

108TH CONGRESS  
1ST SESSION

# H. R. 3211

To amend title 49, United States Code, to provide for stable, productive, and efficient passenger rail service in the United States, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 30, 2003

Mr. YOUNG of Alaska (for himself and Mr. OBERSTAR) (both by request) introduced the following bill; which was referred to the Committee on Transportation and Infrastructure

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## A BILL

To amend title 49, United States Code, to provide for stable, productive, and efficient passenger rail service in the United States, and for other purposes.

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

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Passenger Rail Investment Reform Act”.

6 (b) TABLE OF CONTENTS.—The table of contents of  
7 this Act is as follows:

Sec. 1. Short title; table of contents.

Sec. 2. Purposes; definitions.

## TITLE I—NATIONAL PASSENGER RAIL SERVICE RESTRUCTURING

- Sec. 101. Board of directors of Amtrak.
- Sec. 102. Passenger rail service restructuring.
- Sec. 103. Northeast Corridor Compact.
- Sec. 104. Assistance to address capital needs.
- Sec. 105. Employee transition assistance; authorization.
- Sec. 106. Limit on operating assistance for long-distance routes.
- Sec. 107. Repeal of obsolete and executed provisions of law; other.

## TITLE II—FINANCIAL REFORMS

- Sec. 201. Limitations on availability of grants.
- Sec. 202. Spending plans for capital backlog reduction.
- Sec. 203. Redemption of common stock.
- Sec. 204. Retirement of preferred stock; transfer of assets.
- Sec. 205. Real estate and asset sales; other.
- Sec. 206. Management and transfer of secured debt.
- Sec. 207. Transition assistance.

TITLE III—GRANTS AND OTHER ASSISTANCE FOR INTERCITY  
PASSENGER RAIL SERVICE

- Sec. 301. Capital assistance for intercity passenger rail service.
- Sec. 302. Final regulations on applications by States for development grants.
- Sec. 303. Authority for interstate compacts for corridor development.

1 **SEC. 2. PURPOSES; DEFINITIONS.**

2 (a) PURPOSES.—The purposes of this Act are to—

3 (1) preserve an intercity passenger rail service  
4 system in the United States that is driven by sound  
5 economics;

6 (2) provide a transition from the existing struc-  
7 ture for providing such service to a structure that is  
8 more aligned with existing and emerging transpor-  
9 tation needs;

10 (3) develop a system that provides high quality  
11 passenger rail service at a reasonable cost;

12 (4) establish a long-term partnership among the  
13 states and the Federal Government to support inter-  
14 city passenger rail service; and

1           (5) create an effective public-private partner-  
2       ship, after a reasonable transition, to manage the  
3       capital assets of the Northeast Corridor.

4       (b) DEFINITIONS.—In this Act—

5           (1) the term “Year One” means the next Fed-  
6       eral fiscal year to begin after the date of enactment  
7       of this Act, except that the term means the current  
8       Federal fiscal year if the date of enactment of the  
9       Act is within 60 days of the first day of the current  
10      Federal fiscal year; and

11          (2) the terms “Year Two”, “Year Three”,  
12      “Year Four”, “Year Five”, and “Year Six” mean,  
13      respectively, the Federal fiscal year that follows Year  
14      One by one, two, three, four, and five years, respec-  
15      tively.

16   **TITLE I—NATIONAL PASSENGER**  
17   **RAIL SERVICE RESTRUCTURING**

18   **SEC. 101. BOARD OF DIRECTORS OF AMTRAK.**

19       Section 24302 of title 49, United States Code, is  
20   amended to read as follows:

21   **“§ 24302. Board of Directors**

22       “(a) MEMBERSHIP.—(1) The Transition Board of  
23   Directors of Amtrak shall consist of 11 voting members,  
24   including—

1           “(A) the Secretary of Transportation, or an of-  
2           ficer of the United States within the Department of  
3           Transportation compensated under the Executive  
4           Schedule under title 5, United States Code, who is  
5           designated by the Secretary (hereafter in this section  
6           the ‘Secretary’s delegate’); and

7           “(B) 10 other members appointed by the Presi-  
8           dent, by and with the advice and consent of the Sen-  
9           ate.

10          “(2) The President of Amtrak shall serve as an ex  
11          officio, nonvoting member of the Board of Directors.

12          “(b) COMPENSATION.—Each member of the Board of  
13          Directors shall not be compensated for service as such  
14          member, but shall receive with respect to such service  
15          travel expenses, including per diem in lieu of subsistence,  
16          in accordance with sections 5702 and 5703 of title 5.

17          “(c) TERM OF OFFICE.—Members serving unexpired  
18          terms on the date of enactment of this section may con-  
19          tinue to serve until the earlier of the expiration of their  
20          terms or the date on which the restructuring mandated  
21          under section 24310 of this title is implemented. Members  
22          appointed by the President under subsection (a)(1)(B)  
23          shall serve for a term that expires on the date the restruc-  
24          turing mandated in section 24310 of this title is imple-  
25          mented. At the expiration of their terms, members of the

1 Board shall be eligible to serve as members of the boards  
2 of successor corporations to Amtrak.

3 “(d) QUORUM.—At any time after the date of enact-  
4 ment of this section, a majority of the Board members  
5 who have been lawfully appointed shall constitute a  
6 quorum for purposes of conducting Board meetings and  
7 making all necessary decisions regarding the operations,  
8 structure, and business affairs of Amtrak.

9 “(e) TRANSITION COMMITTEE.—(1) The Board of  
10 Directors shall form an Asset Transition Committee com-  
11 prised of the Secretary, or the Secretary’s delegate, and  
12 two other members, or one other member if two other  
13 members are not lawfully appointed.

14 “(2) In addition to other powers and duties assigned  
15 by the Board, the Asset Transition Committee has the  
16 duty to ensure that the public interest is served in Board  
17 decisions and Amtrak management actions that change  
18 the use of or status of—

19 “(A) the contractual right of access of Amtrak  
20 to rail lines of other railroads;

21 “(B) Amtrak secured debt;

22 “(C) Northeast Corridor real property and as-  
23 sets; and

24 “(D) rolling stock.

1       “(3) The Board may not take an action with regard  
2 to the assets or secured debt specified in paragraph (2),  
3 or permit an Amtrak management action with regard to  
4 those assets, that is not approved by the Asset Transition  
5 Committee.

6       “(f) MODIFICATION OF BOARD AFTER RESTRUC-  
7 TURING.—(1) Upon the commencement of operations of  
8 the Passenger Rail Service Provider and the Passenger  
9 Rail Infrastructure Manager under section 24310 of this  
10 title, the Board of Directors of Amtrak shall consist of—

11               “(A) the Secretary of Transportation;

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

17               “(C) the Federal Transit Administrator or an-  
18 other officer of the United States within the Depart-  
19 ment of Transportation compensated under the Ex-  
20 ecutive Schedule under title 5, United States Code,  
21 who is designated by the Secretary.

22       “(2) Upon the designation of directors by the Sec-  
23 retary under paragraph (1), and with the exception of the  
24 Secretary of Transportation, the members of the Transi-  
25 tion Board of Directors shall no longer serve as appointees

1 of the President to the Amtrak Board of Directors, but  
 2 shall instead become members of the Board of Directors  
 3 of the entities referred to in Federal law as the Passenger  
 4 Rail Service Provider or the Passenger Rail Infrastructure  
 5 Manager.”.

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

7 (a) IN GENERAL.—Title 49, United States Code, is  
 8 amended by inserting the following after section 24309:

9 **“§ 24310. Amtrak restructuring mandate**

10 “(a) IN GENERAL.—Within 6 months after Year One  
 11 begins, and notwithstanding any other provision of this  
 12 title, the Board of Directors shall prepare a plan to re-  
 13 structure Amtrak management, personnel, assets, oper-  
 14 ations, and other activities and relationships to conform  
 15 to the requirements of this section. The Board shall trans-  
 16 mit the completed plan to the Committee on Commerce,  
 17 Science, and Transportation of the Senate, the Committee  
 18 on Transportation and Infrastructure of the House of  
 19 Representatives, and the Committees on Appropriations of  
 20 the House of Representatives and Senate.

21 “(b) MINIMUM REQUIREMENTS.—At a minimum, the  
 22 restructuring plan required under this section shall pro-  
 23 vide for the following:

24 “(1) The filing of appropriate Articles of Incor-  
 25 poration under State law for two business corpora-

1 tions that are entirely independent of Amtrak, here-  
2 inafter referred to as the ‘Passenger Rail Service  
3 Provider’ and the ‘Passenger Rail Infrastructure  
4 Manager’ or collectively the ‘successor corporations’.

5 “(2) The division of Amtrak into three func-  
6 tionally independent entities that provide the fol-  
7 lowing:

8 “(A) A corporation, hereinafter referred to  
9 as ‘Amtrak’, that shall provide overall super-  
10 vision of Amtrak restructuring and subsequent  
11 management of residual responsibilities, includ-  
12 ing succeeding to the legal rights of the Na-  
13 tional Railroad Passenger Corporation, and in-  
14 cluding specifically Amtrak’s legal right of ac-  
15 cess to other railroads, following transfer of rail  
16 operations and infrastructure management to  
17 the successor corporations established under  
18 paragraph (1).

