

108TH CONGRESS
1ST SESSION

H. R. 396

To provide assistance to the unemployed, tax relief for average Americans, fiscal assistance to state and local governments, and jobs and security through infrastructure investment, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 28, 2003

Mr. DEFAZIO introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committees on Transportation and Infrastructure, Education and the Workforce, Energy and Commerce, Agriculture, Financial Services, and Armed Services, 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

A BILL

To provide assistance to the unemployed, tax relief for average Americans, fiscal assistance to state and local governments, and jobs and security through infrastructure investment, 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 (a) SHORT TITLE.—This Act may be cited as the
5 “Emergency Anti-Recession Act of 2003”.

6 (b) TABLE OF CONTENTS.—

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- Sec. 499. Buy America.

TITLE V—ELEMENTARY AND SECONDARY EDUCATION INFRASTRUCTURE

- Sec. 501. Elementary and secondary education infrastructure.
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TITLE VI—REVENUE OFFSETS

- Sec. 601. Top individual income tax marginal rate not reduced below 2003 level.
- Sec. 602. Reinstatement of estate tax for estate over \$5,000,000; repeal of carryover basis.

**TITLE I—ASSISTANCE TO THE
UNEMPLOYED**

SEC. 101. ENTITLEMENT TO ADDITIONAL WEEKS OF TEMPORARY EXTENDED UNEMPLOYMENT COMPENSATION.

(a) IN GENERAL.—Paragraph (1) of section 203(b) of the Temporary Extended Unemployment Compensation Act of 2002 (26 U.S.C. 3304 note) is amended—

(1) in subparagraph (A), by striking “50” and inserting “100”; and

(2) in subparagraph (B), by striking “13” and inserting “26”.

(b) PROGRAM EXTENSION.—Paragraph (3) of section 208(b) of such Act is amended by striking “August 30” and inserting “November 29”.

(c) CONFORMING AMENDMENT.—Paragraph (1) of section 203(c) of such Act is amended by inserting “50 percent of” before “the amount originally established in such account”.

SEC. 102. EFFECTIVE DATE.

(a) IN GENERAL.—The amendments made by this title—

(1) shall take effect as if included in the enactment of Public Law 107–147; but

1 (2) shall apply only with respect to weeks of un-
2 employment beginning on or after the date of enact-
3 ment this Act, subject to subsection (b).

4 (b) SPECIAL RULES.—In the case of an individual for
5 whom a temporary extended unemployment account was
6 established before the date of enactment of this Act, the
7 Temporary Extended Unemployment Compensation Act of
8 2002 (as amended by this title) shall be applied subject
9 to the following:

10 (1) Any amounts deposited in the individual's
11 temporary extended unemployment compensation ac-
12 count by reason of section 203(c) of such Act (com-
13 monly known as “TEUC–X amounts”) before the
14 date of enactment of this Act shall be treated as
15 amounts deposited by reason of section 203(b) of
16 such Act (commonly known as “TEUC amounts”),
17 as amended by section 101(a).

18 (2) For purposes of determining whether the in-
19 dividual is eligible for any TEUC–X amounts under
20 such Act, as amended by this title—

21 (A) any determination made under section
22 203(c) of such Act before the application of the
23 amendments made by this title shall be dis-
24 regarded; and

1 (B) any such determination shall instead
 2 be made by applying section 203(c) of such Act,
 3 as amended by this title—

4 (i) as of the time that all amounts es-
 5 tablished in such account in accordance
 6 with section 203(b) of such Act (as amend-
 7 ed by this title, and including any amounts
 8 described in paragraph (1)) are in fact ex-
 9 hausted, except that

10 (ii) if such individual's account was
 11 both augmented by and exhausted of all
 12 TEUC-X amounts before the date of en-
 13 actment of this Act, such determination
 14 shall be made as if exhaustion (as de-
 15 scribed in section 203(c)(1) of such Act)
 16 had not occurred until such date of enact-
 17 ment.

18 **TITLE II—PAYROLL TAX RELIEF**

19 **SEC. 201. PAYROLL TAX HOLIDAY.**

20 (a) IN GENERAL.—Notwithstanding any other provi-
 21 sion of law, the rate of tax with respect to the first
 22 \$10,000 of remuneration received during the payroll tax
 23 holiday period shall be zero under sections 1401(a),
 24 3101(a), and 3111(a) of the Internal Revenue Code of
 25 1986 and for purposes of determining the applicable per-

1 centage under section 3201(a), 3211(a)(1), and 3221(a)
2 of such Code.

3 (b) PAYROLL TAX HOLIDAY PERIOD.—The term
4 “payroll tax holiday period” means the 1-year period be-
5 ginning on the 1st day of the 1st calendar month which
6 begins more than 30 days after the date of the enactment
7 of this Act.

8 (c) EMPLOYER NOTIFICATION.—The Secretary of the
9 Treasury shall notify employers of the payroll tax holiday
10 period in any manner the Secretary deems appropriate.

11 (d) TRANSFER OF FUNDS.—The Secretary of the
12 Treasury shall transfer from the general revenues of the
13 Federal Government an amount sufficient so as to ensure
14 that the income and balances of the trust funds under sec-
15 tion 201 of the Social Security Act and the Social Security
16 Equivalent Benefit Account under section 15A of the Rail-
17 road Retirement Act of 1974 (45 U.S.C. 231n–1) are not
18 reduced as a result of the application of subsection (a).

19 (e) DETERMINATION OF BENEFITS.—In making any
20 determination of benefits under title II of the Social Secu-
21 rity Act, the Commissioner of Social Security shall dis-
22 regard the effect of the payroll tax holiday period on any
23 individual’s earnings record.

1 **TITLE III—FISCAL ASSISTANCE**
2 **FOR STATE AND LOCAL GOV-**
3 **ERNMENTS**

4 **SEC. 301. FINDINGS.**

5 The Congress finds that:

6 (1) State and local governments represent a
7 significant segment of the national economy whose
8 economic health is essential to national economic
9 prosperity;

10 (2) present national economic problems have
11 imposed considerable hardships on State and local
12 government budgets;

13 (3) those governments, because of their own fis-
14 cal difficulties, are being forced to take budget-re-
15 lated actions which tend to undermine Federal gov-
16 ernment efforts to stimulate the economy;

17 (4) efforts to stimulate the economy through re-
18 ductions in Federal government tax obligations or
19 increased spending on federal programs are weak-
20 ened when State and local governments are forced to
21 increase taxes or cut spending;

22 (5) efforts by the Federal government to stimu-
23 late the economic recovery will be substantially en-
24 hanced by a program of emergency Federal govern-
25 ment assistance to State and local governments to

1 help prevent those governments from taking budget-
2 related actions which undermine the Federal govern-
3 ment efforts to stimulate economic recovery.

4 **SEC. 302. FINANCIAL ASSISTANCE AUTHORIZED.**

5 (a) PAYMENTS TO STATE AND LOCAL GOVERN-
6 MENTS.—The Secretary of the Treasury shall, in accord-
7 ance with the provisions in this title, make payments to
8 states to coordinate budget related actions by such govern-
9 ments with federal government efforts to stimulate eco-
10 nomic recovery.

11 (b) AUTHORIZATION OF APPROPRIATIONS.—There
12 are authorized to be appropriated \$50,000,000,000 to be
13 made available through fiscal year 2004 for the purpose
14 of payments under this title.

15 (c) RESERVATIONS.—Not less than one-third of the
16 money authorized to be appropriated under section 302(b)
17 shall be made available to local governments under the ap-
18 plicable laws of a given State.

19 **SEC. 303. ALLOCATION.**

20 The Secretary of the Treasury shall establish a for-
21 mula for determining each State's allocation under section
22 302(b). The formula shall give priority weight to the fol-
23 lowing factors:

24 (1) The State unemployment rate in relation to
25 the national average unemployment rate.

1 (2) The duration of a State unemployment rate
2 above such average.

3 (3) Median income.

4 (4) Population.

5 **SEC. 304. USE OF FUNDS BY STATE AND LOCAL GOVERN-**
6 **MENTS.**

7 (a) IN GENERAL.—Funds received under this title
8 may be used only for priority expenditures. For purposes
9 of this title, the term “priority expenditures” means
10 only—

11 (1) ordinary and necessary maintenance and
12 operating expenses for—

13 (A) primary, secondary, or higher edu-
14 cation,

15 (B) worker retraining,

16 (C) public safety,

17 (D) public health,

18 (E) social services for the poor or aged,

19 (F) public transportation,

20 (G) environmental protection, and

21 (H) libraries; and

22 (2) ordinary and necessary capital expenditures
23 authorized by law.

24 (b) CERTIFICATES BY STATE AND LOCAL GOVERN-
25 MENTS.—The Secretary is authorized to accept a certifi-

1 cation by the chief executive officer of a State or local gov-
 2 ernment that the State or local government has used the
 3 funds received by it under this subtitle for an entitlement
 4 period only for priority expenditures, unless the Secretary
 5 determines that such certification is not sufficiently reli-
 6 able to enable the Secretary to carry out his or her duties
 7 under this title. The Secretary shall prescribe by rule the
 8 time and manner in which the certification must be filed.

9 **TITLE IV—TRANSPORTATION**
 10 **AND WATER INFRASTRUC-**
 11 **TURE INVESTMENT**

12 **Subtitle A—Rail Infrastructure**
 13 **Investment**

14 **PART I—CREDIT FOR AMTRAK BONDS**

15 **SEC. 401. CREDIT TO HOLDERS OF QUALIFIED AMTRAK**
 16 **BONDS.**

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

21 **“Subpart H—Nonrefundable Credit for Holders of**
 22 **Qualified Amtrak Bonds**

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

1 **“SEC. 54. CREDIT TO HOLDERS OF QUALIFIED AMTRAK**
2 **BONDS.**

3 “(a) ALLOWANCE OF CREDIT.—In the case of a tax-
4 payer who holds a qualified Amtrak bond on a credit al-
5 lowance date of such bond which occurs during the taxable
6 year, there shall be allowed as a credit against the tax
7 imposed by this chapter for such taxable year an amount
8 equal to the sum of the credits determined under sub-
9 section (b) with respect to credit allowance dates during
10 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 Amtrak bond is
15 25 percent of the annual credit determined with re-
16 spect to such bond.

