PORTION OF CREDIT WHERE*
4 *CESSATION OF COMPLIANCE.—*

5 “(1) *IN GENERAL.—If any bond which when*
6 *issued purported to be a qualified high-speed rail in-*
7 *frastructure bond ceases to be such a qualified bond,*
8 *the issuer shall pay to the United States (at the time*
9 *required by the Secretary) an amount equal to the*
10 *sum of—*

11 “(A) *the aggregate of the credits allowable*
12 *under this section with respect to such bond (de-*
13 *termined without regard to subsection (c)) for*
14 *taxable years ending during the calendar year in*
15 *which such cessation occurs and the 2 preceding*
16 *calendar years, and*

17 “(B) *interest at the underpayment rate*
18 *under section 6621 on the amount determined*
19 *under subparagraph (A) for each calendar year*
20 *for the period beginning on the first day of such*
21 *calendar year.*

22 “(2) *FAILURE TO PAY.—If the issuer fails to*
23 *timely pay the amount required by paragraph (1)*
24 *with respect to such bond, the tax imposed by this*
25 *chapter on each holder of any such bond which is part*

1 of such issue shall be increased (for the taxable year
 2 of the holder in which such cessation occurs) by the
 3 aggregate decrease in the credits allowed under this
 4 section to such holder for taxable years beginning in
 5 such 3 calendar years which would have resulted sole-
 6 ly from denying any credit under this section with re-
 7 spect to such issue for such taxable years.

8 “(3) SPECIAL RULES.—

9 “(A) TAX BENEFIT RULE.—The tax for the
 10 taxable year shall be increased under paragraph
 11 (2) only with respect to credits allowed by reason
 12 of this section which were used to reduce tax li-
 13 ability. In the case of credits not so used to re-
 14 duce tax liability, the carryforwards and
 15 carrybacks under section 39 shall be appro-
 16 priately adjusted.

17 “(B) NO CREDITS AGAINST TAX.—Any in-
 18 crease in tax under paragraph (2) shall not be
 19 treated as a tax imposed by this chapter for pur-
 20 poses of determining—

21 “(i) the amount of any credit allowable
 22 under this part, or

23 “(ii) the amount of the tax imposed by
 24 section 55.

1 “(h) *OTHER DEFINITIONS AND SPECIAL RULES.—For*
 2 *purposes of this section—*

3 “(1) *BOND.—The term ‘bond’ includes any obli-*
 4 *gation.*

5 “(2) *QUALIFIED PROJECT.—The term ‘qualified*
 6 *project’ means any project described in section*
 7 *26106(a)(2) of title 49, United States Code.*

8 “(3) *TREATMENT OF CHANGES IN USE.—For*
 9 *purposes of subsection (e)(2), the proceeds from the*
 10 *sale of an issue shall not be treated as used for a*
 11 *qualified project to the extent that the issuer takes*
 12 *any action within its control which causes such pro-*
 13 *ceeds not to be used for a qualified project. The Sec-*
 14 *retary shall prescribe regulations specifying remedial*
 15 *actions that may be taken (including conditions to*
 16 *taking such remedial actions) to prevent an action de-*
 17 *scribed in the preceding sentence from causing a bond*
 18 *to fail to be a qualified high-speed rail infrastructure*
 19 *bond.*

20 “(4) *PARTNERSHIP; S CORPORATION; AND OTHER*
 21 *PASS-THRU ENTITIES.—Under regulations prescribed*
 22 *by the Secretary, in the case of a partnership, trust,*
 23 *S corporation, or other pass-thru entity, rules similar*
 24 *to the rules of section 41(g) shall apply with respect*
 25 *to the credit allowable under subsection (a).*

1 “(5) *BONDS HELD BY REGULATED INVESTMENT*
 2 *COMPANIES.*—*If any qualified high-speed rail infra-*
 3 *structure bond is held by a regulated investment com-*
 4 *pany, the credit determined under subsection (a) shall*
 5 *be allowed to shareholders of such company under*
 6 *procedures prescribed by the Secretary.*

7 “(6) *REPORTING.*—*Issuers of qualified high-*
 8 *speed rail infrastructure bonds shall submit reports*
 9 *similar to the reports required under section 149(e).”.*