19 “(B) Passenger rail operating services na-  
20 tionwide, including operation of the reservation  
21 centers and ownership and management of ex-  
22 isting rolling stock and its maintenance.

23 “(C) Passenger rail infrastructure manage-  
24 ment.



1           “(3) The assignment of all Amtrak personnel  
2           by name to one of the entities specified in paragraph  
3           (2), with no loss of pay or benefits, including senior-  
4           ity rights to employment within any entity, except  
5           that an employee who elects employment with the  
6           entity specified by paragraph (2)(A) shall become an  
7           employee of the corporation, with only such rights  
8           regarding pay and benefits as the corporation shall  
9           determine.

10           “(4) The division of accounting, finance, budg-  
11           et, assets, and personnel to provide for the operation  
12           and funding of each entity independently.

13           “(5) A transition schedule that provides for  
14           completion of the restructuring not later than the  
15           last day of Year One.

16           “(c) SUCCESSOR CORPORATIONS.—(1) Consistent  
17           with the business corporation law of the State of incorpo-  
18           ration of the successor corporations specified by sub-  
19           section (b)(1) of this section, each of the successor cor-  
20           porations shall be qualified to undertake railroad activities  
21           of an operational or infrastructure nature on a contractual  
22           basis with Amtrak or any other entity.

23           “(2) The Passenger Rail Service Provider—

24           “(A) shall have the exclusive right, until the  
25           last day of Year Three, to continue to provide the

1       intercity passenger service that is being provided by  
2       Amtrak on the date of enactment of the Passenger  
3       Rail Investment Reform Act, but after the last day  
4       of Year One, may operate such passenger rail service  
5       only under a contract; and

6               “(B) shall provide interline reservations services  
7       to any other provider of intercity passenger rail serv-  
8       ices on the same basis and rates as services are pro-  
9       vided to the operational entities that provide service  
10      within Amtrak on the date of enactment.

11      “(3) The Passenger Rail Infrastructure Manager—

12              “(A) shall have the exclusive right, until the  
13      last day of Year Six, to continue to provide the dis-  
14      patching, maintenance, and infrastructure services  
15      that are being provided by Amtrak on the date of  
16      enactment of the Passenger Rail Investment Reform  
17      Act, but after the last day of Year One, may provide  
18      these services only under a contract; and

19              “(B) shall carry out the multiyear infrastruc-  
20      ture plan prepared by Amtrak, to the extent funds  
21      are made available.

22      “(4)(A) The successor corporations are not a depart-  
23      ment, agency, or instrumentality of the United States  
24      Government nor are they Government corporations (as de-  
25      fined in section 103 of title 5).

1       “(B) Chapter 105 of this title does not apply to the  
2 successor corporations. However, laws and regulations  
3 governing safety, employee representation for collective  
4 bargaining purposes, the handling of disputes between car-  
5 riers and employees, employee retirement, annuity, and  
6 unemployment systems, and other dealings with employees  
7 that apply to a rail carrier providing transportation sub-  
8 ject to subchapter I of chapter 105 apply to the successor  
9 corporations. The employee retirement, annuity, and un-  
10 employment systems that apply to a rail carrier providing  
11 transportation subject to subchapter I of chapter 105  
12 apply to the entity specified by subsection (b)(2)(A) of this  
13 section.

14       “(C) Subsections (c) through (l) of section 24301 of  
15 this title shall apply to the successor corporations.

16       “(5) Subject to further action by the Board of Direc-  
17 tors, the President of Amtrak on the date of enactment  
18 of the Passenger Rail Investment Reform Act shall be of-  
19 fered the position of Chief Executive Officer of the Pas-  
20 senger Rail Service Provider.

21       “(6) The contractual rights of successor corporations  
22 to provide services may not be extended beyond the dates  
23 set forth in subsections (c)(2) and (c)(3), as applicable,  
24 without competitive bid.

1       “(7) The Passenger Rail Service Provider shall pro-  
2 vide to the Secretary of Transportation not later than 18  
3 months after the enactment of the Passenger Rail Invest-  
4 ment Reform Act, recommendations on the feasibility, ad-  
5 vantages, and disadvantages of separation of the reserva-  
6 tion centers into a free-standing entity that can become  
7 an element of an intermodal reservations service.

8       “(8) The functionally independent entity specified by  
9 subsection (b)(2)(A) shall retain all legal rights pertaining  
10 to the name ‘Amtrak’, and may, at its option, license or  
11 otherwise make the name ‘Amtrak’ commercially available  
12 in connection with intercity passenger rail and related  
13 services.

14       “(d) ROLLING STOCK AND SHOPS.—(1) With respect  
15 to any route on which intercity passenger rail service is  
16 provided on the date of enactment of the Passenger Rail  
17 Investment Reform Act, the Passenger Rail Service Pro-  
18 vider shall make available to any replacement operator the  
19 legacy equipment that is associated with the service on the  
20 route.

21       “(2) Such equipment and services shall be made  
22 available on such terms as Amtrak determines are fair,  
23 reasonable, and in the public interest.

24       “(e) FREIGHT AND COMMUTER OPERATIONS.—(1)  
25 Amtrak shall ensure that the implementation of the re-

1 structuring prescribed in this section gives due consider-  
2 ation to the needs of freight and commuter rail operations  
3 that, as of the effective date of the Passenger Rail Invest-  
4 ment Reform Act, operate in the Northeast Corridor on  
5 Amtrak right of way.

6 “(2) Notwithstanding paragraph (1), commuter serv-  
7 ices headquartered in a State or Commonwealth that is  
8 not a member of the Northeast Corridor Compact after  
9 the last day of Year Two shall pay the fully allocated costs  
10 incurred by the successor corporation or any successor en-  
11 tity for access to and use of the Northeast Corridor for  
12 such services.

13 “(3) The right of access by Amtrak to rail lines  
14 owned by other carriers is, as of the effective date of the  
15 Passenger Rail Investment Reform Act, restricted as fol-  
16 lows:

17 “(A) The terms and conditions for operation of  
18 an intercity passenger rail route or frequency to be  
19 added after the date of enactment of the Passenger  
20 Rail Investment Reform Act shall be determined by  
21 negotiation and mutual agreement between the host  
22 railroad and the operator of the route or frequency  
23 sought to be added, with no preferential right of ac-  
24 cess.

1           “(B) If not utilized by Amtrak, Amtrak’s right  
2           of access to any segment of rail line owned by an-  
3           other rail carrier may be assigned to no more than  
4           one intercity passenger rail operator during the term  
5           of the assignment, except by agreement among Am-  
6           trak, its assignee, and the owner of the rail line.”.

7           (b) CONFORMING AMENDMENTS.—(1) The analysis  
8           of chapter 243 of title 49, United States Code, is amended  
9           by inserting the following after the item relating to section  
10          24309:

          “24310. Amtrak restructuring mandate.”.

11          (2) Section 24102 (Definitions) of title 49, United  
12          States Code, is amended—

13                 (A) by inserting the following after section  
14          24102(5):

15                 “(5a) ‘legacy equipment’ means the rolling  
16                 stock required to provide intercity passenger rail  
17                 service owned or leased by the National Railroad  
18                 Passenger Corporation on the date of enactment of  
19                 this chapter.”; and

20                 (B) by inserting the following at the end:

21                 “(10) ‘Year One’ means the next Federal fiscal  
22                 year to begin after the date of enactment of the Pas-  
23                 senger Rail Investment Reform Act, except that the  
24                 term means the current Federal fiscal year if the

1 date of enactment of the Act is within 60 days of  
2 the first day of the current Federal fiscal year.

3 “(11) ‘Year Two’, ‘Year Three’, ‘Year Four’,  
4 ‘Year Five’, and ‘Year Six’ mean, respectively, the  
5 Federal fiscal year that follows year one by one, two,  
6 three, four, and five years, respectively.”.

7 **SEC. 103. NORTHEAST CORRIDOR COMPACT.**

8 (a) CONSENT TO COMPACT.—(1) The States and Dis-  
9 trict that constitute the Northeast Corridor, as defined in  
10 section 24102 of title 49, United States Code, may enter  
11 into an agreement, not in conflict with a law of the United  
12 States and titled the “Northeast Corridor Compact”, to  
13 provide passenger rail service and to conduct related ac-  
14 tivities in the Northeast Corridor.

15 (2) The Northeast Corridor Compact shall be sub-  
16 mitted to Congress for its consent, and it is the sense of  
17 Congress that rapid consent to the Compact shall be a  
18 priority of Congress.

19 (b) COMPACT COMMISSION.—(1) There is hereby es-  
20 tablished a commission to be known as the Northeast Cor-  
21 ridor Compact Commission (hereinafter referred to in this  
22 section as the “Commission”). The Commission shall be  
23 composed of five members as follows:

24 (A) Two members (or their designees), to be se-  
25 lected by the Secretary of Transportation.

1 (B) Two members (or their designees), to be se-  
2 lected by agreement of the following government rep-  
3 resentatives:

4 (i) The governors of Maryland, Delaware,  
5 Pennsylvania, New Jersey, New York, Con-  
6 necticut, Rhode Island, and Massachusetts.