17 “(2) ANNUAL CREDIT.—The annual credit de-
18 termined with respect to any qualified Amtrak bond
19 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 purposes
25 of paragraph (2), the applicable credit rate with re-
26 spect to an issue is the rate equal to an average

1 market yield (as of the day before the date of sale
2 of the issue) on outstanding long-term corporate
3 debt obligations (determined under regulations pre-
4 scribed by the Secretary).

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

8 “(A) March 15,

9 “(B) June 15,

10 “(C) September 15, and

11 “(D) December 15.

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

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

24 “(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 AMTRAK BOND.—For purposes of
22 this part, the term ‘qualified Amtrak bond’ means any
23 bond issued as part of an issue if—

24 “(1) 95 percent or more of the proceeds from
25 the sale of such issue are to be used for expenditures

1 incurred after the date of the enactment of this sec-
2 tion for any qualified project,

3 “(2) the bond is issued by the National Rail-
4 road Passenger Corporation, is in registered form,
5 and meets the bond limitation requirements under
6 subsection (f),

7 “(3) the issuer designates such bond for pur-
8 poses of this section,

9 “(4) the issuer certifies that it meets the State
10 contribution requirement of subsection (k) with re-
11 spect to such project, as in effect on the date of the
12 enactment of this section,

13 “(5) the issuer certifies that it has obtained the
14 written approval of the Secretary of Transportation
15 for such project in accordance with section 26301 of
16 title 49, United States Code, as in effect on the date
17 of the enactment of this section,

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

20 “(7) the payment of principal with respect to
21 such bond is the obligation of the National Railroad
22 Passenger Corporation, and

23 “(8) the issue meets the requirements of sub-
24 section (g) (relating to arbitrage).

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

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

6 “(A) \$1,500,000,000 for each of the fiscal
7 years 2002 through 2011, and

8 “(B) zero after fiscal year 2011.

9 “(2) LIMITS ON BONDS FOR NORTHEAST RAIL
10 CORRIDOR AND INDIVIDUAL STATES.—

11 “(A) NORTHEAST RAIL CORRIDOR.—Not
12 more than \$3,000,000,000 of the limitation
13 under paragraph (1) may be designated for
14 qualified projects on the northeast rail corridor
15 between Washington, D.C., and Boston, Massa-
16 chusetts.

17 “(B) INDIVIDUAL STATES.—Not more
18 than \$3,000,000,000 of the limitation under
19 paragraph (1) may be designated for any indi-
20 vidual State. The dollar limitation under this
21 subparagraph is in addition to the dollar limita-
22 tion for the qualified projects described in sub-
23 paragraph (A).

24 “(3) LIMIT ON BONDS FOR OTHER
25 PROJECTS.—Not more than \$100,000,000 of the

1 limitation under paragraph (1) for any fiscal year
 2 may be designated for all qualified projects described
 3 in subsection (j)(1)(C).

4 “(4) CARRYOVER OF UNUSED LIMITATION.—If
 5 for any fiscal year—

6 “(A) the limitation amount under para-
 7 graph (1), exceeds

8 “(B) the amount of bonds issued during
 9 such year which are designated under sub-
 10 section (e)(3),

11 the limitation amount under paragraph (1) for the
 12 following fiscal year (through fiscal year 2015) shall
 13 be increased by the amount of such excess.

14 “(g) SPECIAL RULES RELATING TO ARBITRAGE.—

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

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

23 “(B) to incur a binding commitment with
 24 a third party to spend at least 10 percent of the
 25 proceeds from the sale of the issue, or to com-

1 mence construction, with respect to such
2 projects within the 6-month period beginning on
3 such date, and

4 “(C) to proceed with due diligence to com-
5 plete such projects and to spend the proceeds
6 from the sale of the issue.

7 “(2) RULES REGARDING CONTINUING COMPLI-
8 ANCE AFTER 3-YEAR DETERMINATION.—If at least
9 95 percent of the proceeds from the sale of the issue
10 is not expended for 1 or more qualified projects
11 within the 3-year period beginning on the date of
12 issuance, but the requirements of paragraph (1) are
13 otherwise met, an issue shall be treated as con-
14 tinuing to meet the requirements of this subsection
15 if either—

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

20 “(B) the following requirements are met:

21 “(i) The issuer spends at least 75 per-
22 cent of the proceeds from the sale of the
23 issue for 1 or more qualified projects with-
24 in the 3-year period beginning on the date
25 of issuance.

1 “(ii) Either—

2 “(I) the issuer spends at least 95
3 percent of the proceeds from the sale
4 of the issue for 1 or more qualified
5 projects within the 4-year period be-
6 ginning on the date of issuance, or

7 “(II) the issuer pays to the Fed-
8 eral Government any earnings on the
9 proceeds from the sale of the issue
10 that accrue after the end of the 3-year
11 period beginning on the date of
12 issuance and uses all unspent pro-
13 ceeds from the sale of the issue to re-
14 deem bonds of the issue within 90
15 days after the end of the 4-year pe-
16 riod beginning on the date of
17 issuance.

18 “(h) RECAPTURE OF PORTION OF CREDIT WHERE
19 CESSATION OF COMPLIANCE.—

20 “(1) IN GENERAL.—If any bond which when
21 issued purported to be a qualified Amtrak bond
22 ceases to be such a qualified bond, the issuer shall
23 pay to the United States (at the time required by
24 the Secretary) an amount equal to the sum of—

1 “(A) the aggregate of the credits allowable
2 under this section with respect to such bond
3 (determined without regard to subsection (c))
4 for taxable years ending during the calendar
5 year in which such cessation occurs and the 2
6 preceding calendar years, and

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

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

24 “(3) SPECIAL RULES.—

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

9 “(B) NO CREDITS AGAINST TAX.—Any in-
 10 crease in tax under paragraph (2) shall not be
 11 treated as a tax imposed by this chapter for
 12 purposes of determining—

13 “(i) the amount of any credit allow-
 14 able under this part, or

15 “(ii) the amount of the tax imposed
 16 by section 55.

17 “(i) TRUST ACCOUNT.—

18 “(1) IN GENERAL.—The following amounts
 19 shall be held in a trust account by a trustee inde-
 20 pendent of the National Railroad Passenger Cor-
 21 poration:

22 “(A) The proceeds from the sale of all
 23 bonds designated for purposes of this section.

24 “(B) The amount of any matching con-
 25 tributions with respect to such bonds.

1 “(C) The temporary period investment
2 earnings on proceeds from the sale of such
3 bonds.

4 “(D) Any earnings on any amounts de-
5 scribed in subparagraph (A), (B), or (C).

6 “(2) USE OF FUNDS.—Amounts in the trust ac-
7 count may be used only to pay costs of qualified
8 projects and redeem qualified Amtrak bonds, except
9 that amounts withdrawn from the trust account to
10 pay costs of qualified projects may not exceed the
11 aggregate proceeds from the sale of all qualified Am-
12 trak bonds issued under this section.

13 “(3) USE OF REMAINING FUNDS IN TRUST AC-
14 COUNT.—Upon the redemption of all qualified Am-
15 trak bonds issued under this section, any remaining
16 amounts in the trust account described in paragraph
17 (1) shall be available to the issuer for any qualified
18 project.

19 “(j) QUALIFIED PROJECT.—For purposes of this sec-
20 tion—

21 “(1) IN GENERAL.—The term ‘qualified project’
22 means—

23 “(A) the acquisition, financing, or refi-
24 nancing of equipment, rolling stock, and other
25 capital improvements (including the introduc-

tion of new high-speed technologies such as magnetic levitation systems), including track or signal improvements or the elimination of grade crossings, for the northeast rail corridor between Washington, D.C., and Boston, Massachusetts,

“(B) the acquisition, financing, or refinancing of equipment, rolling stock, and other capital improvements (including the introduction of new high-speed technologies such as magnetic levitation systems), including development of intermodal facilities, track or signal improvements, or the elimination of grade crossings, for the improvement of train speeds or safety (or both) on the high-speed rail corridors designated under section 104(d)(2) of title 23, United States Code, as in effect on the date of the enactment of this section, and

“(C) the acquisition, financing, or refinancing of equipment, rolling stock, and other capital improvements, including station rehabilitation or construction, development of intermodal facilities, track or signal improvements, or the elimination of grade crossings, for the improvement of train speeds or safety (or both)

1 for other intercity passenger rail corridors and
2 for the Alaska Railroad.

3 “(2) REFINANCING RULES.—For purposes of
4 paragraph (1), a refinancing shall constitute a quali-
5 fied project only if the indebtedness being refinanced
6 (including any obligation directly or indirectly refi-
7 nanced by such indebtedness) was originally incurred
8 by the issuer—

9 “(A) after the date of the enactment of
10 this section,

11 “(B) for a term of not more than 3 years,

12 “(C) to finance or acquire capital improve-
13 ments described in paragraph (1), and

14 “(D) in anticipation of being refinanced
15 with proceeds of a qualified Amtrak bond.

16 “(k) STATE CONTRIBUTION REQUIREMENTS.—

17 “(1) IN GENERAL.—For purposes of subsection
18 (e)(4), the State contribution requirement of this
19 subsection is met with respect to any qualified
20 project if the National Railroad Passenger Corpora-
21 tion has received from 1 or more States, not later
22 than the date of issuance of the bond, matching con-
23 tributions of not less than 20 percent of the cost of
24 the qualified project.

1 “(2) NO STATE CONTRIBUTION REQUIREMENT
2 FOR CERTAIN QUALIFIED PROJECTS.—The State
3 contribution requirement of this subsection is zero
4 with respect to the following projects:

5 “(A) Any qualified project for the acqui-
6 sition and installation of platform facilities, per-
7 formance of railroad force account work nec-
8 essary to complete improvements below street
9 grade, and any other necessary improvements
10 related to construction at the railroad station at
11 the James A. Farley Post Office Building in
12 New York City, New York.

13 “(B) Any project described in subsection
14 (j)(1)(C) for the Alaska Railroad.