10 *(b) AMENDMENTS TO OTHER CODE SECTIONS.—*

11 *(1) REPORTING.*—*Subsection (d) of section 6049*
 12 *of the Internal Revenue Code of 1986 (relating to re-*
 13 *turns regarding payments of interest) is amended by*
 14 *adding at the end the following new paragraph:*

15 “(8) *REPORTING OF CREDIT ON QUALIFIED*
 16 *HIGH-SPEED RAIL INFRASTRUCTURE BONDS.—*

17 “(A) *IN GENERAL.*—*For purposes of sub-*
 18 *section (a), the term ‘interest’ includes amounts*
 19 *includible in gross income under section 54(d)*
 20 *and such amounts shall be treated as paid on the*
 21 *credit allowance date (as defined in section*
 22 *54(b)(4)).*

23 “(B) *REPORTING TO CORPORATIONS, ETC.—*
 24 *Except as otherwise provided in regulations, in*
 25 *the case of any interest described in subpara-*

1 graph (A), subsection (b)(4) shall be applied
 2 without regard to subparagraphs (A), (H), (I),
 3 (J), (K), and (L)(i) of such subsection.

4 “(C) *REGULATORY AUTHORITY.*—The Sec-
 5 retary may prescribe such regulations as are nec-
 6 essary or appropriate to carry out the purposes
 7 of this paragraph, including regulations which
 8 require more frequent or more detailed report-
 9 ing.”.

10 (2) *TREATMENT FOR ESTIMATED TAX PUR-*
 11 *POSES.*—

12 (A) *INDIVIDUAL.*—Section 6654 of such
 13 Code (relating to failure by individual to pay es-
 14 timated income tax) is amended by redesign-
 15 nating subsection (m) as subsection (n) and by
 16 inserting after subsection (l) the following new
 17 subsection:

18 “(m) *SPECIAL RULE FOR HOLDERS OF QUALIFIED*
 19 *HIGH-SPEED RAIL INFRASTRUCTURE BONDS.*—For pur-
 20 poses of this section, the credit allowed by section 54 to a
 21 taxpayer by reason of holding a qualified high-speed rail
 22 infrastructure bond on a credit allowance date shall be
 23 treated as if it were a payment of estimated tax made by
 24 the taxpayer on such date.”.

1 (B) *CORPORATE.*—Section 6655 of such
 2 Code (relating to failure by corporation to pay
 3 estimated income tax) is amended by adding at
 4 the end of subsection (g) the following new para-
 5 graph:

6 “(5) *SPECIAL RULE FOR HOLDERS OF QUALIFIED*
 7 *HIGH-SPEED RAIL INFRASTRUCTURE BONDS.*—For
 8 purposes of this section, the credit allowed by section
 9 54 to a taxpayer by reason of holding a qualified
 10 high-speed rail infrastructure bond on a credit allow-
 11 ance date shall be treated as if it were a payment of
 12 estimated tax made by the taxpayer on such date.”.

13 (c) *CLERICAL AMENDMENTS.*—

14 (1) The table of subparts for part IV of sub-
 15 chapter A of chapter 1 is amended by adding at the
 16 end the following new item:

“Subpart H. Nonrefundable Credit for Holders of Qualified High-
 Speed Rail Infrastructure Bonds.”.

17 (2) Section 6401(b)(1) of such Code is amended
 18 by striking “and G” and inserting “G, and H”.

19 (d) *ISSUANCE OF REGULATIONS.*—Not later than 6
 20 months after the date of the enactment of this section, the
 21 Secretary of the Treasury shall issue regulations for car-
 22 rying out this section and the amendments made by this
 23 section.