7 (ii) The mayor of the District of Columbia.

8 (C) One member to be selected by the four  
9 members selected under subparagraphs (A) and (B)  
10 of this paragraph.

11 (2) The following applies to the Commission:

12 (A) Members shall be appointed for the life of  
13 the Commission.

14 (B) A vacancy in the Commission shall be filled  
15 in the manner in which the original appointment was  
16 made.

17 (C) Members shall serve without pay but shall  
18 receive travel expenses, including per diem in lieu of  
19 subsistence, in accordance with sections 5702 and  
20 5703 of title 5, United States Code.

21 (D) The Chairman of the Commission shall be  
22 elected by the members.

23 (E) The Commission may appoint and fix the  
24 pay of such personnel as it considers appropriate.



1           (F) Upon request of the Commission, the head  
2           of any department or agency of the United States  
3           may detail, on a reimbursable basis, any of the per-  
4           sonnel of that department or agency to the Commis-  
5           sion to assist it in carrying out its duties under this  
6           section.

7           (G) Upon the request of the Commission, the  
8           Administrator of General Services shall provide to  
9           the Commission, on a reimbursable basis, the admin-  
10          istrative support services necessary for the Commis-  
11          sion to carry out its responsibilities under this sec-  
12          tion.

13          (c) FUNCTIONS.—(1) The Commission shall prepare  
14          for the consideration of and adoption by participating  
15          States, the District of Columbia, and the Secretary of  
16          Transportation an interstate compact that provides for the  
17          following:

18               (A) Full authority for 99 years to succeed to  
19               the responsibilities of the National Railroad Pas-  
20               senger Corporation as operator of the Northeast  
21               Corridor, subject to the provisions of a lease from  
22               the Department of Transportation.

23               (B) Execution of a lease of the Northeast Cor-  
24               ridor from the Department of Transportation, for a  
25               period of 99 years, subject to appropriate provisions

1 protecting the lessor's interests, including reversion  
2 of all lease interests to the lessor in the event the  
3 lessee fails to meet its financial obligations or other-  
4 wise assume financial responsibility for Northeast  
5 Corridor functions.

6 (C) Responsibility for Corridor maintenance  
7 and improvement.

8 (D) Operation of intercity passenger rail serv-  
9 ice.

10 (E) Arrangements for operation of freight rail-  
11 road operations and commuter operations.

12 (F) Assumption of financial responsibility for  
13 Northeast Corridor functions.

14 (G) Authority to make use of the Corridor for  
15 nonrail purposes.

16 (H) Participation by the Department of Trans-  
17 portation, as the nonvoting representative of the  
18 United States.

19 (2) The compact terms shall, at a minimum, conform  
20 to the requirements of subsections (e) through (i) of this  
21 section.

22 (d) FINAL COMPACT PROPOSAL.—(1) The Commis-  
23 sion shall submit a final compact proposal to member  
24 States, the District of Columbia, and the Federal Govern-  
25 ment not later than the last day of Year One.

1       (2) The Commission shall terminate on the 180th day  
2 following the date of transmittal of the final compact pro-  
3 posal under this subsection. All records and papers of the  
4 Commission shall thereupon be delivered by the Adminis-  
5 trator of General Services for deposit in the National Ar-  
6 chives.

7       (e) GOVERNANCE AND FUNDING REQUIREMENTS  
8 FOR COMPACT.—(1) The governance provisions of the  
9 compact shall provide a mechanism to ensure voting rep-  
10 resentation for the States, Commonwealths, and District  
11 that comprise the Northeast Corridor, and non-voting rep-  
12 resentation for the Secretary of Transportation as an ex  
13 officio member participating in all Compact affairs.

14       (2) The provisions of the compact shall establish the  
15 financial obligations of each compact member and shall  
16 provide for its management of rail services in the Cor-  
17 ridors.

18       (f) EMPLOYEE INTEREST REQUIREMENTS FOR COM-  
19 PACT.—The employee provisions of the compact shall, at  
20 a minimum, provide the following with regard to employ-  
21 ees in the Northeast Corridor if the Compact chooses to  
22 replace the successor corporations for operation and main-  
23 tenance of the physical plant or operation of passenger  
24 trains, or both:

1           (1) Payment of any labor protection payments  
2       owed and not paid by the successor corporations es-  
3       tablished under section 24310(b) of title 49, United  
4       States Code.

5           (2) In the case of an employee who is employed  
6       by the National Railroad Passenger Corporation on  
7       the date of enactment of the Passenger Rail Invest-  
8       ment Reform Act and who accepts employment by a  
9       successor corporation, a right of first refusal to ac-  
10      cept a substantially similar position with the replace-  
11      ment operator when the successor corporation is re-  
12      placed.

13       (g) FEDERAL INTEREST REQUIREMENTS FOR COM-  
14      PACT.—The provisions of the Compact shall hold the  
15      United States Government harmless as to the actions of  
16      the Compact under the lease of rights to the Northeast  
17      Corridor by the United States Government.

18       (h) COMPACT BORROWING AUTHORITY.—(1) The  
19      borrowing authority provisions of the compact may au-  
20      thorize the compact to issue bonds or other debt instru-  
21      ments from time to time in its discretion, for purposes  
22      that include paying any part of the cost of rail service im-  
23      provements, construction, and rehabilitation and the ac-  
24      quisition of real and personal property, including oper-  
25      ating equipment, except that debt issued by the compact

1 may be secured only by revenues to the compact and may  
2 not be a debt of the member States or of the Federal Gov-  
3 ernment.

4 (2) The debt authorized by this subsection shall  
5 under no circumstances be backed by the full faith and  
6 credit of the United States, and a grant made under the  
7 authority of this Act or under the authority of part C of  
8 subtitle V of title 49, United States Code, shall include  
9 an express acknowledgement by the grantee that the debt  
10 does not constitute an obligation of the United States.

11 (i) ADOPTION OF COMPACT; TURNOVER.—(1) The  
12 members shall adopt a final compact agreement not later  
13 than the last day of Year Two, and the compact shall  
14 thereafter assume responsibility for all Corridor oper-  
15 ations from the successor corporations on a date that is  
16 not later than 8 months following adoption of the compact,  
17 which date shall be known as the “NEC turnover date.”

18 (2) In the event that the members do not adopt the  
19 final compact agreement and make it operational under  
20 the schedule set forth in this section, the Secretary of  
21 Transportation shall assume control of the entity specified  
22 by section 24310(b)(2)(A) of title 49, United States Code,  
23 and shall make such legislative recommendations as the  
24 President judges necessary and expedient to Congress that  
25 address the monetary contributions by Northeast Corridor

1 States and the District of Columbia that would be nec-  
2 essary to provide continued intercity passenger rail service  
3 in the Northeast Corridor.

4 (j) AUTHORIZATION OF APPROPRIATIONS.—There  
5 are authorized to be appropriated such sums as may be  
6 necessary to carry out the purposes of this section.

7 **SEC. 104. ASSISTANCE TO ADDRESS CAPITAL NEEDS.**

8 (a) IN GENERAL.—There are authorized to be appro-  
9 priated to the Secretary of Transportation, for capital ex-  
10 penditures in compliance with capital spending plans de-  
11 veloped under section 202 of this Act, including the Sec-  
12 retary's expenses related thereto, the following amounts:

13 (1) such sums as may be necessary for Year  
14 Three.

15 (2) such sums as may be necessary for Year  
16 Four.

17 (3) such sums as may be necessary for Year  
18 Five.

19 (4) such sums as may be necessary for Year  
20 Six.

21 (b) OBLIGATION OPTIONS.—(1) Subject to paragraph  
22 (2), the Secretary may obligate the funds authorized by  
23 this section through grants to or cooperative agreements  
24 with States, the Passenger Rail Service Provider, the

1 Northeast Corridor Compact or another qualified Com-  
2 pact, or through contracts with private companies.

3 (2) Funds appropriated under this section shall not  
4 be obligated and not be disbursed from the Treasury for  
5 the Northeast Corridor Compact until it has been estab-  
6 lished and is empowered and qualified to enter into con-  
7 tracts for the expenditure of the funds.

8 (c) ELIGIBILITY OF EXPENDITURES.—(1) The Fed-  
9 eral share of expenditures for capital improvements under  
10 this section may be not more than 100 percent and is sole-  
11 ly authorized for the purpose of funding deferred mainte-  
12 nance, safety, and security projects. Expenditures for ca-  
13 pacity expansion are not authorized by this section.

14 (2) Funds appropriated under this section may be ob-  
15 ligated for an expenditure only if the Secretary has deter-  
16 mined in writing that the expenditure on any railroad in-  
17 frastructure investments is limited to a route or routes  
18 with a useful life of at least 5 years.

19 **SEC. 105. EMPLOYEE TRANSITION ASSISTANCE; AUTHOR-**  
20 **IZATION.**

21 (a) PROVISION OF FINANCIAL INCENTIVES.—To fa-  
22 cilitate the restructuring required by this title, the Sec-  
23 retary is authorized to develop a program under which the  
24 Secretary may, in the Secretary's discretion, provide  
25 grants for financial incentives to be provided to employees

1 of the National Railroad Passenger Corporation who vol-  
2 untarily terminate their employment with the Corporation  
3 or the successor corporations and relinquish any legal  
4 rights to receive termination-related payments under any  
5 contractual agreement with the Corporation or the suc-  
6 cessor corporations.