15 “(3) STATE MATCHING CONTRIBUTIONS MAY
16 NOT INCLUDE FEDERAL FUNDS.—For purposes of
17 this subsection, State matching contributions shall
18 not be derived, directly or indirectly, from Federal
19 funds, including any transfers from the Highway
20 Trust Fund under section 9503.

21 “(l) OTHER DEFINITIONS AND SPECIAL RULES.—
22 For purposes of this section—

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

1 “(2) TREATMENT OF CHANGES IN USE.—For
2 purposes of subsection (e)(1), the proceeds from the
3 sale of an issue shall not be treated as used for a
4 qualified project to the extent that the issuer takes
5 any action within its control which causes such pro-
6 ceeds not to be used for a qualified project. The Sec-
7 retary shall prescribe regulations specifying remedial
8 actions that may be taken (including conditions to
9 taking such remedial actions) to prevent an action
10 described in the preceding sentence from causing a
11 bond to fail to be a qualified Amtrak bond.

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

19 “(4) BONDS HELD BY REGULATED INVEST-
20 MENT COMPANIES.—If any qualified Amtrak bond is
21 held by a regulated investment company, the credit
22 determined under subsection (a) shall be allowed to
23 shareholders of such company under procedures pre-
24 scribed by the Secretary.

1 “(5) REPORTING.—Issuers of qualified Amtrak
2 bonds shall submit reports similar to the reports re-
3 quired under section 149(e).”.

4 (b) AMENDMENTS TO OTHER CODE SECTIONS.—

5 (1) REPORTING.—Subsection (d) of section
6 6049 of the Internal Revenue Code of 1986 (relating
7 to returns regarding payments of interest) is amend-
8 ed by adding at the end the following new para-
9 graph:

10 “(8) REPORTING OF CREDIT ON QUALIFIED AM-
11 TRAK BONDS.—

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

18 “(B) REPORTING TO CORPORATIONS,
19 ETC.—Except as otherwise provided in regula-
20 tions, in the case of any interest described in
21 subparagraph (A), subsection (b)(4) shall be
22 applied without regard to subparagraphs (A),
23 (H), (I), (J), (K), and (L)(i) of such subsection.

24 “(C) REGULATORY AUTHORITY.—The Sec-
25 retary may prescribe such regulations as are

1 necessary or appropriate to carry out the pur-
 2 poses of this paragraph, including regulations
 3 which require more frequent or more detailed
 4 reporting.”.

5 (2) TREATMENT FOR ESTIMATED TAX PUR-
 6 POSES.—

7 (A) INDIVIDUAL.—Section 6654 of such
 8 Code (relating to failure by individual to pay es-
 9 timated income tax) is amended by redesign-
 10 nating subsection (m) as subsection (n) and by
 11 inserting after subsection (l) the following new
 12 subsection:

13 “(m) SPECIAL RULE FOR HOLDERS OF QUALIFIED
 14 AMTRAK BONDS.—For purposes of this section, the credit
 15 allowed by section 54 to a taxpayer by reason of holding
 16 a qualified Amtrak bond on a credit allowance date shall
 17 be treated as if it were a payment of estimated tax made
 18 by the taxpayer on such date.”.

19 (B) CORPORATE.—Section 6655 of such
 20 Code (relating to failure by corporation to pay
 21 estimated income tax) is amended by adding at
 22 the end of subsection (g) the following new
 23 paragraph:

24 “(5) SPECIAL RULE FOR HOLDERS OF QUALI-
 25 FIED AMTRAK BONDS.—For purposes of this section,

1 the credit allowed by section 54 to a taxpayer by
 2 reason of holding a qualified Amtrak bond on a
 3 credit allowance date shall be treated as if it were
 4 a payment of estimated tax made by the taxpayer on
 5 such date.”.

6 (3) EXCLUSION FROM GROSS INCOME OF CON-
 7 TRIBUTIONS BY AMTRAK TO OTHER RAIL CAR-
 8 RIERS.—

9 (A) IN GENERAL.—Section 118 of the In-
 10 ternal Revenue Code of 1986 (relating to con-
 11 tributions to the capital of a corporation) is
 12 amended by redesignating subsection (d) as
 13 subsection (e) and by inserting after subsection
 14 (c) the following new subsection:

15 “(d) SPECIAL RULE FOR CONTRIBUTIONS BY AM-
 16 TRAK TO OTHER RAIL CARRIERS.—For purposes of this
 17 section, the term ‘contribution to the capital of the tax-
 18 payer’ does not include any contribution by the National
 19 Railroad Passenger Corporation of personal or real prop-
 20 erty funded by the proceeds of qualified Amtrak bonds
 21 under section 54.”.

22 (B) CONFORMING AMENDMENT.—Sub-
 23 section (b) of such section 118 is amended by
 24 striking “subsection (c)” and inserting “sub-
 25 sections (c) and (d)”.

1 (4) PROTECTION OF HIGHWAY TRUST FUND.—

2 Section 9503 of such Code (relating to Highway
3 Trust Fund) is amended by adding at the end the
4 following new subsection:

5 “(g) SPECIAL RULE RELATING TO NATIONAL RAIL-
6 ROAD PASSENGER CORPORATION.—Except as provided in
7 subsection (c), as in effect on the date of the enactment
8 of this subsection, amounts in the Highway Trust Fund
9 may not be used to provide funds to the National Railroad
10 Passenger Corporation for any purpose, including issuance
11 of any qualified Amtrak bond pursuant to section 54. The
12 preceding sentence may not be waived by any provision
13 of law which is not contained or referenced in this title,
14 whether such provision of law is a subsequently enacted
15 provision or directly or indirectly seeks to waive the appli-
16 cation of such sentence.”.

17 (c) CLERICAL AMENDMENTS.—

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

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

21 (2) Section 6401(b)(1) is amended by striking
22 “and G” and inserting “G, and H”.

23 (d) ANNUAL REPORT BY TREASURY ON AMTRAK
24 TRUST ACCOUNT.—The Secretary of the Treasury shall

1 annually report to Congress as to whether the amount de-
 2 posited in the trust account established by the National
 3 Railroad Passenger Corporation under section 54(i) of the
 4 Internal Revenue Code of 1986, as added by this section,
 5 is sufficient to fully repay at maturity the principal of any
 6 outstanding qualified Amtrak bonds issued pursuant to
 7 section 54 of such Code (as so added), together with
 8 amounts expected to be deposited into such account, as
 9 certified by the National Railroad Passenger Corporation
 10 in accordance with procedures prescribed by the Secretary
 11 of the Treasury.

12 (e) ISSUANCE OF REGULATIONS.—The Secretary of
 13 the Treasury shall issue regulations required under section
 14 54 of the Internal Revenue Code of 1986 (as added by
 15 this section) not later than 90 days after the date of the
 16 enactment of this Act.

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

20 **PART II—HIGH-SPEED RAIL PROVISIONS**

21 **SEC. 403. DEPARTMENT OF TRANSPORTATION APPROVAL** 22 **FOR QUALIFIED AMTRAK PROJECTS.**

23 (a) AMENDMENT.—Part D of subtitle V of title 49,
 24 United States Code, is amended by adding at the end the
 25 following new chapter:

1 **“CHAPTER 263—HIGH-SPEED RAIL**
 2 **INITIATIVES**

“Sec.

“26301. Department of Transportation approval for qualified high-speed rail projects.

“26302. Qualified projects.

“26303. State contribution requirements.”.

3 **“§ 26301. Department of Transportation approval for**
 4 **qualified high-speed rail projects**

5 “(a) IN GENERAL.—The written approval of a quali-
 6 fied project by the Secretary of Transportation required
 7 for purposes of subsection (e)(5) of section 54 of the Inter-
 8 nal Revenue Code of 1986 (relating to credit to holders
 9 of qualified Amtrak bonds) shall include—

10 “(1) the finding by the Inspector General of the
 11 Department of Transportation described in sub-
 12 section (b);

13 “(2) the certification by the Secretary of Trans-
 14 portation described in subsection (c); and

15 “(3) the agreement by the National Railroad
 16 Passenger Corporation described in subsection (d).

17 “(b) FINDING BY INSPECTOR GENERAL.—For pur-
 18 poses of subsection (a), the finding described in this sub-
 19 section is a finding by the Inspector General of the De-
 20 partment of Transportation that there is a reasonable like-
 21 lihood that the proposed project will result in a positive
 22 financial contribution to the National Railroad Passenger
 23 Corporation and that the investment evaluation process

1 includes consideration of a return on investment,
 2 leveraging of funds (including State capital and operating
 3 contributions), cost effectiveness, safety improvement, mo-
 4 bility improvement, and feasibility.

5 “(c) CERTIFICATION.—For purposes of subsection
 6 (a), the certification described in this subsection is a cer-
 7 tification by the Secretary of Transportation that the
 8 issuer of the qualified Amtrak bond—

9 “(1) except with respect to projects described in
 10 section 54(j)(1)(C) of the Internal Revenue Code of
 11 1986, has entered into a written agreement with the
 12 owners of rail properties which are to be improved
 13 by the project to be funded by the qualified Amtrak
 14 bond, as to the scope and estimated cost of such
 15 project and the impact on rail freight capacity; and

16 “(2) has met the State contribution require-
 17 ments described in section 26303.

18 The National Railroad Passenger Corporation shall not
 19 exercise its rights under section 24308(a)(2) to resolve
 20 disputes with respect to a project to be funded by a quali-
 21 fied Amtrak bond, or with respect to the cost of such a
 22 project, unless the project is intended to result in railroad
 23 speeds of 79 miles per hour or less.

24 “(d) AGREEMENT BY AMTRAK TO ISSUE ADDI-
 25 TIONAL BONDS FOR PROJECTS OF OTHER CARRIERS.—

1 “(1) IN GENERAL.—For purposes of subsection
2 (a), the agreement described in this subsection is an
3 agreement by the National Railroad Passenger Cor-
4 poration with the Secretary of Transportation to
5 issue bonds which meet the requirements of section
6 54 of the Internal Revenue Code of 1986 for use in
7 financing projects described in paragraph (2).

