

Union Calendar No. 201

109TH CONGRESS
2^D SESSION

H. R. 1631

[Report No. 109–314, Parts I and II]

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

IN THE HOUSE OF REPRESENTATIVES

APRIL 14, 2005

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

NOVEMBER 18, 2005

Reported from the Committee on Transportation and Infrastructure

NOVEMBER 18, 2005

Referral to the Committee on Ways and Means extended for a period ending not later than December 31, 2005

DECEMBER 31, 2005

Referral to the Committee on Ways and Means extended for a period ending not later than February 3, 2006

FEBRUARY 3, 2006

Additional sponsors: Mr. SIMMONS, Ms. NORTON, Ms. MILLENDER-McDONALD, Mr. BISHOP of New York, Mr. WEINER, Mr. BOSWELL, Mr. BLUMENAUER, Mr. CHANDLER, Ms. CARSON, Mr. KUHLMANN of New York, Mr. PLATTS, Mr. WELLER, Mr. GERLACH, Mr. NEY, Mr. McHUGH, Mr. DAVIS of Illinois, Mr. HOLT, Mr. HONDA, Ms. MCCOLLUM of Minnesota, Mr. ABERCROMBIE, Mr. RAHALL, Ms. BALDWIN, Mr. REYES, Mr. ISRAEL, Mr. RUPPERSBERGER, Mr. BRADY of Pennsylvania, Mr. HINCHAY, Mr. DEFazio, Mrs. JONES of Ohio, Mr. PAYNE, Mr. GRIJALVA, Mr. LEWIS of Georgia, Mr. CARNAHAN, Mrs. MCCARTHY, Mr. CUELLAR,

Mr. MENENDEZ, Mr. LIPINSKI, Mr. McNULTY, Mr. MATSUI, Ms. BERKLEY, Ms. WOOLSEY, Mr. ENGEL, Mr. BACA, Mr. ACKERMAN, Mr. LANTOS, Mr. RANGEL, Mr. PASTOR, Mr. MORAN of Virginia, Mr. EVANS, Mr. DOYLE, Mr. MCGOVERN, Mr. KILDEE, Mr. LOBIONDO, Mr. POMEROY, Mr. BROWN of Ohio, Mr. MCINTYRE, Mr. PALLONE, Mr. LYNCH, Mr. BOUCHER, Mr. MICHAUD, Mr. MILLER of North Carolina, Mr. GUTIERREZ, Mr. SCHWARZ of Michigan, Mr. FILNER, Mr. BUTTERFIELD, Mr. WEXLER, Mr. LARSEN of Washington, Mr. CUMMINGS, Ms. LINDA T. SÁNCHEZ of California, and Mr. COSTA

FEBRUARY 3, 2006

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

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

A BILL

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

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

3 **SECTION 1. SHORT TITLE.**

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

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

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

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

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

1 “(1) the bonds are to be issued by—

2 “(A) a State, if the entire railroad pas-
3 senger transportation corridor containing the
4 infrastructure project to be financed is within
5 the State;

6 “(B) 1 or more of the States that have en-
7 tered into an agreement or an interstate com-
8 pact consented to by Congress under section
9 410(a) of Public Law 105–134 (49 U.S.C
10 24101 nt); or

11 “(C) an agreement or an interstate com-
12 pact described in subparagraph (B);

13 “(2) the bonds are for the purpose of financ-
14 ing—

15 “(A) projects that make a substantial con-
16 tribution to providing the infrastructure and
17 equipment required to complete a high-speed
18 rail transportation corridor (including projects
19 for the acquisition, financing, or refinancing of
20 equipment and other capital improvements, in-
21 cluding the introduction of new high-speed tech-
22 nologies such as magnetic levitation systems,
23 track or signal improvements, the elimination of
24 grade crossings, development of intermodal fa-
25 cilities, improvement of train speeds or safety,

1 or both, and station rehabilitation or construc-
2 tion); but only if the Secretary determines that
3 the projects are part of a viable and comprehen-
4 sive high-speed rail transportation corridor de-
5 sign for intercity passenger service, including a
6 design for minimally operable segments of a
7 corridor designated under section 104(d)(2) of
8 title 23, United States Code; or