7 (b) CONDITIONS FOR FINANCIAL INCENTIVES.—As a  
8 condition for receiving financial assistance grants under  
9 this section, the Corporation or the successor corporations  
10 must certify that—

11 (1) the financial assistance results in a net re-  
12 duction in the total number of employees equal to  
13 the number receiving financial incentives;

14 (2) the financial assistance results in a net re-  
15 duction in total employment expense equivalent to  
16 the total employment expenses associated with the  
17 employees receiving financial incentives; and

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

21 (c) AMOUNT OF FINANCIAL INCENTIVES.—The fi-  
22 nancial incentives authorized under this section may be  
23 no greater than \$50,000 per employee.

24 (d) AUTHORIZATION OF APPROPRIATIONS.—There  
25 are hereby authorized to be appropriated to the Secretary



1 of Transportation such sums as may be necessary to make  
2 grants to the National Railroad Passenger Corporation or  
3 the successor corporation to fund termination-related pay-  
4 ments to employees under existing contractual agreements  
5 until four years from the first day of Year One.

6 **SEC. 106. LIMIT ON OPERATING ASSISTANCE FOR LONG-**  
7 **DISTANCE ROUTES.**

8 (a) IN GENERAL.—Title 49, United States Code, is  
9 amended by inserting the following after section 24315:  
10 **“§ 24316. Limit on operating assistance for long-dis-**  
11 **tance routes**

12 “(a) GENERAL AUTHORITY.—(1) After the last day  
13 of Year One, the Secretary of Transportation may make  
14 grants for operating assistance under the authority of this  
15 section, and not under any other provision of law, to reim-  
16 burse operators of long-distance routes, as defined in sec-  
17 tion 24102, and corridor feeder routes for the operating  
18 expenses incurred in operating those routes to provide  
19 intercity passenger rail transportation.

20 “(2) The Secretary shall require that a grant under  
21 this section be subject to the terms, conditions, require-  
22 ments, and provisions the Secretary decides are necessary  
23 or appropriate for the purposes of this section, including  
24 the definition of eligible expenses and the documentation  
25 of eligible operating losses on a quarterly basis.

1 “(b) FEDERAL SHARE OF OPERATING EXPENSES.—

2 (1) No funds appropriated under this part shall be used  
3 to fund operating expenses of a long-distance route after  
4 the last day of Year One, except as provided in paragraph  
5 (2) of this subsection.

6 “(2) Funds appropriated under this section may be  
7 used to reimburse the operator of a long-distance route  
8 or a corridor feeder route for operating expenses on that  
9 route provided that amounts reimbursed do not exceed the  
10 operating losses on the route and do not constitute a reim-  
11 bursement per-passenger mile greater than—

12 “(A) \$0.40 during Year Two;

13 “(B) \$0.20 during Year Three;

14 “(C) \$0.10 during Year Four; and

15 “(D) \$0.00 for each year thereafter.

16 “(c) AUTHORIZATION OF APPROPRIATIONS.—There  
17 are authorized to be appropriated to the Secretary such  
18 sums as may be necessary to carry out this section, includ-  
19 ing the Secretary’s expenses related thereto.”.

20 (b) CONFORMING AMENDMENTS.—(1) The analysis  
21 of chapter 243 of title 49, United States Code, is amended  
22 by inserting the following after the item relating to section  
23 24315:

“24316. Limit on operating assistance for long-distance routes.”.

24 (2) Section 24102 (Definitions) of title 49, United  
25 States Code, is amended—

1 (A) by inserting the following after section  
2 24102(4):

3 “(4a) ‘corridor feeder route’ means a portion of  
4 a long distance train or route that provides services  
5 between regional corridors by connecting to  
6 endpoints of the corridors.”; and

7 (B) by inserting the following after section  
8 24102(5a), as added by this Act:

9 “(5b) ‘long distance train’ or ‘long distance  
10 route’ means one of or a portion of the following  
11 trains or routes operated by the National Railroad  
12 Passenger Corporation on the date of enactment of  
13 this section: the Silver Star, the Three Rivers, the  
14 Cardinal, the Silver Meteor, the Empire Builder, the  
15 Capitol Limited, the California Zephyr, the South-  
16 west Chief, the City of New Orleans, the Texas  
17 Eagle, the Sunset Limited, the Coast Starlight, the  
18 Lake Shore Limited, the Palmetto, the Crescent, the  
19 Pennsylvanian, and the Auto Train.”.

20 **SEC. 107. REPEAL OF OBSOLETE AND EXECUTED PROVI-**  
21 **SIONS OF LAW; OTHER.**

22 (a) IN GENERAL.—Title 49, United States Code, is  
23 amended by repeal of the following sections:

24 (1) Section 24701 (Operation of basic system).

25 (2) Section 24706 (Discontinuance).

1           (3) Section 24901 (Definitions).

2           (4) Section 24902 (Goals and Requirements).

3           (5) Section 24904 (General Authority).

4           (6) Section 24906 (Eliminating highway at-  
5       grade crossings).

6           (7) Section 24909 (Authorization of appropria-  
7       tions).

8       (b) REVISIONS TO SECTION 24305.—(1) Section  
9       24305 (a) is amended by striking paragraph (2) and re-  
10      numbering paragraph (3) as paragraph (2).

11       (2) Section 24305(b) is amended by striking para-  
12      graph (4) and renumbering paragraph (5) as paragraph  
13      (4) and paragraph (6) as paragraph (5).

14       (3) Subsection 24305(f)(2) is amended by inserting  
15      before the word “Amtrak”, the following “With regard to  
16      items acquired with funds provided by the Federal Govern-  
17      ment,”.

18       (c) CONFORMING AMENDMENT.—The analysis of  
19      chapters 243, 247, and 249 are amended by deleting, as  
20      appropriate, items relating to the following sections:  
21      24307, 24701, 24706, 24901, 24902, 24904, 24906,  
22      24908, and 24909.

23       (d) EFFECTIVE DATE.—The effective date of this  
24      section is the first day of Year One.

## 1   **TITLE II—FINANCIAL REFORMS**

### 2   **SEC. 201. LIMITATIONS ON AVAILABILITY OF GRANTS.**

3       (a) IN GENERAL.—Title 49, United States Code, is  
4 amended by inserting the following after section 24313:

5   **“§ 24314. Transitional limitations on availability of**  
6               **grants**

7       “(a) REQUIREMENTS PRIOR TO RESTRUCTURING.—  
8 A grant made to the National Railroad Passenger Cor-  
9 poration under the authority of part C of subtitle V of  
10 this title between the first day of Year One, and the estab-  
11 lishment and commencement of operations by the suc-  
12 cessor corporations under section 24310 of this title may  
13 only be made subject to the following limitations:

14           “(1) The Secretary of Transportation shall not  
15       disburse funding to cover operating losses on a long-  
16       distance train route without first receiving and ap-  
17       proving a grant request for that specific train route.

18           “(2) Each such grant request shall be accom-  
19       panied by a detailed financial analysis and revenue  
20       projection justifying the Federal support to the Sec-  
21       retary’s satisfaction.

22           “(3) The Secretary of Transportation and the  
23       Board of Directors of the Corporation shall ensure  
24       that, of the amount made available by appropria-  
25       tions for capital and operating assistance to the Cor-

1       poration in a fiscal year, sufficient sums are re-  
2       served to satisfy the contractual obligations of the  
3       Corporation to provide commuter and intrastate pas-  
4       senger rail service.

5           “(4) Not later than December 31 prior to each  
6       fiscal year in which grants are made to the Corpora-  
7       tion, the Corporation shall transmit to the Secretary  
8       of Transportation, the Committee on Commerce,  
9       Science, and Transportation of the Senate, the Com-  
10      mittee on Transportation and Infrastructure of the  
11      House of Representatives, and the House of Rep-  
12      resentatives and Senate Committees on Appropria-  
13      tions a business plan for operating and capital im-  
14      provements to be funded in the fiscal year under  
15      section 24104(a) of title 49, United States Code.

16           “(5) The business plan shall include a descrip-  
17      tion of the work to be funded, along with cost esti-  
18      mates and an estimated timetable for completion of  
19      the projects covered by the business plan.

20           “(6) Each month of each fiscal year in which  
21      grants are made to the Corporation, the Corporation  
22      shall submit to the Secretary of Transportation, the  
23      Committee on Commerce, Science, and Transpor-  
24      tation of the Senate, the Committee on Transpor-  
25      tation and Infrastructure of the House of Represent-

1       atives, and the House of Representatives and Senate  
2       Committees on Appropriations a supplemental report  
3       regarding the business plan, which shall describe the  
4       work completed to date, any changes to the business  
5       plan, and the reasons for such changes.