8 “(2) PROJECTS COVERED.—For purposes of
9 paragraph (1), the projects described in this para-
10 graph are any project described in subsection
11 (j)(1)(B) or (j)(1)(C) of section 54 of the Internal
12 Revenue Code of 1986 for an intercity rail passenger
13 carrier other than the National Railroad Passenger
14 Corporation or for the Alaska Railroad.

15 “(3) ADDITIONAL REQUIREMENTS.—Any
16 project financed by bonds referred to in paragraph
17 (1) shall be carried out by the intercity rail pas-
18 senger carrier other than the National Railroad Pas-
19 senger Corporation, through a contract entered into
20 by the National Railroad Passenger Corporation
21 with such carrier. Such other intercity rail passenger
22 carrier, in carrying out the project, shall be subject
23 to the provisions of this subtitle governing the Na-
24 tional Railroad Passenger Corporation.

1 “(4) DEFINITION.—For purposes of this sub-
2 section, the term ‘intercity rail passenger carrier’
3 means any rail carrier (as such term is defined in
4 section 24102(7)) that is part of the interstate sys-
5 tem of rail transportation and that provides intercity
6 rail passenger transportation (as such term is de-
7 fined in section 24102(5)).

8 “(e) ADDITIONAL SELECTION CRITERIA.—In deter-
9 mining projects to be approved under this section (other
10 than projects for the Alaska Railroad), or to be included
11 in an agreement under subsection (d), the Secretary of
12 Transportation shall give preference to—

13 “(1) any project with a State matching con-
14 tribution rate exceeding 20 percent;

15 “(2) projects expected to have a significant im-
16 pact on air traffic congestion;

17 “(3) projects expected to also improve com-
18 muter rail operations;

19 “(4) projects that anticipate fares designed to
20 recover costs and generate a return on investment;
21 and

22 “(5) projects that promote regional balance in
23 infrastructure investment and the national interest
24 in ensuring the development of a nationwide high-
25 speed rail transportation network.

1 **“§ 26302. Qualified projects**

2 “For purposes of this chapter—

3 “(1) IN GENERAL.—The term ‘qualified project’
4 means—

5 “(A) the acquisition, financing, or refi-
6 nancing of equipment, rolling stock, and other
7 capital improvements (including the introduc-
8 tion of new high-speed technologies such as
9 magnetic levitation systems), including track or
10 signal improvements or the elimination of grade
11 crossings, for the northeast rail corridor be-
12 tween Washington, D.C., and Boston, Massa-
13 chusetts;

14 “(B) the acquisition, financing, or refi-
15 nancing of equipment, rolling stock, and other
16 capital improvements (including the introduc-
17 tion of new high-speed technologies such as
18 magnetic levitation systems), including develop-
19 ment of intermodal facilities, track or signal im-
20 provements, or the elimination of grade cross-
21 ings, for the improvement of train speeds or
22 safety (or both) on the high-speed rail corridors
23 designated under section 104(d)(2) of title 23,
24 United States Code, as in effect on the date of
25 the enactment of this section; and

“(C) the acquisition, financing, or refinancing of equipment, rolling stock, and other capital improvements, including station rehabilitation or construction, development of intermodal facilities, track or signal improvements, or the elimination of grade crossings, for the improvement of train speeds or safety (or both) for other intercity passenger rail corridors and for the Alaska Railroad.

“(2) REFINANCING RULES.—For purposes of paragraph (1), a refinancing shall constitute a qualified project only if the indebtedness being refinanced (including any obligation directly or indirectly refinanced by such indebtedness) was originally incurred by the issuer—

“(A) after the date of the enactment of this section;

“(B) for a term of not more than 3 years;

“(C) to finance or acquire capital improvements described in paragraph (1); and

“(D) in anticipation of being refinanced with proceeds of a qualified Amtrak bond.

“§ 26303. State contribution requirements

“(a) IN GENERAL.—For purposes of section 26301(c)(2), the State contribution requirement of this

1 section is met with respect to any qualified project if the
 2 National Railroad Passenger Corporation has received
 3 from 1 or more States, not later than the date of issuance
 4 of the bond, matching contributions of not less than 20
 5 percent of the cost of the qualified project.

6 “(b) NO STATE CONTRIBUTION REQUIREMENT FOR
 7 CERTAIN QUALIFIED PROJECTS.—The State contribution
 8 requirement of this section is zero with respect to the fol-
 9 lowing projects:

10 “(1) Any qualified project for the acquisition
 11 and installation of platform facilities, performance of
 12 railroad force account work necessary to complete
 13 improvements below street grade, and any other nec-
 14 essary improvements related to construction at the
 15 railroad station at the James A. Farley Post Office
 16 Building in New York City, New York.

17 “(2) Any project described in subsection
 18 (j)(1)(C) of section 54 of the Internal Revenue Code
 19 of 1986 for the Alaska Railroad.

20 “(c) STATE MATCHING CONTRIBUTIONS MAY NOT
 21 INCLUDE FEDERAL FUNDS.—For purposes of this sec-
 22 tion, State matching contributions shall not be derived, di-
 23 rectly or indirectly, from Federal funds, including any
 24 transfers from the Highway Trust Fund under section
 25 9503 of the Internal Revenue Code of 1986.”.

(b) TABLE OF CHAPTERS AMENDMENT.—The table of chapters of subtitle V of title 49, United States Code, is amended by inserting after the item relating to chapter 261 the following new item:

“263. HIGH-SPEED RAIL INITIATIVES 26301”.

SEC. 404. MULTIYEAR CAPITAL SPENDING PLAN AND OVERSIGHT.

(a) AMENDMENT.—Chapter 243 of title 49, United States Code, is amended by adding at the end the following new section:

“§ 24316. Multiyear capital spending plan and oversight

“(a) AMTRAK CAPITAL SPENDING PLAN.—

“(1) IN GENERAL.—The National Railroad Passenger Corporation shall annually submit to the President and Congress a multiyear capital spending plan, as approved by the Board of Directors of the Corporation.

“(2) CONTENTS OF PLAN.—Such plan shall identify the capital investment needs of the Corporation over a period of not less than 5 years and the funding sources available to finance such needs and shall prioritize such needs according to corporate goals and strategies.

“(3) INITIAL SUBMISSION DATE.—The first plan shall be submitted before the issuance of any

1 qualified Amtrak bonds by the National Railroad
 2 Passenger Corporation pursuant to section 54 of the
 3 Internal Revenue Code of 1986.

4 “(b) OVERSIGHT OF QUALIFIED PROJECTS.—The
 5 Secretary of Transportation shall contract for an annual
 6 independent assessment of the costs and benefits of the
 7 qualified projects financed by qualified Amtrak bonds pur-
 8 suant to section 54 of the Internal Revenue Code of 1986,
 9 including an assessment of the investment evaluation proc-
 10 ess of the Corporation. The annual assessment shall be
 11 included in the plan submitted under subsection (a).”.

12 (b) TABLE OF SECTIONS AMENDMENT.—The table of
 13 sections of chapter 243 of title 49, United States Code,
 14 is amended by adding after the item relating to section
 15 24315 the following new item:

“24316. Multiyear capital spending plan and oversight.”.

16 **SEC. 405. ISSUANCE OF REGULATIONS.**

17 The Secretary of Transportation shall issue regula-
 18 tions for carrying out chapter 263 of title 49, United
 19 States Code (as added by section 111 of this Act), not
 20 later than 90 days after the date of the enactment of this
 21 Act.

22 **SEC. 406. SENSE OF CONGRESS REGARDING EFFECT ON**
 23 **AMTRAK FUNDING.**

24 It is the sense of the Congress that the proceeds of
 25 qualified Amtrak bonds issued under section 54 of the In-

1 ternal Revenue Code of 1986 are intended to finance the
2 construction of qualified projects (as defined in section
3 26302 of title 49, United States Code, as added by section
4 111 of this Act) and are not intended to meet the regular,
5 ongoing capital funding needs of the National Railroad
6 Passenger Corporation.

7 **SEC. 407. EFFECTIVE DATE.**

8 The amendments made by this part shall apply to ob-
9 ligations issued after the date of the enactment of this
10 Act.

11 **PART III—AMTRAK CAPITAL INVESTMENT**

12 **SEC. 411. AUTHORIZATION OF APPROPRIATIONS.**

13 Section 24104(a) of title 49, United States Code, is
14 amended—

15 (1) by inserting “(1)” after “IN GENERAL.—”;

16 (2) by redesignating paragraphs (1) through

17 (5) as subparagraphs (A) through (E), respectively;

18 and

19 (3) by adding at the end the following new
20 paragraph:

21 “(2) There are authorized to be appropriated to the
22 Secretary of Transportation \$3,000,000,000 for fiscal
23 year 2002 for the benefit of Amtrak for capital expendi-
24 tures including—

1 “(A) New York, Washington, D.C., and Balti-
2 more tunnel life safety projects;

3 “(B) bridges, tracks, and other improvements
4 to increase the capacity and reliability of rail pas-
5 senger transportation; and

6 “(C) equipment, including acquisition of
7 trainsets and rolling stock, for operation in federally
8 designated corridors.

9 At least $\frac{2}{3}$ of amounts expended under subparagraph (C)
10 shall be for operations outside the Northeast Corridor.”.

11 **PART IV—CAPITAL INVESTMENT FOR RAILROAD**

12 **REHABILITATION**

13 **SEC. 416. CAPITAL GRANTS FOR RAILROAD TRACK.**

14 (a) AMENDMENT.—Chapter 223 of title 49, United
15 States Code, is amended to read as follows:

16 **“CHAPTER 223—CAPITAL GRANTS FOR** 17 **RAILROAD TRACK**

“Sec.

“22301. Capital grants for railroad track.