24 (e) *HIGH-SPEED INTERCITY RAIL FACILITIES.*—

1 (1) *REQUIREMENT TO MEET TITLE 49 REQUIRE-*
 2 *MENTS.—Section 142(i) of the Internal Revenue Code*
 3 *of 1986 is amended by adding at the end the fol-*
 4 *lowing new paragraph:*

5 “(4) *ADDITIONAL REQUIREMENTS.—A bond*
 6 *issued as part of an issue described in subsection*
 7 *(a)(11) shall not be considered an exempt facility*
 8 *bond unless the requirements of paragraphs (1)*
 9 *through (6) of section 26106(a) of title 49, United*
 10 *States Code, are met.”.*

11 (2) *REVISION OF SPEED REQUIREMENT.—Sec-*
 12 *tion 142(i)(1) of such Code is amended by striking*
 13 *“150 miles per hour” and inserting “110 miles per*
 14 *hour”.*

15 (f) *EFFECTIVE DATE.—The amendments made by this*
 16 *section shall apply to obligations issued after the date of*
 17 *enactment of this Act.*

18 **SEC. 4. HIGH-SPEED RAIL CORRIDOR DEVELOPMENT.**

19 (a) *CORRIDOR DEVELOPMENT.—*

20 (1) *AMENDMENTS.—Section 26101 of title 49,*
 21 *United States Code, is amended—*

22 (A) *in the section heading, by striking*
 23 *“planning” and inserting “**development**”;*

1 (B) in the heading of subsection (a), by
 2 striking “PLANNING” and inserting “DEVELOP-
 3 MENT”;

4 (C) by striking “corridor planning” each
 5 place it appears and inserting “corridor develop-
 6 ment”;

7 (D) in subsection (b)(1)—

8 (i) by inserting “, or if it is an activ-
 9 ity described in subparagraph (M)” after
 10 “high-speed rail improvements”;

11 (ii) by striking “and” at the end of
 12 subparagraph (K);

13 (iii) by striking the period at the end
 14 of subparagraph (L) and inserting “; and”;
 15 and

16 (iv) by adding at the end the following
 17 new subparagraph:

18 “(M) the acquisition of locomotives, rolling stock,
 19 track, and signal equipment.”; and

20 (E) in subsection (c)(2), by striking “plan-
 21 ning” and inserting “development”.

22 (2) CONFORMING AMENDMENT.—The item relat-
 23 ing to section 26101 in the table of sections of chapter
 24 261 of title 49, United States Code, is amended by
 25 striking “planning” and inserting “development”.

1 (b) *AUTHORIZATION OF APPROPRIATIONS.*—Section
 2 26104 of title 49, United States Code, is amended to read
 3 as follows:

4 **“§ 26104. Authorization of appropriations**

5 “(a) *FISCAL YEARS 2004 THROUGH 2011.*—There are
 6 authorized to be appropriated to the Secretary—

7 “(1) \$70,000,000 for carrying out section 26101;
 8 and

9 “(2) \$30,000,000 for carrying out section 26102,
 10 for each of the fiscal years 2004 through 2011.

11 “(b) *FUNDS TO REMAIN AVAILABLE.*—Funds made
 12 available under this section shall remain available until ex-
 13 pended.”.

14 **SEC. 5. REHABILITATION AND IMPROVEMENT FINANCING.**

15 (a) *DEFINITIONS.*—Section 102(7) of the Railroad Re-
 16 vitalization and Regulatory Reform Act of 1976 (45 U.S.C.
 17 802(7)) is amended to read as follows:

18 “(7) ‘railroad’ has the meaning given that term
 19 in section 20102 of title 49, United States Code;
 20 and”.

21 (b) *GENERAL AUTHORITY.*—Section 502(a) of the
 22 Railroad Revitalization and Regulatory Reform Act of
 23 1976 (45 U.S.C. 822(a)) is amended by striking “Secretary
 24 may provide direct loans and loan guarantees to State and
 25 local governments,” and inserting “Secretary shall provide

1 *direct loans and loan guarantees to State and local govern-*
 2 *ments, agreements or interstate compacts consented to by*
 3 *Congress under section 410(a) of Public Law 105–134 (49*
 4 *U.S.C 24101 nt),”.*

5 *(c) EXTENT OF AUTHORITY.—Section 502(d) of the*
 6 *Railroad Revitalization and Regulatory Reform Act of*
 7 *1976 (45 U.S.C. 822(d)) is amended—*