6               “(7) A grant may not be used for operating ex-  
7       penses or capital projects that is not approved by  
8       the Secretary of Transportation or an element of the  
9       Corporation’s current fiscal year business plan, or  
10      that is obligated or expended unless the Corporation  
11      certifies, as part of the grant agreement, that it has  
12      complied with and will abide by the following re-  
13      quirements:

14               “(A) The Corporation’s management will  
15      maintain financial controls and accounting  
16      transparency to the satisfaction of the Sec-  
17      retary, including developing or enhancing any  
18      existing capacity separately to report—

19               “(i) all revenue and expenses associ-  
20      ated with rail operations by route; and

21               “(ii) budgeted and actual expenditures  
22      for all capital investments.

23               “(B) The Corporation’s management will  
24      provide to the Board of Directors, the Depart-  
25      ment of Transportation and Congress its

1 Monthly Performance Report. The Corporation  
2 shall also make available to the Department of  
3 Transportation the same details and reports on  
4 its financial performance that it makes avail-  
5 able to Amtrak management, at the same time  
6 that it provides those reports and details to  
7 Amtrak management.

8 “(C) The Corporation shall expend funds  
9 only for the continuation of existing plants and  
10 services. With the exception of expenditures for  
11 which it obtains written approval from the De-  
12 partment of Transportation, The Corporation  
13 will not use of any of its funds for actual ex-  
14 pansion or planning for expansion of rail serv-  
15 ice, including high speed rail service.

16 “(D) The Corporation has negotiated with  
17 its employees substantial operating cost reduc-  
18 tions needed to make its operations competitive  
19 with private-sector service providers.

20 “(b) REQUIREMENTS FOLLOWING RESTRUC-  
21 TURING.—Any grant made directly to either of the suc-  
22 cessor corporations under the authority of part C of sub-  
23 title V of this title may only be made subject to the fol-  
24 lowing limitations:



1           “(1) The Secretary of Transportation shall not  
2       disburse funding to cover operating losses on a long-  
3       distance train route without first receiving and ap-  
4       proving a grant request for that specific train route.

5           “(2) Each such grant request shall be accom-  
6       panied by a detailed financial analysis and revenue  
7       projection justifying the Federal support to the Sec-  
8       retary’s satisfaction.

9           “(3) The Secretary of Transportation shall en-  
10      sure that, of the amount made available by appro-  
11      priations for capital and operating assistance in a  
12      fiscal year, sufficient sums are reserved to satisfy  
13      the successor corporation’s contractual obligations, if  
14      any, with respect to commuter and intrastate pas-  
15      senger rail service.

16          “(4) Not later than December 31 prior to each  
17      fiscal year in which grants are made, the successor  
18      corporations shall each transmit to the Secretary of  
19      Transportation a business plan for operating and  
20      capital improvements to be funded in the fiscal year.

21          “(5) The business plan shall include a descrip-  
22      tion of the work to be funded, along with cost esti-  
23      mates and an estimated timetable for completion of  
24      the projects covered by the business plan.

1           “(6) Each month of each fiscal year in which  
2           grants are made, the successor corporations shall  
3           each submit to the Secretary of Transportation a  
4           supplemental report regarding the business plan,  
5           which shall describe the work completed to date, any  
6           changes to the business plan, and the reasons for  
7           such changes.

8           “(7) A grant may not be used for operating ex-  
9           penses or capital projects that is not approved by  
10          the Secretary of Transportation or an element of the  
11          current fiscal year business plan, or that is obligated  
12          or expended unless the successor corporation agrees,  
13          as part of the grant agreement, to abide by the fol-  
14          lowing requirements:

15               “(A) Management will maintain financial  
16               controls and accounting transparency to the  
17               satisfaction of the Secretary, including devel-  
18               oping or enhancing any existing capacity sepa-  
19               rately to report—

20                       “(i) all revenue and expenses associ-  
21                       ated with rail operations by route; and

22                       “(ii) budgeted and actual expenditures  
23                       for all capital investments.

24               “(B) Management of each successor cor-  
25               poration shall make available to the Depart-

1           ment of Transportation the same details and  
 2           reports on its financial performance that it  
 3           makes available internally, at the same time  
 4           that it provides those reports and details inter-  
 5           nally.

6                   “(C) Funds will be spent only on existing  
 7           plants and services.”.

8           (b) CONFORMING AMENDMENTS.—The analysis of  
 9   chapter 243 of title 49, United States Code, is amended  
 10 by inserting the following after the item relating to section  
 11 24313:

“24314. Transitional limitations on availability of grants.”.

12 **SEC. 202. SPENDING PLANS FOR CAPITAL BACKLOG RE-**  
 13 **DUCTION.**

14           (a) IN GENERAL.—Within 6 months after Year One  
 15 begins, and as a condition of grants to the National Rail-  
 16 road Passenger Corporation between that date and the im-  
 17 plementation of the restructuring required under section  
 18 24310 of title 49, United States Code, the Corporation  
 19 shall prepare a capital spending plan that addresses cap-  
 20 ital needs, consistent with the funding levels authorized  
 21 to be provided for Year One and each fiscal year thereafter  
 22 through Year Six, for—

- 23                   (1) Northeast Corridor capital assets;
- 24                   (2) capital assets on long-distance routes other
- 25           than on the Northeast Corridor; and

1           (3) capital assets on short-distance routes other  
2           than the Northeast Corridor.

3           (b) APPROVAL BY THE SECRETARY AND THE COM-  
4 PACT.—(1) The Corporation shall submit the capital  
5 spending plan prepared under this section to the Secretary  
6 of Transportation for review and approval. The plan shall  
7 be implemented only after approval by the Secretary, and  
8 with any modifications specified by the Secretary.

9           (2) The Secretary of Transportation shall require  
10 that the plan be updated at least annually.

11          (3) On and after creation of Northeast Corridor Com-  
12 pact, the Secretary shall make no grants to the Compact  
13 for Northeast Corridor for capital investments, except in  
14 accordance with a capital spending plan prepared by the  
15 Compact and approved by both the Compact and the Sec-  
16 retary. The same requirements shall apply to grants made  
17 to States and other Compacts under this section.

18 **SEC. 203. REDEMPTION OF COMMON STOCK.**

19          (a) VALUATION.—The Secretary of Transportation  
20 shall arrange, at the National Railroad Passenger Cor-  
21 poration's expense, for a valuation of all assets and liabil-  
22 ities of the Corporation to be performed by the Secretary  
23 of the Treasury, or by a contractor selected by the Sec-  
24 retary of the Treasury. Such valuation shall be conducted  
25 in accordance with criteria and requirements to be deter-

1 mined by the Secretary, in the Secretary's discretion, and  
2 shall be completed within 6 months after Year One begins.

3 (b) REDEMPTION.—(1) Prior to the transfer of assets  
4 to the Secretary directed by section 204 of this Act, and  
5 within 9 months after Year One begins, the Corporation  
6 shall redeem all common stock in the Corporation issued  
7 prior to the date of enactment of this Act at the book  
8 value of such stock, based on the valuation performed  
9 under subsection (a).

10 (2) No provision of this Act, or amendments made  
11 by this Act, provide to the owners of the common stock  
12 a priority over holders of indebtedness or other stock of  
13 the Corporation.

14 (c) ACQUISITION THROUGH EMINENT DOMAIN.—In  
15 the event that the Corporation and the owners of its com-  
16 mon stock have not completed the redemption of such  
17 stock by a date that is within 9 months after Year One  
18 begins, the Corporation shall exercise the eminent domain  
19 provisions contained in section 24311 of title 49, United  
20 States Code, as amended by this Act, to acquire that  
21 stock. The valuation performed under subsection (a) shall  
22 be deemed to constitute just compensation except to the  
23 extent that the owners of the common stock demonstrate  
24 that the valuation is less than the constitutional minimum  
25 value of the stock.

1 (d) AMENDMENT OF 49 U.S.C. 24311.—Section  
 2 24311 of title 49, United States Code, is amended—

3 (1) by striking “or” at the end of subsection  
 4 (a)(1)(A);

5 (2) by striking the period at the end of sub-  
 6 section (a)(1)(B) and substituting “; or”; and

7 (3) by inserting the following after subsection  
 8 (a)(1)(B):

9 “(C) necessary to redeem the Corporation’s  
 10 common stock from any holder thereof, including a  
 11 rail carrier.”.

12 (e) CONVERSION OF PREFERRED STOCK TO COM-  
 13 MON.—(1) Subsequent to the redemption of the common  
 14 stock in the Corporation issued prior to the date of enact-  
 15 ment of this Act, the Secretary of Transportation shall  
 16 convert the one share of the preferred stock of the Cor-  
 17 poration retained under section 204 of this Act for ten  
 18 shares of common stock in the Corporation.

19 (2) The Corporation shall not issue any other com-  
 20 mon stock without the express written consent of the Sec-  
 21 retary.