18 **“§ 22301. Capital grants for railroad track**

19 “(a) ESTABLISHMENT OF PROGRAM.—

20 “(1) ESTABLISHMENT.—The Secretary of
21 Transportation shall establish a program of capital
22 grants for the rehabilitation, preservation, or im-
23 provement of railroad track (including roadbed,
24 bridges, and related track structures) of class II and

1 class III railroads. Such grants shall be for rehabili-
2 tating, preserving, or improving track used primarily
3 for freight transportation to a standard ensuring
4 that the track can be operated safely and efficiently,
5 including grants for rehabilitating, preserving, or im-
6 proving track to handle 286,000 pound rail cars.
7 Grants may be provided under this chapter—

8 “(A) directly to the class II or class III
9 railroad; or

10 “(B) with the concurrence of the class II
11 or class III railroad, to a State or local govern-
12 ment.

13 “(2) STATE COOPERATION.—Class II and class
14 III railroad applicants for a grant under this chap-
15 ter are encouraged to utilize the expertise and assist-
16 ance of State transportation agencies in applying for
17 and administering such grants. State transportation
18 agencies are encouraged to provide such expertise
19 and assistance to such railroads.

20 “(3) INTERIM REGULATIONS.—Not later than
21 December 31, 2001, the Secretary shall issue tem-
22 porary regulations to implement the program under
23 this section. Subchapter II of chapter 5 of title 5
24 does not apply to a temporary regulation issued

1 under this paragraph or to an amendment to such
2 a temporary regulation.

3 “(4) FINAL REGULATIONS.—Not later than Oc-
4 tober 1, 2002, the Secretary shall issue final regula-
5 tions to implement the program under this section.

6 “(b) MAXIMUM FEDERAL SHARE.—The maximum
7 Federal share for carrying out a project under this section
8 shall be 80 percent of the project cost. The non-Federal
9 share may be provided by any non-Federal source in cash,
10 equipment, or supplies. Other in-kind contributions may
11 be approved by the Secretary on a case by case basis con-
12 sistent with this chapter.

13 “(c) PROJECT ELIGIBILITY.—For a project to be eli-
14 gible for assistance under this section the track must have
15 been operated or owned by a class II or class III railroad
16 as of the date of the enactment of this section.

17 “(d) USE OF FUNDS.—Grants provided under this
18 section shall be used to implement track capital projects
19 as soon as possible. In no event shall grant funds be con-
20 tractually obligated for a project later than the end of the
21 third Federal fiscal year following the year in which the
22 grant was awarded. Any funds not so obligated by the end
23 of such fiscal year shall be returned to the Secretary for
24 reallocation.

1 “(e) ADDITIONAL PURPOSE.—In addition to making
2 grants for projects as provided in subsection (a), the Sec-
3 retary may also make grants to supplement direct loans
4 or loan guarantees made under title V of the Railroad Re-
5 vitalization and Regulatory Reform Act of 1976 (45
6 U.S.C. 822(d)), for projects described in the last sentence
7 of section 502(d) of such title. Grants made under this
8 subsection may be used, in whole or in part, for paying
9 credit risk premiums, lowering rates of interest, or pro-
10 viding for a holiday on principal payments. Credit risk
11 premiums funded under this section shall be exempt from
12 the non-Federal source requirement of section 502(f)(1)
13 of the Railroad Revitalization and Regulatory Reform Act
14 of 1976 (45 U.S.C. 822(f)(1)).

15 “(f) EMPLOYEE PROTECTION.—The Secretary shall
16 require as a condition of any grant made under this sec-
17 tion that the recipient railroad provide a fair arrangement
18 at least as protective of the interests of employees who
19 are affected by the project to be funded with the grant
20 as the terms imposed under section 11326(a), as in effect
21 on the date of the enactment of this section.

22 “(g) LABOR STANDARDS.—

23 “(1) PREVAILING WAGES.—The Secretary shall
24 ensure that laborers and mechanics employed by
25 contractors and subcontractors in construction work

1 financed by a grant made under this section will be
2 paid wages not less than those prevailing on similar
3 construction in the locality, as determined by the
4 Secretary of Labor under the Act of March 3, 1931
5 (known as the Davis-Bacon Act; 40 U.S.C. 276a et
6 seq.). The Secretary shall make a grant under this
7 section only after being assured that required labor
8 standards will be maintained on the construction
9 work.

10 “(2) WAGE RATES.—Wage rates in a collective
11 bargaining agreement negotiated under the Railway
12 Labor Act (45 U.S.C. 151 et seq.) are deemed for
13 purposes of this subsection to comply with the Act
14 of March 3, 1931 (known as the Davis-Bacon Act;
15 40 U.S.C. 276a et seq.).

16 “(h) STUDY.—The Secretary shall conduct a study
17 of the projects carried out with grant assistance under this
18 section to determine the public interest benefits associated
19 with the light density railroad networks in the States and
20 their contribution to a multimodal transportation system.
21 Not later than March 31, 2003, the Secretary shall report
22 to Congress any recommendations the Secretary considers
23 appropriate regarding the eligibility of light density rail
24 networks for Federal infrastructure financing.

1 “(i) AUTHORIZATION OF APPROPRIATIONS.—There
 2 are authorized to be appropriated to the Secretary of
 3 Transportation \$500,000,000 for fiscal year 2002 for car-
 4 rying out this section.”.

5 (b) CONFORMING AMENDMENTS.—(1) The item re-
 6 lating to chapter 223 in the table of chapters of subtitle
 7 V of title 49, United States Code, is amended to read as
 8 follows:

“223. CAPITAL GRANTS FOR RAILROAD TRACK 22301”.

9 (2) Section 502(d) of the Railroad Revitalization and
 10 Regulatory Reform Act of 1976 (45 U.S.C. 822(d)) is
 11 amended—

12 (A) by striking “\$3,500,000,000” and in-
 13 serting “\$5,000,000,000”; and

14 (B) by striking “\$1,000,000,000” and in-
 15 serting “\$1,500,000,000”.

16 **SEC. 417. REGULATORY PROCEDURE AMENDMENTS.**

17 (a) COHORTS OF LOANS.—Section 502(f) of the Rail-
 18 road Revitalization and Regulatory Reform Act of 1976
 19 (45 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 (b) CONDITIONS OF ASSISTANCE.—Section 502 of
12 the 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
17 following:

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
22 previously sought the financial assistance requested from
23 another source. The Secretary shall require recipients of
24 direct loans or loan guarantees under this section to apply
25 the standards of section 26106(a)(5) of title 49, United

1 States Code, to their projects, except for projects primarily
2 benefiting Class III freight railroads.”.

3 (c) 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 add-
6 ing at the end the following new subsection:

7 “(i) TIME LIMIT FOR APPROVAL OR DISAPPROVAL.—
8 Not later than 180 days after receiving a complete appli-
9 cation for a direct loan or loan guarantee under this sec-
10 tion, the Secretary shall approve or disapprove the applica-
11 tion.”.

12 (d) FEES AND CHARGES.—Section 503 of the Rail-
13 road Revitalization and Regulatory Reform Act of 1976
14 (45 U.S.C. 823) is amended by adding at the end the fol-
15 lowing new subsection:

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

20 (e) SUBSTANTIVE CRITERIA AND STANDARDS.—Not
21 later than 30 days after the date of the enactment of this
22 Act, the Secretary of Transportation shall publish in the
23 Federal Register and post on the Department of Trans-
24 portation web site the substantive criteria and standards
25 used by the Secretary to determine whether to approve

1 or disapprove applications submitted under section 502 of
 2 the Railroad Revitalization and Regulatory Reform Act of
 3 1976 (45 U.S.C. 822).

4 **Subtitle B—Environmental** 5 **Infrastructure Investment**

6 **SEC. 421. GENERAL AUTHORITY FOR CAPITALIZATION** 7 **GRANTS.**

8 Section 601(a) of the Federal Water Pollution Con-
 9 trol Act (33 U.S.C. 1381(a)) is amended by striking “(1)
 10 for construction” and all that follows through the period
 11 and inserting “to accomplish the objectives, goals, and
 12 policies of this Act.”.

13 **SEC. 422. CAPITALIZATION GRANTS AGREEMENTS.**

14 (a) REQUIREMENTS FOR CONSTRUCTION OF TREAT-
 15 MENT WORKS.—Section 602(b)(6) of the Federal Water
 16 Pollution Control Act (33 U.S.C. 1382(b)(6)) is amend-
 17 ed—

18 (1) by striking “treatment works” the first
 19 place it appears and inserting “activities”;

20 (2) by striking “before fiscal year 1995” and all
 21 that follows through “grants under this title” and
 22 inserting “with funds made available by capitaliza-
 23 tion grants under this title (including repayments
 24 thereof)”; and

1 (3) by striking “201(b)” and all that follows
2 through “218” and inserting “204(b)(1), 211”.

3 (b) GUIDANCE FOR SMALL SYSTEMS.—Section 602
4 of the Federal Water Pollution Control Act (33 U.S.C.
5 1382) is amended by adding at the end the following new
6 subsection:

7 “(c) GUIDANCE FOR SMALL SYSTEMS.—

8 “(1) SIMPLIFIED PROCEDURES.—Not later than
9 1 year after the date of the enactment of this sub-
10 section, the Administrator shall assist the States in
11 establishing simplified procedures for small systems
12 to obtain assistance under this title.

13 “(2) PUBLICATION OF MANUAL.—Not later
14 than 1 year after the date of the enactment of this
15 subsection, and after providing notice and oppor-
16 tunity for public comment, the Administrator shall
17 publish a manual to assist small systems in obtain-
18 ing assistance under this title and publish in the
19 Federal Register notice of the availability of the
20 manual.

21 “(3) SMALL SYSTEM DEFINED.—For purposes
22 of this title, the term ‘small system’ means a system
23 for which a municipality or intermunicipal, inter-
24 state, or State agency seeks assistance under this

1 title and which serves a population of 20,000 or
2 fewer.”.

3 **SEC. 423. WATER POLLUTION CONTROL REVOLVING**
4 **FUNDS.**

5 (a) ACTIVITIES ELIGIBLE FOR ASSISTANCE.—Sec-
6 tion 603(c) of the Federal Water Pollution Control Act
7 (33 U.S.C. 1383(c)) is amended to read as follows:

8 “(c) ACTIVITIES ELIGIBLE FOR ASSISTANCE.—

9 “(1) IN GENERAL.—The amounts of funds
10 available to each State water pollution control re-
11 volving fund shall be used only for providing finan-
12 cial assistance to a municipality, intermunicipal
13 agency, interstate agency, State agency, or other
14 person for activities which have as a principal ben-
15 efit the improvement or protection of water quality.
16 Such activities may include the following:

17 “(A) Construction of a publicly owned
18 treatment works (as defined in section 212 of
19 this Act).