9 “(B) projects for the Alaska Railroad;

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

1 “(4) the corridor design eliminates existing rail-
 2 way-highway grade crossings that the Secretary de-
 3 termines would impede high-speed rail operations;

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

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

12 “(B) the protective arrangements estab-
 13 lished under section 504 of the Railroad Revi-
 14 talization and Regulatory Reform Act of 1976
 15 (45 U.S.C. 836) with respect to employees af-
 16 fected by actions taken in connection with the
 17 project to be financed by the bond; and

18 “(6) the applicant agrees not to pay the prin-
 19 cipal or interest on the bonds using funds derived di-
 20 rectly or indirectly from the Highway Trust Fund,
 21 except as permitted by law as of the date of the en-
 22 actment of this section.

23 “(b) BOND AMOUNT LIMITATION.—

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

1 “(A) in the case of subsection (f) bonds;
 2 \$1,200,000,000 for each of the fiscal years
 3 2006 through 2015; and

4 “(B) in the case of section 54 bonds;
 5 \$1,200,000,000 for each of the fiscal years
 6 2006 through 2015.

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

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

13 “(B) with respect to subparagraph (B) of
 14 paragraph (1), the amount of section 54 bonds
 15 issued during such year;

16 the limitation amount under subparagraph (A) or
 17 (B) of paragraph (1), as the case may be, for the
 18 following fiscal year (through fiscal year 2019) shall
 19 be increased by the amount of such excess.

20 “(e) PREFERENCE.—The Secretary shall give pref-
 21 erence to the designation under this section of bonds for
 22 projects—

23 “(1) to be funded through a combination of
 24 subsection (f) bonds and section 54 bonds;

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

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

5 ~~“(4) expected to also improve commuter rail op-~~
 6 ~~erations;~~

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

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

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

15 ~~“(e) ANNUAL REPORTS.—~~

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

21 ~~“(2) FROM SECRETARY.—The Secretary, in~~
 22 ~~consultation with the Secretary of the Treasury,~~
 23 ~~shall transmit to the Congress an annual report~~
 24 ~~which includes—~~

1 “(A) reports received under paragraph (1);
2 and

3 “(B) an assessment of the progress made
4 toward completion of high-speed rail transpor-
5 tation corridors resulting from projects financed
6 by bonds designated under subsection (a).

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

8 “~~(1)~~ EXCLUSION FROM GROSS INCOME.—The
9 interest on a bond designated by the Secretary
10 under subsection (a) for purposes of this subsection
11 shall be excluded from gross income under section
12 ~~103~~ of the Internal Revenue Code of 1986, notwith-
13 standing section 149(c) of such Code.

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

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

1 by such indebtedness) was originally incurred by the
2 issuer—

3 “(1) after the date of the enactment of this sec-
4 tion;

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

6 “(3) to finance projects described in subsection
7 (a)(2); and

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

10 “(h) PROVISIONS REGARDING HIGH-SPEED RAIL
11 SERVICE.—

12 “(1) STATUS AS EMPLOYER OR CARRIER.—Any
13 entity providing railroad transportation (within the
14 meaning of section 20102) that begins operations
15 after the date of the enactment of this section and
16 that uses property acquired pursuant to this section
17 (except as provided in subsection (a)(2)(B)), shall be
18 considered an employer for purposes of the Railroad
19 Retirement Act of 1974 (45 U.S.C. 231 et seq.) and
20 considered a carrier for purposes of the Railway
21 Labor Act (45 U.S.C. 151 et seq.).

22 “(2) COLLECTIVE BARGAINING AGREEMENT.—
23 Any entity providing high-speed intercity passenger
24 railroad transportation (within the meaning of sec-
25 tion 20102) that begins operations after the date of

1 enactment of this section on a project funded in
 2 whole or in part by bonds designated under sub-
 3 section (a); and replaces intercity rail passenger
 4 service that was provided by another entity as of the
 5 date of enactment of this section, shall enter into an
 6 agreement with the authorized bargaining agent or
 7 agents for employees of the predecessor provider
 8 that—

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

16 “(B) establishes a procedure for notifying
 17 such an employee of such positions;

18 “(C) establishes a procedure for such an
 19 employee to apply for such positions; and

20 “(D) establishes rates of pay, rules, and
 21 working conditions.