22 **SEC. 204. RETIREMENT OF PREFERRED STOCK; TRANSFER**  
 23 **OF ASSETS.**

24 (a) TRANSFER.—Not later than 30 days after the re-  
 25 demption or acquisition specified under section 203 of this

1 Act, the Corporation shall, in return for the consideration  
2 specified in subsection (c), transfer to the Secretary of  
3 Transportation title to the following assets:

4           (1) The portions of the Northeast Corridor cur-  
5           rently owned or leased by the Corporation as well as  
6           any improvements made to these assets. The assets  
7           transferred to the Secretary shall include the rail  
8           right-of-way, stations, track, signal equipment, elec-  
9           tric traction facilities, bridges, tunnels, and all other  
10          improvements owned by Amtrak between Boston,  
11          Massachusetts, and Washington, District of Colum-  
12          bia (including the route through Springfield, Massa-  
13          chusetts, and the routes to Harrisburg, Pennsyl-  
14          vania, and Albany, New York, from the Northeast  
15          Corridor mainline).

16          (2) Chicago Union Station and rail-related as-  
17          sets in the Chicago metropolitan area.

18          (3) All other track and right-of-way, stations,  
19          repair facilities and other real property owned or  
20          leased by the Corporation.

21          (b) EXISTING ENCUMBRANCES.—(1) With regard to  
22          any assets described in subsection (a) that the Corporation  
23          has provided as security or collateral for a debt entered  
24          into prior to the date of enactment of this Act, the Cor-  
25          poration shall transfer its underlying legal interest in such

1 asset to the Secretary, provided, however, that the Cor-  
2 poration shall remain liable for the debt secured by the  
3 asset.

4 (2) The obligation of the National Railroad Pas-  
5 senger Corporation to repay in full any indebtedness to  
6 the United States incurred since January 1, 1990, is not  
7 affected by this Act or an amendment made by this Act.

8 (c) CONSIDERATION.—In consideration for the assets  
9 transferred to the United States under subsection (b), the  
10 Secretary shall—

11 (1) deliver to the Corporation all but one share  
12 of the preferred stock of the Corporation held by the  
13 Secretary and forgive the Corporation's legal obliga-  
14 tion to pay any dividends, including accrued but un-  
15 paid dividends as of the date of transfer, evidenced  
16 by the preferred stock certificates; and

17 (2) release the Corporation from all mortgages  
18 and liens held by the Secretary that were in exist-  
19 ence on January 1, 1990.

20 (d) AGREEMENT.—(1) Prior to accepting title to the  
21 assets transferred under this section, the Secretary shall  
22 enter into an agreement with the Corporation under which  
23 the Corporation will exercise on behalf of the Secretary  
24 care, custody, and control of the assets to be transferred.



1       (2) The agreement shall identify in detail the specific  
2 functions of the Corporation's employees and equipment,  
3 and the specific numbers and locations of the employees  
4 and equipment associated with each function, that would  
5 be needed for continuation of commuter and freight rail  
6 service in the event that the Corporation were to cease  
7 operation, and identify those actions that would be re-  
8 quired to ensure that such functions can be continued on  
9 an interim basis to avoid any interruption in commuter  
10 or freight rail service on the Northeast Corridor.

11       (e) FURTHER TRANSFERS.—(1) The Secretary may,  
12 for appropriate consideration, transfer title to all or part  
13 of Chicago Union Station and rail-related assets in the  
14 Chicago metropolitan area acquired under this section to  
15 a regional public transportation agency that has signifi-  
16 cant operations in Chicago Union Station on the date of  
17 enactment of this Act.

18       (2) The Secretary may, for appropriate consideration,  
19 transfer to the underlying states title to real estate prop-  
20 erties owned by the Corporation between Boston, Massa-  
21 chusetts, and Washington, District of Columbia, that con-  
22 stitute the route through Springfield, Massachusetts, and  
23 the routes to Harrisburg, Pennsylvania, and Albany, New  
24 York, from the Northeast Corridor mainline.

1       (3) The Secretary may, for appropriate consideration,  
2 transfer title to all or part of the assets acquired under  
3 subsection (a)(3) to a State, a public agency, a railroad,  
4 or other entity deemed appropriate by the Secretary.

5       (4) All financial consideration determined by the Sec-  
6 retary to be appropriate consideration for the transfer of  
7 the assets described in paragraphs (1) through (3) shall  
8 be used exclusively to reduce the Corporation's long-term  
9 debt that exists on the date of enactment.

10 **SEC. 205. REAL ESTATE AND ASSET SALES; OTHER.**

11       (a) IN GENERAL.—The Amtrak Board of Directors  
12 shall undertake and complete not later than the last day  
13 of Year Three, the disposition of all stations, track, and  
14 other facilities outside the Northeast Corridor mainline,  
15 including property conveyed to the Secretary of Transpor-  
16 tation under section 204 of this Act.

17       (b) PROCEEDS OF LIQUIDATION.—Notwithstanding  
18 section 3302 of title 31, United States Code, any proceeds  
19 from the liquidation of assets under this section shall—

20               (1) be credited as an offsetting collection to the  
21 account that finances grants for debt and interest  
22 payments under section 206 of this Act to the Pas-  
23 senger Rail Service Provider specified under section  
24 24310 of title 49, United States Code; and

25               (2) remain available until expended.

1 **SEC. 206. MANAGEMENT AND TRANSFER OF SECURED**  
2 **DEBT.**

3 (a) NEW DEBT PROHIBITION.—Except as approved  
4 by the Secretary of Transportation to refinance existing  
5 secured debt, the Corporation shall not enter into any obli-  
6 gation secured by assets of the Corporation after the date  
7 of enactment of this Act. This section does not prohibit  
8 unsecured lines of credit used by the Corporation or any  
9 subsidiary for working capital purposes.

10 (b) SECURED DEBT TRANSFER.—(1) Upon establish-  
11 ment of the Passenger Rail Service Provider specified  
12 under section 24310 of title 49, United States Code, and  
13 the transfer of ownership of the existing rolling stock, all  
14 debt secured by the rolling stock shall be transferred to  
15 and become a liability solely of the Passenger Rail Service  
16 Provider.

17 (2) Upon establishment of the Northeast Corridor  
18 Compact under section 103 of this Act, the secured debt  
19 associated with fixed assets in the Northeast Corridor  
20 shall be transferred to and become a liability solely of the  
21 Northeast Corridor Compact.

22 (c) AUTHORIZATION.—(1) There are authorized to be  
23 appropriated to the Secretary of Transportation for grants  
24 to the Passenger Rail Service Provider to pay principal  
25 and interest payments on secured debt existing on the date  
26 of enactment of this Act the following amounts:

1           (A) Such sums as may be necessary in Year  
2       Two.

3           (B) Such sums as may be necessary in Year  
4       Three.

5           (C) Such sums as may be necessary in Year  
6       Four.

7           (D) Such sums as may be necessary in Year  
8       Five.

9           (E) Such sums as may be necessary in Year  
10      Six.

11       (2) The funding authorized by this section shall  
12   not—

13           (A) modify the extent or nature of any indebt-  
14      edness of the National Railroad Passenger Corpora-  
15      tion to the United States in existence of the date of  
16      enactment of this Act;

17           (B) change the private nature of Amtrak's or  
18      its successors' liabilities; or

19           (C) imply any Federal guarantee or commit-  
20      ment to amortize Amtrak's outstanding indebted-  
21      ness.

22   **SEC. 207. TRANSITION ASSISTANCE.**

23       (a) YEAR ONE ASSISTANCE.—There are authorized  
24   to be appropriated to the Secretary of Transportation for  
25   grants to the National Railroad Passenger Corporation for

1 operating and capital expenses such sums as may be nec-  
2 essary in Year One.

3 (b) YEAR TWO SUCCESSOR CORPORATION OPER-  
4 ATING ASSISTANCE.—There are authorized to be appro-  
5 priated to the Secretary such sums as may be necessary  
6 for grants to—

7 (1) the Passenger Rail Service Provider for op-  
8 erating expenses of all services except long-distance  
9 trains and routes in Year Two; and

10 (2) the Passenger Rail Infrastructure Manager  
11 for capital expenses in Year Two.

12 (c) ADMINISTRATIVE EXPENSES OF COMPACTS.—  
13 There are authorized to be appropriated to the Secretary  
14 such sums as may be necessary for grants for the adminis-  
15 trative expenses of interstate compacts in Years One  
16 through Three.

17 (d) EXPENSES OF AMTRAK.—There are authorized to  
18 be appropriated to the Secretary such sums as may be  
19 necessary for grants for the administrative expenses of  
20 Amtrak in Years Two through Six.

21 (e) GRANTS MADE AFTER YEAR TWO.—After the  
22 last day of Year Two, the Secretary may not enter into  
23 a grant agreement under this Act, other than section  
24 206(c), or part C of title V of title 49, United States Code,

1 unless each other party to the grant agreement is a State,  
 2 regional compact, or other public entity.

### 3 **TITLE III—GRANTS AND OTHER** 4 **ASSISTANCE FOR INTERCITY** 5 **PASSENGER RAIL SERVICE**

#### 6 **SEC. 301. CAPITAL ASSISTANCE FOR INTERCITY PAS-** 7 **SENGER RAIL SERVICE.**

8 (a) IN GENERAL.—Part C of subtitle V of title 49,  
 9 United States Code, is amended by inserting the following  
 10 after chapter 243:

#### 11 **“CHAPTER 244—INTERCITY PASSENGER** 12 **RAIL SERVICE CORRIDOR CAPITAL AS-** 13 **SISTANCE**

“Sec.