20 “(B) Implementation of lake protection
21 programs and projects under section 314.

22 “(C) Implementation of a management
23 program established under section 319.

1 “(D) Implementation of a conservation and
2 management plan established under section
3 320.

4 “(E) Restoration or protection of publicly
5 or privately owned riparian areas, including ac-
6 quisition of property rights.

7 “(F) Implementation of measures to im-
8 prove the efficiency of public water use.

9 “(G) Development and implementation of
10 plans by a public recipient to prevent water pol-
11 lution.

12 “(H) Acquisition of lands necessary to
13 meet any mitigation requirements related to
14 construction of a publicly owned treatment
15 works.

16 “(2) FUND AMOUNTS.—The water pollution
17 control revolving fund of a State shall be established,
18 maintained, and credited with repayments, and the
19 fund balance shall be available in perpetuity for pro-
20 viding financial assistance for activities described in
21 paragraph (1). Fees charged by a State to recipients
22 of such assistance may be deposited in the fund for
23 the sole purpose of financing the cost of administra-
24 tion of this title.”.

1 (b) EXTENDED REPAYMENT PERIOD FOR FINAN-
2 CIALLY DISTRESSED COMMUNITIES.—Section 603(d)(1)
3 of the Federal Water Pollution Control Act (33 U.S.C.
4 1383(d)(1)) is amended—

5 (1) in subparagraph (A) by inserting after “20
6 years” the following: “or, in the case of a financially
7 distressed community, the lesser of 40 years or the
8 expected life of the project to be financed with the
9 proceeds of the loan”; and

10 (2) in subparagraph (B) by striking “not later
11 than 20 years after project completion” and insert-
12 ing “upon the expiration of the term of the loan”.

13 (c) ADMINISTRATIVE EXPENSES.—Section 603(d)(7)
14 of the Federal Water Pollution Control Act (33 U.S.C.
15 1383(d)(7)) is amended by inserting before the period at
16 the end the following: “or \$400,000 per year or ½ percent
17 per year of the current valuation of such fund, whichever
18 is greatest, plus the amount of any fees collected by the
19 State for such purpose under subsection (c)(2)”.

20 (d) TECHNICAL AND PLANNING ASSISTANCE FOR
21 SMALL SYSTEMS.—Section 603(d) of the Federal Water
22 Pollution Control Act (33 U.S.C. 1383(d)) is amended—

23 (1) by striking “and” at the end of paragraph
24 (6);

1 (2) by striking the period at the end of para-
2 graph (7) and inserting “; and”; and

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

4 “(8) to provide to small systems technical and
5 planning assistance and assistance in financial man-
6 agement, user fee analysis, budgeting, capital im-
7 provement planning, facility operation and mainte-
8 nance, repair schedules, and other activities to im-
9 prove wastewater treatment plant operations; except
10 that such amounts shall not exceed 2 percent of all
11 grant awards to such fund under this title.”.

12 (e) PRINCIPAL SUBSIDIZATION.—Section 603 of the
13 Federal Water Pollution Control Act is amended by add-
14 ing at the end the following:

15 “(i) PRINCIPAL SUBSIDIZATION.—In any case in
16 which a State makes a loan pursuant to subsection (d)(1)
17 to a financially distressed community, the State may pro-
18 vide additional subsidization, including forgiveness of prin-
19 cipal. The total amount of loan subsidies made by a State
20 under this subsection in a fiscal year may not exceed 30
21 percent of the amount of the capitalization grant received
22 by the State in such fiscal year.

23 “(j) FINANCIALLY DISTRESSED COMMUNITY DE-
24 FINED.—In this section, the term ‘financially distressed
25 community’ means any community that meets afford-

1 ability criteria established by the State in which the treat-
 2 ment works is located, if such criteria are developed after
 3 public review and comment.

4 “(k) INFORMATION TO ASSIST STATES.—The Ad-
 5 ministrator may publish information to assist States in es-
 6 tablishing affordability criteria under subsection (j).

7 “(l) PRIORITY.—A State may give priority to a finan-
 8 cially distressed community in making loans from its
 9 water pollution control revolving fund.”.

10 **SEC. 424. AUTHORIZATION OF APPROPRIATIONS FOR**
 11 **CLEAN WATER STATE REVOLVING FUNDS.**

12 Section 607 of the Federal Water Pollution Control
 13 Act (33 U.S.C. 1387) is amended—

14 (1) by striking “and” at the end of paragraph
 15 (4);

16 (2) by striking the period at the end of para-
 17 graph (5) and inserting “; and”; and

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

19 “(6) \$5,000,000,000 as an additional amount
 20 for fiscal year 2002.”.

21 **SEC. 425. WET WEATHER.**

22 Section 221(f) of the Federal Water Pollution Con-
 23 trol Act (33 U.S.C. 1301(f)) is amended by inserting after
 24 the first sentence the following: “In addition, there is au-

1 thorized to be appropriated to carry out this section an
 2 additional \$1,500,000,000 for fiscal year 2002.”.

3 **SEC. 426. SAFE DRINKING WATER STATE REVOLVING**
 4 **FUNDS.**

5 Section 1452(m) of title XIV of the Public Health
 6 Service Act (commonly known as the “Safe Drinking
 7 Water Act”) (42 U.S.C. 300j–12(m)) is amended by in-
 8 serting after the first sentence the following: “In addition,
 9 there is authorized to be appropriated to carry out this
 10 section an additional \$1,500,000,000 for fiscal year
 11 2002.”.

12 **Subtitle C—Highway**
 13 **Infrastructure Investment**

14 **SEC. 431. FEDERAL-AID HIGHWAY PROGRAM OBLIGATION**
 15 **CEILING.**

16 Section 1102 of the Transportation Equity Act for
 17 the 21st Century (112 Stat. 115) is amended by adding
 18 at the end the following:

19 “(j) INCREASE IN OBLIGATION LIMIT FOR FISCAL
 20 YEAR 2002.—Notwithstanding any other provision of law,
 21 limitations on obligations imposed by subsection (a) for
 22 fiscal year 2002 shall be increased by \$5,000,000,000.
 23 Such sum shall be distributed in accordance with this sec-
 24 tion, except that a program subject to a reduction in funds
 25 under subsection (f) shall receive an amount of obligation

1 authority equal to the amount of contract authority avail-
2 able for such program in such fiscal year.”.

3 **SEC. 432. LIMITATIONS ON CREDIT AMOUNTS.**

4 Section 188(c) of title 23, United States Code, is
5 amended—

6 (1) by striking “For each of” and inserting the
7 following:

8 “(1) IN GENERAL.—For each of”;

9 (2) by adding at the end the following:

10 “(2) SPECIAL RULE.—Notwithstanding any
11 other provision of law, principal amounts of Federal
12 credit instruments authorized under this subsection
13 for fiscal years 1999, 2000, and 2001 that have not
14 been made available shall be available in fiscal years
15 2002 and 2003, in addition to amounts authorized
16 for such fiscal years.”; and

17 (3) by aligning the remainder of the text of
18 paragraph (1) (as designated by paragraph (1) of
19 this section) preceding the table with paragraph (2)
20 (as added by paragraph (2) of this section).

1 **Subtitle D—Transit Infrastructure**
2 **Investment**

3 **SEC. 441. ADDITIONAL AUTHORIZATIONS FOR FORMULA**
4 **GRANTS.**

5 (a) FROM THE TRUST FUND.—Section
6 5338(a)(2)(A)(iv) of title 49, United States Code, is
7 amended by striking “\$2,873,600,000” and inserting
8 “\$5,273,600,000”.

9 (b) FROM THE GENERAL FUND.—Section
10 5338(a)(2)(B)(iv) of title 49, United States Code, is
11 amended by striking “\$718,400,000” and inserting
12 “\$1,318,400,000”.

13 (c) AVAILABILITY OF AMOUNTS.—Notwithstanding
14 sections 5307(k)(2) and section 5336(i), any increase in
15 the amounts apportioned to a recipient attributable to the
16 amendments made by subsections (a) and (b) of this sec-
17 tion may be obligated by the recipient for 1 year after
18 the last day of the fiscal year in which the amount is ap-
19 portioned. Not later than 30 days after the end of the
20 1-year period, an amount that is not obligated at the end
21 of that period shall be added to the amount that may be
22 apportioned under the urbanized area formula program of
23 section 5336 of title 49, United States Code.

1 **SEC. 442. FEDERAL TRANSIT PROGRAM OBLIGATION CEIL-**
 2 **ING.**

3 Section 3040(4) of the Transportation Equity Act for
 4 the 21st Century (112 Stat. 338) is amended by striking
 5 “\$6,747,000,000” and inserting “\$9,747,000,000”.

6 **SEC. 443. UNIFORM DOLLAR LIMITATION FOR ALL TYPES**
 7 **OF TRANSPORTATION FRINGE BENEFITS.**

8 (a) IN GENERAL.—Subparagraph (A) of section
 9 132(f)(2) of the Internal Revenue Code of 1986 (relating
 10 to limitation on exclusion) is amended by striking “\$100”
 11 and inserting “\$175”.

12 (b) EFFECTIVE DATE.—The amendments made by
 13 this section shall apply to taxable years beginning after
 14 December 31, 2001.

15 **Subtitle E—AVIATION**
 16 **INFRASTRUCTURE INVESTMENT**

17 **SEC. 451. INCREASED FUNDING FOR AIRPORT PLANNING**
 18 **AND DEVELOPMENT.**

19 (a) IN GENERAL.—Section 48103(4) of title 49,
 20 United States Code, is amended by striking
 21 “\$3,300,000,000” and inserting “\$5,355,000,000.”.