8 *(1) by striking “\$3,500,000,000” and inserting*
 9 *“\$35,000,000,000”;*

10 *(2) by striking “\$1,000,000,000” and inserting*
 11 *“\$7,000,000,000”; and*

12 *(3) by adding at the end the following new sen-*
 13 *tence: “The Secretary shall not establish any limit on*
 14 *the proportion of the unused amount authorized*
 15 *under this subsection that may be used for 1 loan or*
 16 *loan guarantee.”.*

17 *(d) COHORTS OF LOANS.—Section 502(f) of the Rail-*
 18 *road Revitalization and Regulatory Reform Act of 1976 (45*
 19 *U.S.C. 822(f)) is amended—*

20 *(1) in paragraph (2)—*

21 *(A) by striking “and” at the end of sub-*
 22 *paragraph (D);*

23 *(B) by redesignating subparagraph (E) as*
 24 *subparagraph (F); and*

1 (C) by adding after subparagraph (D) the
2 following new subparagraph:

3 “(E) the size and characteristics of the co-
4 hort of which the loan or loan guarantee is a
5 member; and”; and

6 (2) by adding at the end of paragraph (4) the
7 following: “A cohort may include loans and loan
8 guarantees. The Secretary shall not establish any
9 limit on the proportion of a cohort that may be used
10 for 1 loan or loan guarantee.”.

11 (e) *CONDITIONS OF ASSISTANCE*.—Section 502 of the
12 *Railroad Revitalization and Regulatory Reform Act of*
13 1976 (45 U.S.C. 822) is amended—

14 (1) in subsection (f)(2)(A), by inserting “, if
15 any” after “collateral offered”; and

16 (2) by adding at the end of subsection (h) the fol-
17 lowing:

18 “The Secretary shall not require an applicant for a direct
19 loan or loan guarantee under this section to provide collat-
20 eral. The Secretary shall not require that an applicant for
21 a direct loan or loan guarantee under this section have pre-
22 viously sought the financial assistance requested from an-
23 other source. The Secretary shall require recipients of direct
24 loans or loan guarantees under this section to apply the

1 *standards of section 26106(a)(5) of title 49, United States*
 2 *Code, to their projects.”.*

3 (f) *TIME LIMIT FOR APPROVAL OR DISAPPROVAL.—*
 4 *Section 502 of the Railroad Revitalization and Regulatory*
 5 *Reform Act of 1976 (45 U.S.C. 822) is amended by adding*
 6 *at the end the following new subsection:*

7 “(i) *TIME LIMIT FOR APPROVAL OR DISAPPROVAL.—*
 8 *Not later than 90 days after receiving a complete applica-*
 9 *tion for a direct loan or loan guarantee under this section,*
 10 *the Secretary shall approve or disapprove the application.”.*

11 (g) *FEEES AND CHARGES.—Section 503 of the Railroad*
 12 *Revitalization and Regulatory Reform Act of 1976 (45*
 13 *U.S.C. 823) is amended by adding at the end the following*
 14 *new subsection:*

15 “(l) *FEEES AND CHARGES.—Except as provided in this*
 16 *title, the Secretary may not assess any fees, including user*
 17 *fees, or charges in connection with a direct loan or loan*
 18 *guarantee provided under section 502.”.*

19 (h) *SUBSTANTIVE CRITERIA AND STANDARDS.—Not*
 20 *later than 30 days after the date of the enactment of this*
 21 *Act, the Secretary of Transportation shall publish in the*
 22 *Federal Register and post on the Department of Transpor-*
 23 *tation web site the substantive criteria and standards used*
 24 *by the Secretary to determine whether to approve or dis-*
 25 *approve applications submitted under section 502 of the*

- 1 *Railroad Revitalization and Regulatory Reform Act of*
- 2 *1976 (45 U.S.C. 822).*

Union Calendar No. 206

108TH CONGRESS
1ST SESSION

H. R. 2571

[Report No. 108–278, Parts I and II]

A BILL

To provide for the financing of high-speed rail
infrastructure, and for other purposes.

NOVEMBER 6, 2003

Reported from the Committee on Ways and Means with
amendments, committed to the Committee of the
Whole House on the State of the Union, and ordered
to be printed