“24401. Definitions; effective date.

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

“24403. Project management oversight.

“24404. Use of capital grants to finance first-dollar liability of grant project.

“24405. Authorization of appropriations.

#### 14 **“§ 24401. Definitions; effective date**

15 “(a) DEFINITIONS.—In this chapter—

16 “(1) ‘applicant’ means a State, an Interstate  
 17 Compact (including the Northeast Corridor Compact  
 18 as specified in section 103 of the Passenger Rail In-  
 19 vestment Reform Act), or a public agency estab-  
 20 lished by one or more States and having responsi-  
 21 bility for providing intercity passenger rail service.

1           “(2) ‘capital project’ means a project within a  
2       corridor plan or program for—

3           “(A) acquiring, constructing, supervising,  
4       or inspecting equipment or a facility for use in  
5       intercity passenger rail service, expenses inci-  
6       dental to the acquisition or construction (in-  
7       cluding designing, engineering, location sur-  
8       veying, mapping, environmental studies, and ac-  
9       quiring rights-of-way), payments for the capital  
10      portions of rail trackage rights agreements,  
11      passenger rail-related intelligent transportation  
12      systems, highway-rail grade crossing improve-  
13      ments on routes used for intercity passenger  
14      rail service, relocation assistance, acquiring re-  
15      placement housing sites, and acquiring, con-  
16      structing, relocating, and rehabilitating replace-  
17      ment housing;

18          “(B) rehabilitating, remanufacturing, or  
19      overhauling rail rolling stock and facilities used  
20      primarily in intercity passenger rail service; and

21          “(C) the first-dollar liability costs for in-  
22      surance related to the provision of intercity pas-  
23      senger rail service.

24          “(3) ‘intercity passenger rail service’ means  
25      transportation services with the primary purpose of

1 passenger transportation between towns, cities, and  
 2 metropolitan areas by rail, including high-speed rail.

3 “(b) EFFECTIVE DATE.—This chapter is effective on  
 4 the first day of Year Two.

5 **“§ 24402. Capital investment grants to support inter-**  
 6 **city passenger rail service**

7 “(a) GENERAL AUTHORITY.—(1) The Secretary of  
 8 Transportation may make grants under this section to an  
 9 applicant to assist in financing the capital costs of facili-  
 10 ties and equipment necessary to provide intercity pas-  
 11 senger rail transportation.

12 “(2) The Secretary shall require that a grant under  
 13 this section be subject to the terms, conditions, require-  
 14 ments, and provisions the Secretary decides are necessary  
 15 or appropriate for the purposes of this section, including  
 16 requirements for the disposition of net increases in value  
 17 of real property resulting from the project assisted under  
 18 this section.

19 “(3) A grant under this section may not be made for  
 20 a project or program of projects that qualifies for financial  
 21 assistance under chapter 53 of this title.

22 “(b) PROJECT AS PART OF APPROVED PROGRAM.—  
 23 (1) The Secretary may not approve a grant for a project  
 24 under this section unless the Secretary finds that the  
 25 project is part of an approved corridor plan and program



1 developed under section 5303 of this title and that the  
2 applicant or recipient has or will have the legal, financial,  
3 and technical capacity to carry out the project (including  
4 safety and security aspects of the project), satisfactory  
5 continuing control over the use of the equipment or facili-  
6 ties, and the capability and willingness to maintain the  
7 equipment or facilities.

8 “(2) An applicant shall provide sufficient information  
9 upon which the Secretary can make the findings required  
10 by this subsection.

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

17 “(4) An applicant shall demonstrate that it has  
18 agreed with the railroad over which the intercity passenger  
19 rail service will operate concerning the applicant’s oper-  
20 ating and capital plans.

21 “(c) LETTERS OF INTENT, FULL FUNDING GRANT  
22 AGREEMENTS, AND EARLY SYSTEMS WORK AGREE-  
23 MENTS.—(1)(A) The Secretary may issue a letter of intent  
24 to an applicant announcing an intention to obligate, for  
25 a major capital project under this section, an amount from

1 future available budget authority specified in law that is  
2 not more than the amount stipulated as the financial par-  
3 ticipation of the Secretary in the project.

4 “(B) At least 30 days before issuing a letter under  
5 subparagraph (A) of this paragraph or entering into a full  
6 funding grant agreement, the Secretary shall notify in  
7 writing the Committee on Transportation and Infrastruc-  
8 ture of the House of Representatives and the Committee  
9 on Commerce, Science, and Transportation of the Senate  
10 and the House of Representatives and Senate Committees  
11 on Appropriations of the proposed letter or agreement.  
12 The Secretary shall include with the notification a copy  
13 of the proposed letter or agreement as well as the evalua-  
14 tions and ratings for the project.

15 “(C) The issuance of a letter is deemed not to be  
16 an obligation under sections 1108(c) and (d), 1501, and  
17 1502(a) of title 31, United States Code, or an administra-  
18 tive commitment.

19 “(D) An obligation or administrative commitment  
20 may be made only when amounts are appropriated.

21 “(2)(A) The Secretary may make a full funding grant  
22 agreement with an applicant. The agreement shall—

23 “(i) establish the terms of participation by the  
24 United States Government in a project under this  
25 section;

1           “(ii) establish the maximum amount of Govern-  
2           ment financial assistance for the project;

3           “(iii) cover the period of time for completing  
4           the project, including a period extending beyond the  
5           period of an authorization; and

6           “(iv) make timely and efficient management of  
7           the project easier according to the law of the United  
8           States.

9           “(B) An agreement under this paragraph obligates  
10          an amount of available budget authority specified in law  
11          and may include a commitment, contingent on amounts  
12          to be specified in law in advance for commitments under  
13          this paragraph, to obligate an additional amount from fu-  
14          ture available budget authority specified in law. The  
15          agreement shall state that the contingent commitment is  
16          not an obligation of the Government and is subject to the  
17          availability of appropriations made by Federal law and to  
18          Federal laws in force on or enacted after the date of the  
19          contingent commitment. Interest and other financing costs  
20          of efficiently carrying out a part of the project within a  
21          reasonable time are a cost of carrying out the project  
22          under a full funding grant agreement, except that eligible  
23          costs may not be more than the cost of the most favorable  
24          financing terms reasonably available for the project at the  
25          time of borrowing. The applicant shall certify, in a way

1 satisfactory to the Secretary, that the applicant has shown  
2 reasonable diligence in seeking the most favorable financ-  
3 ing terms.

4 “(3)(A) The Secretary may make an early systems  
5 work agreement with an applicant if a record of decision  
6 under the National Environmental Policy Act of 1969 (42  
7 U.S.C. 4321 et seq.) has been issued on the project and  
8 the Secretary finds there is reason to believe—

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

11 “(ii) the terms of the work agreement will pro-  
12 mote ultimate completion of the project more rapidly  
13 and at less cost.

14 “(B) A work agreement under this paragraph obli-  
15 gates an amount of available budget authority specified  
16 in law and shall provide for reimbursement of preliminary  
17 costs of carrying out the project, including land acquisi-  
18 tion, timely procurement of system elements for which  
19 specifications are decided, and other activities the Sec-  
20 retary decides are appropriate to make efficient, long-term  
21 project management easier. A work agreement shall cover  
22 the period of time the Secretary considers appropriate.  
23 The period may extend beyond the period of current au-  
24 thorization. Interest and other financing costs of effi-  
25 ciently carrying out the work agreement within a reason-

1 able time are a cost of carrying out the agreement, except  
2 that eligible costs may not be more than the cost of the  
3 most favorable financing terms reasonably available for  
4 the project at the time of borrowing. The applicant shall  
5 certify, in a way satisfactory to the Secretary, that the  
6 applicant has shown reasonable diligence in seeking the  
7 most favorable financing terms. If an applicant does not  
8 carry out the project for reasons within the control of the  
9 applicant, the applicant shall repay all Government pay-  
10 ments made under the work agreement plus reasonable in-  
11 terest and penalty charges the Secretary establishes in the  
12 agreement.

13       “(4) The total estimated amount of future obligations  
14 of the Government and contingent commitments to incur  
15 obligations covered by all outstanding letters of intent, full  
16 funding grant agreements, and early systems work agree-  
17 ments may be not more than the amount authorized under  
18 section 24405 of this title, less an amount the Secretary  
19 reasonably estimates is necessary for grants under this  
20 section not covered by a letter. The total amount covered  
21 by new letters and contingent commitments included in  
22 full funding grant agreements and early systems work  
23 agreements may be not more than a limitation specified  
24 in law.

1       “(d) FEDERAL SHARE OF NET PROJECT COST.—

2   (1)(A) Based on engineering studies, studies of economic  
3   feasibility, and information on the expected use of equip-  
4   ment or facilities, the Secretary shall estimate the net  
5   project cost.

6       “(B) A grant for the project shall not exceed the  
7   specified percentage of the project net capital cost estab-  
8   lished for the year the grant is approved, as follows:

9           “(i) 100 percent in the case of approval for  
10   Year Two.

11          “(ii) 80 percent in the case of approval for Year  
12   Three.