22 (b) DISCRETIONARY FUND.—Section 47115 of title
 23 49, United States Code, is amended by adding at the end
 24 the following:

25 “(i) ADDITIONAL AMOUNT TO BE CREDITED TO
 26 FUND FOR FISCAL YEAR 2002.—

(c) CONFORMING AMENDMENT.—Section 47114 of title 49, United States Code, is amended by adding at the end the following:

13 “(g) SPECIAL RULE FOR FISCAL YEAR 2002.—Of
14 the funds made available by section 48103(4), the amount
15 subject to apportionment under this section shall be re-
16 duced by the amount credited to the discretionary fund
17 under section 47115(i).”.

18 SEC. 452. INCREASED FUNDING FOR AIRWAY FACILITIES
19 IMPROVEMENT.

Section 48101(a)(4) of title 49, United States Code,
is amended by striking “\$2,914,000,000” and inserting
“\$3,859,000,000”.

**Subtitle F—Maritime
Infrastructure Investment**

**SEC. 461. MARINE TRANSPORTATION SYSTEM INFRASTRUC-
TURE.**

(a) MARITIME LOAN GUARANTEES.—For expenses under the loan guarantee program authorized by title XI of the Merchant Marine Act, 1936 (46 App. U.S.C. 1271 et seq.) there is authorized to be appropriated, in addition to any other amounts authorized for such expenses, \$100,000,000 for fiscal years 2002 and 2003, of which—

(1) \$87,000,000 is for the cost (as defined in section 502(5) of the Federal Credit Reform Act of 1990 (2 U.S.C. 661a(5))) of loan guarantees under the program, including the costs of modifying such loans, of which \$5,000,000 shall be used to guarantee loans for ferries using a streamlined process; and

(2) \$13,000,000 is for administrative expenses related to loan guarantee commitments under the program.

(b) MARINE TRANSPORTATION SYSTEM IMPROVEMENT GRANTS.—

(1) GRANTS AUTHORITY.—The Secretary of Transportation may make a grant to the operator of any port or maritime cargo terminal in the United

1 States to acquire the best available technology,
 2 equipment, or infrastructure to expedite the trans-
 3 portation of cargo through the port or terminal, re-
 4 spectively.

5 (2) QUALIFIED PROJECTS.—A project shall not
 6 qualify for a grant under this section unless it pro-
 7 vides technology, equipment, or infrastructure that
 8 will significantly increase the actual throughput of
 9 cargo through a port or terminal facility.

10 (3) COST SHARING.—The Federal share of the
 11 cost of a project carried out with a grant under this
 12 subsection shall not exceed 50 percent.

13 (4) REGULATIONS.—The Secretary shall, before
 14 July 1, 2002, prescribe final regulations for issuing
 15 grants under this subsection.

16 (5) AUTHORIZATION OF APPROPRIATIONS.—For
 17 grants under this subsection there is authorized to
 18 be appropriated to the Secretary \$500,000,000 for
 19 fiscal years 2002 and 2003.

20 **Subtitle G—Economic Development** 21 **Infrastructure Investment**

22 **SEC. 471. PUBLIC WORKS AND ECONOMIC DEVELOPMENT.**

23 Section 701 of the Public Works and Economic De-
 24 velopment Act of 1965 (42 U.S.C. 3231) is amended—

1 (1) by inserting “(a) IN GENERAL.—” before
2 “‘There are authorized’”; and

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

4 “(b) ADDITIONAL AUTHORIZATION.—In addition to
5 amounts authorized by subsection (a), there are author-
6 ized to be appropriated to carry out this Act \$900,000,000
7 for fiscal year 2002. Such sums shall remain available
8 until September 30, 2003.”.

9 **SEC. 472. APPALACHIAN REGIONAL DEVELOPMENT.**

10 Section 401 of the Appalachian Regional Develop-
11 ment Act of 1965 (40 U.S.C. App.) is amended by adding
12 at the end the following:

13 “(c) ADDITIONAL AUTHORIZATION.—In addition to
14 amounts authorized by subsection (a), there are author-
15 ized to be appropriated to the Commission to carry out
16 this Act \$200,000,000 for fiscal year 2002. Such sums
17 shall remain available until September 30, 2003.”.

18 **SEC. 473. DELTA REGIONAL DEVELOPMENT.**

19 Section 382M of the Consolidated Farm and Rural
20 Development Act (7 U.S.C. 2009aa–12) is amended—

21 (1) by redesignating subsection (b) as sub-
22 section (c);

23 (2) by inserting after subsection (a) the fol-
24 lowing:

1 “(b) ADDITIONAL AUTHORIZATION.—In addition to
 2 amounts authorized by subsection (a), there are author-
 3 ized to be appropriated to the Authority to carry out this
 4 subtitle \$200,000,000 for fiscal year 2002. Such sums
 5 shall remain available until September 30, 2003.”; and

6 (3) in subsection (c) (as so redesignated) by
 7 striking “subsection (a)” and inserting “subsections
 8 (a) and (b)”.

9 **Subtitle H—Water Resources**
 10 **Infrastructure Investment**

11 **SEC. 481. INCREASED FUNDING FOR CORPS OF ENGINEERS**
 12 **PROJECTS.**

13 (a) AUTHORIZATION OF APPROPRIATIONS.—In addi-
 14 tion to other amounts authorized to be appropriated, there
 15 are authorized to be appropriated to the Secretary of the
 16 Army \$1,200,000,000 for fiscal year 2002 to carry out
 17 construction, operation, and maintenance activities for au-
 18 thorized civil functions under the supervision of the Chief
 19 of Engineers. Such sums shall remain available until Sep-
 20 tember 30, 2003.

21 (b) ALLOCATION OF AMOUNTS FOR SECURITY PUR-
 22 POSES.—Of the amounts appropriated pursuant to sub-
 23 section (a), not less than \$263,000,000 shall be available
 24 for security purposes at critical infrastructure, as identi-
 25 fied by the Secretary of the Army.

**Subtitle I—Public Buildings
Infrastructure Investment**

SEC. 491. SECURITY ENHANCEMENTS FOR GSA PROPERTIES.

(a) AUTHORIZATION OF APPROPRIATIONS.—In addition to other amounts credited to the Federal Buildings Fund established pursuant to section 210(f) of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 490(f)), there is authorized to be appropriated \$500,000,000 for fiscal year 2002 to be credited to the Fund. Such sums shall remain available until September 30, 2003.

(b) USE OF FUNDS.—Amounts credited to the Fund under this section shall be available to the Administrator of General Services to carry out projects and activities for enhancing the security of properties under the control of the General Services Administration, including general purpose office space, courthouses, and border crossing stations, and for other repair and alteration purposes.

SEC. 492. SECURITY ENHANCEMENTS FOR JOHN F. KENNEDY CENTER.

Section 12 of the John F. Kennedy Center Act (20 U.S.C. 76r) is amended by adding at the end the following:

1 “(d) ADDITIONAL AUTHORIZATION.—In addition to
 2 the amounts authorized under subsections (a) and (b),
 3 there is authorized to be appropriated to the Board
 4 \$50,000,000 for fiscal year 2002 to carry out projects and
 5 activities for enhancing the security of the building and
 6 site of the John F. Kennedy Center for the Performing
 7 Arts and other projects and activities under subpara-
 8 graphs (F), (G), and (H) of section 4(a)(1).”.

9 **SEC. 493. SECURITY ENHANCEMENTS FOR SMITHSONIAN**
 10 **INSTITUTION.**

11 In addition to other amounts authorized to be appro-
 12 priated, there is authorized to be appropriated to the
 13 Smithsonian Institution \$50,000,000 for fiscal year 2002
 14 to carry out projects and activities for enhancing the secu-
 15 rity of the buildings and grounds of the Smithsonian Insti-
 16 tution and for other capital improvement or repair and
 17 alteration purposes.

18 **Subtitle J—General Provisions**

19 **SEC. 495. PRIORITY CONSIDERATION FOR SECURITY**
 20 **PROJECTS.**

21 The head of a Federal department or agency may
 22 provide financial assistance with any increase in funds au-
 23 thorized or made available by, or with any increase in obli-
 24 gation authority made available by, this Act (including the
 25 amendments made by this Act) only if the recipient of

1 such assistance certifies to the head of such department
2 or agency that the recipient will give priority consideration
3 to programs or projects that enhance security, to the ex-
4 tent that such programs or projects are immediately ready
5 to be implemented.

6 **SEC. 496. TEMPORARY WAIVER OF NON-FEDERAL SHARE.**

7 (a) IN GENERAL.—Notwithstanding any other provi-
8 sion of law and subject to subsection (b), in providing fi-
9 nancial assistance for a program or project with any in-
10 crease in funds authorized or made available by, or with
11 any increase in obligation authority made available by, this
12 Act (including the amendments made by this Act (other
13 than subtitle A of title I of this Act)), the head of a Fed-
14 eral department or agency, upon request of the recipient
15 of such assistance, may increase the Federal share of the
16 cost of the program or project to not to exceed 100 percent
17 of such cost.

18 (b) REPAYMENTS.—Before increasing the Federal
19 share of the cost of a program or project under subsection
20 (a), the head of a Federal department or agency shall
21 enter into a legally binding agreement with the recipient
22 of financial assistance for the program or project under
23 which the recipient agrees to repay the United States for
24 the increased Federal share of the program or project on
25 or before September 30, 2003.

1 **SEC. 497. MAINTENANCE OF EFFORT.**

2 The head of a Federal department or agency may
3 provide financial assistance for a program or project with
4 any increase in funds authorized or made available by, or
5 with any increase in obligation authority made available
6 by, this Act (including the amendments made by this Act)
7 for a fiscal year only if the recipient of such assistance
8 certifies to the head of such department or agency that
9 the aggregate expenditure of funds of the recipient, exclu-
10 sive of Federal funds, for such program or project will be
11 maintained at a level that does not fall below the average
12 level of such expenditure for the preceding 2 fiscal years
13 of the recipient.