22 “(3) IMMEDIATE REPLACEMENT OF EXISTING
 23 RAIL PASSENGER SERVICE.—

24 “(A) NEGOTIATIONS.—If the replacement
 25 of preexisting intercity rail passenger service oc-

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

24 “(B) ARBITRATION.—If an agreement has
25 not been entered into with respect to all mat-

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

“(C) SERVICE COMMENCEMENT.—A replacing entity under this paragraph shall commence service only after an agreement is en-

1 tered into with respect to the matters set forth
2 in paragraph (2)(A)–(D) or the decision of the
3 arbitrator has been rendered.

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

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

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

2 “(1) SUBSECTION (f) BOND.—The term ‘sub-
3 section (f) bond’ means a bond designated by the
4 Secretary under subsection (a) for purposes of sub-
5 section (f).”

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

12 “(b) TABLE OF SECTIONS AMENDMENT.—The table of
13 sections of chapter 261 of title 49, United States Code,
14 is amended by adding after the item relating to section
15 26105 the following new item:

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

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

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

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

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

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

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

11 **“(b) AMOUNT OF CREDIT.—**

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

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

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

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

24 **“(3) APPLICABLE CREDIT RATE.—**For 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 “(e) LIMITATION BASED ON AMOUNT OF TAX.—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7 “(C) to proceed with due diligence to com-
 8 plete such projects and to spend the proceeds
 9 from the sale of the issue.

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

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

23 “(B) the following requirements are met:

24 “(i) The issuer spends at least 75 per-
 25 cent of the proceeds from the sale of the

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

4 “(ii) Either—

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

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

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

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

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

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

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

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

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

3 ~~“(3) SPECIAL RULES.—~~

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

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

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

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

20 ~~“(h) OTHER DEFINITIONS AND SPECIAL RULES.—~~
21 For purposes of this section—

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

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

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

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

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

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

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

9 (b) AMENDMENTS TO OTHER CODE SECTIONS.—

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

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

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

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

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

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

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

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

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

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

~~“(5) SPECIAL RULE FOR HOLDERS OF QUALIFIED HIGH-SPEED RAIL INFRASTRUCTURE BONDS.—~~

~~For purposes of this section, the credit allowed by section 54 to a taxpayer by reason of holding a qualified high-speed rail infrastructure bond on a credit allowance date shall be treated as if it were a payment of estimated tax made by the taxpayer on such date.”.~~

(c) CLERICAL AMENDMENTS.—

(1) The table of subparts for part IV of subchapter A of chapter 1 is amended by adding at the end the following new item:

~~“SUBPART H: NONREFUNDABLE CREDIT FOR HOLDERS OF QUALIFIED HIGH-SPEED RAIL INFRASTRUCTURE BONDS”.~~

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

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

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

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

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

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

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

19 **SEC. 4. 2. HIGH-SPEED RAIL CORRIDOR DEVELOPMENT.**

20 ~~(a) CORRIDOR DEVELOPMENT.—~~

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

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

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

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

7 (D) in subsection (b)(1)—

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

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

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

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

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

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

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

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

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

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

7 “(a) FISCAL YEARS 2006 THROUGH 2013.—There
8 are authorized to be appropriated to the Secretary—

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

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

13 for each of the fiscal years 2006 through 2013.

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

17 **SEC. 5. 3. REHABILITATION AND IMPROVEMENT**
18 **FINANCING.**

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

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

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

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

13 (1) by striking “\$3,500,000,000” and inserting
14 “\$35,000,000,000”;

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

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

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

25 (1) in paragraph (2)—

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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109TH CONGRESS
2^D Session

H. R. 1631

[Report No. 109-314, Parts I and II]

A BILL

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

FEBRUARY 3, 2006

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