13          “(iii) 60 percent in the case of approval for  
14   Year Four.

15          “(iii) 50 percent in the case of approval for  
16   Year Five, and thereafter.

17       “(C) The Secretary shall give priority in allocating  
18   future obligations and contingent commitments to incur  
19   obligations to grant requests seeking a lower Federal  
20   share of the project net capital cost.

21       “(2) Up to an additional 30 percent of project net  
22   capital cost may be funded from amounts appropriated to  
23   or made available to a department or agency of the Fed-  
24   eral Government that are eligible to be expended for trans-  
25   portation.

1       “(e) UNDERTAKING PROJECTS IN ADVANCE.—(1)

2       The Secretary may pay the Federal share of the net cap-  
3       ital project cost to an applicant that carries out any part  
4       of a project described in this section according to all appli-  
5       cable procedures and requirements if—

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

7               “(B) the Secretary approves the payment; and

8               “(C) before carrying out the part of the project,  
9       the Secretary approves the plans and specifications  
10      for the part in the same way as other projects under  
11      this section.

12      “(2) The cost of carrying out part of a project in-  
13      cludes the amount of interest earned and payable on bonds  
14      issued by the applicant to the extent proceeds of the bonds  
15      are expended in carrying out the part. However, the  
16      amount of interest under this paragraph may not be more  
17      than the most favorable interest terms reasonably avail-  
18      able for the project at the time of borrowing. The appli-  
19      cant shall certify, in a manner satisfactory to the Sec-  
20      retary, that the applicant has shown reasonable diligence  
21      in seeking the most favorable financial terms.

22      “(3) The Secretary shall consider changes in capital  
23      project cost indices when determining the estimated cost  
24      under paragraph (2) of this subsection.”.

1 **“§ 24403. Project management oversight**

2       “(a) PROJECT MANAGEMENT PLAN REQUIRE-  
3 MENTS.—To receive Federal financial assistance for a  
4 major capital project under this chapter, an applicant  
5 must prepare and carry out a project management plan  
6 approved by the Secretary of Transportation. The plan  
7 shall provide for—

8               “(1) adequate recipient staff organization with  
9 well-defined reporting relationships, statements of  
10 functional responsibilities, job descriptions, and job  
11 qualifications;

12               “(2) a budget covering the project management  
13 organization, appropriate consultants, property ac-  
14 quisition, utility relocation, systems demonstration  
15 staff, audits, and miscellaneous payments the recipi-  
16 ent may be prepared to justify;

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

18               “(4) a document control procedure and record-  
19 keeping system;

20               “(5) a change order procedure that includes a  
21 documented, systematic approach to handling the  
22 construction change orders;

23               “(6) organizational structures, management  
24 skills, and staffing levels required throughout the  
25 construction phase;



1           “(7) quality control and quality assurance func-  
2           tions, procedures, and responsibilities for construc-  
3           tion, system installation, and integration of system  
4           components;

5           “(8) material testing policies and procedures;

6           “(9) internal plan implementation and reporting  
7           requirements;

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

11          “(11) periodic updates of the plan, especially  
12          related to project budget and project schedule, fi-  
13          nancing, and ridership estimates; and

14          “(12) the recipient’s commitment to submit a  
15          project budget and project schedule to the Secretary  
16          each month.

17          “(b) SECRETARIAL OVERSIGHT.—(1) The Secretary  
18          may use no more than 0.5 percent of amounts made avail-  
19          able in a fiscal year for capital projects under this chapter  
20          to enter into contracts to oversee the construction of such  
21          projects.

22          “(2) The Secretary may use amounts available under  
23          paragraph (1) of this subsection to make contracts for  
24          safety, procurement, management, and financial compli-

1   ance reviews and audits of a recipient of amounts under  
2   paragraph (1).

3       “(3) The Federal Government shall pay the entire  
4   cost of carrying out a contract under this subsection.

5       “(c) ACCESS TO SITES AND RECORDS.—Each recipi-  
6   ent of assistance under this chapter shall provide the Sec-  
7   retary and a contractor the Secretary chooses under sub-  
8   section (b) of this section with access to the construction  
9   sites and records of the recipient when reasonably nec-  
10   essary.

11       “(d) REGULATIONS.—The Secretary shall prescribe  
12   regulations necessary to carry out this section. The regula-  
13   tions shall include—

14           “(1) a definition of ‘major capital project’ for  
15       this section;

16           “(2) a requirement that oversight begin during  
17       the preliminary engineering stage of a project, un-  
18       less the Secretary finds it more appropriate to begin  
19       oversight during another stage of a project, to maxi-  
20       mize the transportation benefits and cost savings as-  
21       sociated with project management oversight;

22           “(3) a deadline by which all grant applications  
23       for a fiscal year must be submitted that is early  
24       enough to permit the Secretary to evaluate all timely  
25       applications thoroughly before making grants;

1           “(4) a formula based on population, track miles  
2           of railroad, and passenger miles traveled in the prior  
3           fiscal year by which one-half of the funds appro-  
4           priated for capital grants for each fiscal year are to  
5           be allocated among the States;

6           “(5) a requirement that, if a State does not  
7           timely apply for its share of formula grant funds  
8           under paragraph (4) of this subsection, those funds  
9           will be made available to other States under para-  
10          graph (6) of this subsection; and

11          “(6) criteria by which the Secretary will allocate  
12          one-half of the funds appropriated for capital grants  
13          for each fiscal year, including at least projected rid-  
14          ership, passenger rail and intermodal connections,  
15          congestion and air quality mitigation, underserved  
16          communities, and the effect of the grant on whether  
17          existing service will continue.

18   **“§ 24404. Use of capital grants to finance first-dollar**  
19               **liability of grant project**

20          “Notwithstanding the requirements of section 24402  
21          of this title, the Secretary of Transportation may approve  
22          the use of capital assistance under this chapter to fund  
23          self-insured retention of risk for the first tier of liability  
24          insurance coverage for rail passenger service associated  
25          with the capital assistance grant, but the coverage may

1 not exceed \$20,000,000 per occurrence or \$20,000,000 in  
 2 aggregate per year.

3 **“§ 24405. Authorization of appropriations**

4 “There are authorized to be appropriated to make  
 5 capital financial assistance grants under this chapter, in-  
 6 cluding the Secretary’s expenses related thereto, the fol-  
 7 lowing amounts:

8 “(1) Such sums as may be necessary in Year  
 9 Two.

10 “(2) Such sums as may be necessary in Year  
 11 Three.

12 “(3) Such sums as may be necessary in Year  
 13 Four.

14 “(4) Such sums as may be necessary in Year  
 15 Five.

16 “(5) Such sums as may be necessary in Year  
 17 Six.”.

18 (b) CONFORMING AMENDMENT.—The table of chap-  
 19 ters for subtitle V of title 49, United States Code, is  
 20 amended by inserting the following after the item relating  
 21 to chapter 243:

“244. INTERCITY PASSENGER RAIL SERVICE CORRIDOR  
 CAPITAL ASSISTANCE ..... 24401”.

1 **SEC. 302. FINAL REGULATIONS ON APPLICATIONS BY**  
2 **STATES FOR DEVELOPMENT GRANTS.**

3 Not later than June 1 of Year One, the Adminis-  
4 trator of the Federal Railroad Administration shall issue  
5 final regulations setting forth procedures for application  
6 and minimum requirements for the award of grants on  
7 and after the first day of Year Two, under chapter 244  
8 of title 49, United States Code.

9 **SEC. 303. AUTHORITY FOR INTERSTATE COMPACTS FOR**  
10 **CORRIDOR DEVELOPMENT.**

11 (a) CONSENT TO COMPACTS.—(1) Two or more  
12 States with an interest in a specific form, route, or cor-  
13 ridor of intercity passenger rail service (including high  
14 speed rail service) may enter into interstate compacts to  
15 implement the service, including—

16 (A) retaining an existing service or commencing  
17 a new service;

18 (B) assembling rights-of-way; and

19 (C) performing capital improvements, includ-  
20 ing—

21 (i) the construction and rehabilitation of  
22 maintenance facilities;

23 (ii) the purchase of rolling stock; and

24 (iii) operational improvements, including  
25 communications, signals, and other systems.

1       (2) A compact entered into under the authority of  
2 this section shall be submitted to Congress for its consent,  
3 and it is the sense of Congress that rapid consent to the  
4 compact shall be a priority of Congress.

5       (b) FINANCING.—(1) An interstate compact estab-  
6 lished by States under subsection (a) may provide that,  
7 in order to carry out the compact, the States may—

8           (A) accept contributions from a unit of State or  
9 local government or a person;

10          (B) use any Federal or State funds made avail-  
11 able for intercity passenger rail service (except funds  
12 made available for Amtrak);

13          (C) on such terms and conditions as the States  
14 consider advisable—

15           (i) borrow money on a short-term basis  
16 and issue notes for the borrowing; and

17           (ii) issue bonds; and

18          (D) obtain financing by other means permitted  
19 under Federal or State law.

20       (2) Bonds and other indebtedness incurred under the  
21 authority of this subsection shall under no circumstances  
22 be backed by the full faith and credit of the United States.

○