14 **SEC. 498. LABOR STANDARDS.**

15 (a) **PREVAILING WAGES.**—The head of a Federal de-
16 partment or agency providing financial assistance with
17 any increase in funds authorized or made available by, or
18 with any increase in obligation authority made available
19 by, this Act (including the amendments made by this Act)
20 shall ensure that laborers and mechanics employed by con-
21 tractors and subcontractors in construction work financed
22 by such financial assistance will be paid wages not less
23 than those prevailing on similar construction in the local-
24 ity, as determined by the Secretary of Labor under the
25 Act of March 3, 1931 (known as the Davis-Bacon Act;
26 40 U.S.C. 276a et seq.). The head of the department or

1 agency shall provide such financial assistance only after
2 being assured that required labor standards will be main-
3 tained on the construction work.

4 (b) WAGE RATES.—Wage rates in a collective bar-
5 gaining agreement negotiated under the Railway Labor
6 Act (45 U.S.C. 151 et seq.) are deemed for purposes of
7 this section to comply with the Act of March 3, 1931
8 (known as the Davis-Bacon Act; 40 U.S.C. 276a et seq.).

9 **SEC. 499. BUY AMERICA.**

10 (a) PREFERENCE.—The head of a Federal depart-
11 ment or agency may provide financial assistance for a
12 project with any increase in funds authorized or made
13 available by, or with any increase in obligation authority
14 made available by, this title (including the amendments
15 made by this title) only if steel and manufactured goods
16 used in the project are produced in the United States.

17 (b) WAIVER.—The head of a Federal department or
18 agency may waive subsection (a) if the head of the Federal
19 department or agency finds that—

20 (1) applying subsection (a) would be incon-
21 sistent with the public interest;

22 (2) the steel and goods produced in the United
23 States are not produced in a sufficient and reason-
24 ably available amount or are not of a satisfactory
25 quality;

1 (3) when procuring a facility or equipment with
 2 any increase in funds or obligation authority de-
 3 scribed in subsection (a)—

4 (A) the cost of components and subcompo-
 5 nents produced in the United States is more
 6 than 60 percent of the cost of all components
 7 of the facility or equipment; and

8 (B) final assembly of the facility or equip-
 9 ment has occurred in the United States; or

10 (4) including domestic material will increase the
 11 cost of the overall project by more than 25 percent.

12 (c) LABOR COSTS.—In this section, labor costs in-
 13 volved in final assembly are not included in calculating the
 14 cost of components.

15 **TITLE V—ELEMENTARY AND**
 16 **SECONDARY EDUCATION IN-**
 17 **FRASTRUCTURE**

18 **SEC. 501. ELEMENTARY AND SECONDARY EDUCATION IN-**
 19 **FRASTRUCTURE.**

20 (a) IN GENERAL.—The Secretary of Education shall
 21 provide \$5,000,000,000 in grants to the State and out-
 22 lying area entities responsible for the financing of edu-
 23 cation facilities (hereinafter in this section referred to as
 24 the “State entity”), on the basis of the same percentage
 25 as the State educational agency received of the funds allo-

1 cated to States and outlying areas through the Depart-
 2 ment of Education Appropriations Act, 2002 for carrying
 3 out part A, title I of the Elementary and Secondary Edu-
 4 cation Act of 1965, for awarding grants in accordance
 5 with subsection (b) to local educational agencies to enable
 6 them to make urgent repairs and renovations to public
 7 school facilities.

8 (b) GRANTS.—

9 (1) IN GENERAL.—A State entity shall award
 10 urgent school renovation grants to local educational
 11 agencies under this section on a competitive basis
 12 that includes consideration of each local educational
 13 agency applicant’s—

14 (A) relative percentage of children from
 15 low-income families;

16 (B) need for school repairs and renova-
 17 tions;

18 (C) fiscal capacity; and

19 (D) plans to maintain the facilities re-
 20 paired or renovated under the grant.

21 (2) FEDERAL SHARE.—The Federal share of
 22 the cost of each project assisted by funds made
 23 available under this section shall be determined
 24 based on the percentage of the local educational
 25 agency’s attendance that is comprised of children 5

1 to 17 years of age, inclusive, who are from families
 2 with incomes below the poverty line (as defined by
 3 the Office of Management and Budget and revised
 4 annually in accordance with section 673(2) of the
 5 Community Services Block Grant Act (42 U.S.C.
 6 9902(2)) applicable to a family of the size involved
 7 for the most recent fiscal year for which data satis-
 8 factory to the Secretary are available:

If the percentage is:	The federal share is:
At least 40%	100%
At least 30% but less than 40%	90%
At least 20% but less than 30%	80%
At least 10% but less than 20%	70%
Less than 10%	60%.

9 (3) EXCESS ALLOCATIONS.—If, after providing
 10 an opportunity to the public and all local educational
 11 agencies in the State to comment, consistent with
 12 any applicable State and local law specifying how
 13 the comments may be received and how the com-
 14 ments may be reviewed by any member of the public,
 15 the State entity demonstrates that the amount of
 16 the State’s allocation exceeds the amount needed to
 17 address the needs of the local educational agencies
 18 in the State for school repair and renovation under
 19 this section—

20 (A) the State entity shall transfer any ex-
 21 cess portion of that allocation to the State edu-
 22 cational agency; and

1 (B) the State educational agency shall allo-
2 cate 100 percent of those excess funds received
3 under subsection (a) in accordance with section
4 5312 of the Elementary and Secondary Edu-
5 cation Act of 1965 as amended by Public Law
6 107–110 for activities authorized under section
7 5331 of the Elementary and Secondary Edu-
8 cation Act of 1965 as amended by Public Law
9 107–110 to be determined by each such local
10 educational agency as part of a local strategy
11 for improving academic achievement.

12 (c) FUNDS FOR SCHOOL RENOVATIONS.—

13 (1) IN GENERAL.—If a local educational agency
14 uses funds for urgent school renovation, then the fol-
15 lowing provisions shall apply:

16 (A) Urgent school renovation shall be lim-
17 ited to one or more of the following:

18 (i) Emergency renovations or repairs
19 to the school facilities only to ensure the
20 health and safety of students and staff.

21 (ii) School facilities modifications nec-
22 essary to render school facilities accessible
23 in order to comply with the Americans
24 With Disabilities Act.

1 (iii) School facilities modifications
2 necessary to render school facilities acces-
3 sible in order to comply with section 504
4 of the Rehabilitation Act.

5 (iv) Upgrades to existing technology.

6 (v) Asbestos abatement or removal
7 from school facilities.

8 (vi) Security upgrades.

9 (2) LIMITATIONS.—No funds received under
10 this section for urgent school renovation may be
11 used for—

12 (A) payment of maintenance costs in con-
13 nection with any projects constructed in whole
14 or part with Federal funds provided under this
15 section; or

16 (B) stadiums or other facilities primarily
17 used for athletic contests or exhibitions or other
18 events for which admission is charged to the
19 general public.

20 **SEC. 502. LABOR STANDARDS.**

21 The Secretary of Education shall ensure that laborers
22 and mechanics employed by contractors and subcontractors
23 in construction work financed by this title will be paid
24 wages not less than those prevailing on similar construc-
25 tion in the locality, as determined by the Secretary of

1 Labor under the Act of March 3, 1931 (known as the
2 Davis-Bacon Act; 40 U.S.C. 276a et seq.).

3 **TITLE VI—REVENUE OFFSETS**

4 **SEC. 601. TOP INDIVIDUAL INCOME TAX MARGINAL RATE** 5 **NOT REDUCED BELOW 2003 LEVEL.**

6 (a) IN GENERAL.—The table contained in paragraph
7 (2) of section 1(i) of the Internal Revenue Code of 1986
8 is amended—

9 (1) by striking “37.6%” and inserting
10 “38.6%”, and

11 (2) by striking “35.0%” and inserting
12 “38.6%”.

13 (b) EFFECTIVE DATE.—The amendments made by
14 this section shall apply to taxable years beginning after
15 December 31, 2003.

16 **SEC. 602. REINSTATEMENT OF ESTATE TAX FOR ESTATE** 17 **OVER \$5,000,000; REPEAL OF CARRYOVER** 18 **BASIS.**

19 (a) REINSTATEMENT OF ESTATE TAX.—

20 (1) IN GENERAL.—Subtitles A and E of title V
21 of the Economic Growth and Tax Relief Reconcili-
22 ation Act of 2001, and the amendments made by
23 such subtitles, are hereby repealed; and the Internal
24 Revenue Code of 1986 shall be applied as if such
25 subtitles, and amendments, had never been enacted.

1 (2) SUNSET NOT TO APPLY.—

2 (A) Subsection (a) of section 901 of the
3 Economic Growth and Tax Relief Reconciliation
4 Act of 2001 is amended by striking “this Act”
5 and all that follows and inserting “this Act
6 (other than title V) shall not apply to taxable,
7 plan, or limitation years beginning after Decem-
8 ber 31, 2010.”.

9 (B) Subsection (b) of such section 901 is
10 amended by striking “, estates, gifts, and trans-
11 fers”.

12 (3) CONFORMING AMENDMENTS.—Subsections
13 (d) and (e) of section 511 of the Economic Growth
14 and Tax Relief Reconciliation Act of 2001, and the
15 amendments made by such subsections, are hereby
16 repealed; and the Internal Revenue Code of 1986
17 shall be applied as if such subsections, and amend-
18 ments, had never been enacted.

19 (b) INCREASE IN EXCLUSION EQUIVALENT OF UNI-
20 FIED CREDIT TO \$5,000,000.—Subsection (c) of section
21 2010 of the Internal Revenue Code of 1986 (relating to
22 applicable credit amount) is amended by striking all that
23 follows “the applicable exclusion amount” and inserting
24 “. For purposes of the preceding sentence, the applicable
25 exclusion amount is \$5,000,000.”.

1 (c) MAXIMUM ESTATE TAX RATE TO REMAIN AT
2 2003 LEVEL.—

3 (1) IN GENERAL.—The table contained in para-
4 graph (1) of section 2001(c) of such Code is amend-
5 ed by striking the 2 highest brackets and inserting
6 a new bracket to read as follows:

“Over \$2,000,000	\$780,000, plus 49% of the excess over \$2,000,000.”.
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7 (2) CONFORMING AMENDMENT.—Paragraph (2)
8 of section 2001(c) of such Code is hereby repealed.

9 (d) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to estates of decedents dying, and
11 gifts made, after December 31, 2003.

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