

110TH CONGRESS
2D SESSION

S. 3360

To increase the availability of domestically manufactured passenger cars for
intercity passenger rail service, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JULY 29 (legislative day, JULY 28), 2008

Mr. DURBIN (for himself and Mr. CARPER) introduced the following bill;
which was read twice and referred to the Committee on Finance

A BILL

To increase the availability of domestically manufactured
passenger cars for intercity passenger rail service, 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 “Creating American
5 Rolling Stock Act of 2008” or the “Train CARS Act”.

6 **SEC. 2. DEFINITIONS.**

7 In this Act:

8 (1) AMTRAK.—The term “Amtrak” means the
9 National Railroad Passenger Corporation.

1 (2) ELIGIBLE APPLICANT.—The term “eligible
2 applicant” means Amtrak, a State (including the
3 District of Columbia), a group of States, an inter-
4 state compact, or a regional transportation authority
5 established by 1 or more States and having responsi-
6 bility for providing intercity passenger rail service.

7 (3) INTERCITY PASSENGER RAIL SERVICE.—
8 The term “intercity passenger rail service” means
9 transportation services with the primary purpose of
10 passenger transportation between towns, cities, and
11 metropolitan areas by rail.

12 (4) REHABILITATE.—The term “rehabilitate”
13 means extending the useful life or improving the ef-
14 fectiveness of existing rolling stock, including—

15 (A) the correction of a deficiency;

16 (B) the modernization or replacement of
17 equipment;

18 (C) the modernization of, or replacement
19 of parts for, rolling stock;

20 (D) the rehabilitation or remanufacture of
21 rail rolling stock and associated facilities used
22 primarily in intercity passenger rail service; and

23 (E) the use of nonstructural elements.

24 (5) SECRETARY.—The term “Secretary” means
25 the Secretary of Transportation.

1 **SEC. 3. GRANTS TO PURCHASE DOMESTICALLY MANUFAC-**
 2 **TURED ROLLING STOCK FOR INTERCITY PAS-**
 3 **SENGER RAIL SERVICE.**

4 (a) GRANT AUTHORIZED.—

5 (1) IN GENERAL.—The Secretary of Transpor-
 6 tation may award grants under this section to eligi-
 7 ble applicants to purchase or rehabilitate domesti-
 8 cally manufactured rolling stock necessary to provide
 9 or improve intercity passenger rail transportation.

10 (2) CONDITIONS.—Not later than 90 days after
 11 the date of the enactment of this Act, the Secretary
 12 shall promulgate regulations that establish proce-
 13 dures and schedules for the awarding of grants
 14 under this section, including application and quali-
 15 fication procedures and a record of decision on ap-
 16 plicant eligibility.

17 (b) PROJECT AS PART OF STATE RAIL PLAN.—

18 (1) IN GENERAL.—The Secretary may not
 19 award a grant for a purchase of rolling stock under
 20 this section unless the Secretary determines that—

21 (A) the project is part of a State rail plan
 22 developed under chapter 225 of title 49, United
 23 States Code; and

24 (B) the applicant or recipient has or will
 25 have the legal, financial, and technical capacity

1 to purchase, install, and maintain the rolling
2 stock.

3 (2) INFORMATION.—An eligible applicant shall
4 provide sufficient information upon which the Sec-
5 retary can make the determination required under
6 paragraph (1).

7 (c) SELECTION CRITERIA.—In selecting grant recipi-
8 ents under subsection (a), the Secretary shall—

9 (1) require that each rail car purchased with
10 grant funds meet all applicable safety and security
11 requirements;

12 (2) give preference to rail cars with high levels
13 of estimated ridership, increased on-time perform-
14 ance, reduced trip time, additional service frequency
15 to meet anticipated or existing demand, or other sig-
16 nificant service enhancements;

17 (3) ensure that each rail car is compatible with,
18 and is operated in conformance with—

19 (A) plans developed pursuant to the re-
20 quirements of section 135 of title 23, United
21 States Code; and

22 (B) the national rail plan, if available; and

23 (4) give preference to purchases of rolling stock
24 that—

1 (A) are expected to have a significant fa-
2 vorable impact on air or highway traffic conges-
3 tion, capacity, or safety;

4 (B) will improve freight or commuter rail
5 operations;

6 (C) will have significant environmental
7 benefits, including the purchase of environ-
8 mentally sensitive, fuel-efficient, and cost-effec-
9 tive passenger rail equipment;

10 (D) will have positive economic and em-
11 ployment impacts;

12 (E) have commitments of funding from
13 non-Federal Government sources in a total
14 amount that exceeds the minimum amount of
15 the non-Federal contribution required for the
16 project;

17 (F) involve donated property interests or
18 services;

19 (G) are identified by the Surface Transpor-
20 tation Board as necessary to improve the on-
21 time performance and reliability of intercity
22 passenger rail under section 24308(f) of title
23 49, United States Code;

24 (H) are designed to support intercity pas-
25 senger rail service;

1 (I) can be easily transferred to commuter
 2 service or to another intercity passenger rail
 3 route; and

4 (J) are produced domestically.

5 (d) AMTRAK ELIGIBILITY.—To receive a grant under
 6 this section, Amtrak may enter into a cooperative agree-
 7 ment with 1 or more States to purchase or rehabilitate
 8 rolling stock for 1 or more projects on a State rail plan’s
 9 ranked list of rail capital projects developed under section
 10 22504(a)(5) of title 49, United States Code.

11 (e) FEDERAL SHARE OF NET PROJECT COST.—A
 12 grant for the purchase of rolling stock under this section
 13 shall not exceed 80 percent of the total cost.

14 (f) AUTHORIZATION OF APPROPRIATIONS.—There is
 15 authorized to be appropriated such sums as are necessary
 16 to the Secretary for fiscal year 2009 and for each subse-
 17 quent fiscal year for the grants to purchase domestically
 18 manufactured and rehabbed rolling stock under this sec-
 19 tion.

20 **SEC. 4. BUY AMERICAN CONDITIONS.**

21 (a) DOMESTIC BUYING PREFERENCE.—

22 (1) REQUIREMENT.—

23 (A) IN GENERAL.—In using grant funds or
 24 bond proceeds made available under this Act or
 25 an amendment made by this Act for purchasing

1 rolling stock, a grant or bond proceeds recipient
2 may only purchase—

3 (i) unmanufactured articles, material,
4 and supplies mined or produced in the
5 United States; or

6 (ii) manufactured articles, material,
7 and supplies manufactured in the United
8 States substantially from articles, material,
9 and supplies mined, produced, or manufac-
10 tured in the United States.

11 (B) DE MINIMIS AMOUNT.—Subparagraph
12 (A) shall only apply to purchases totaling at
13 least \$1,000,000.

14 (2) EXEMPTIONS.—The Secretary of Transpor-
15 tation may exempt a grant or bond proceeds recipi-
16 ent from the requirements of this subsection if the
17 Secretary, after receiving an application for such ex-
18 emption, determines that, for particular articles, ma-
19 terial, or supplies—

20 (A) such requirements are inconsistent
21 with the public interest;

22 (B) the cost of imposing the requirements
23 is unreasonable; or

24 (C) the articles, material, or supplies, or
25 the articles, material, or supplies from which

1 they are manufactured, are not mined, pro-
2 duced, or manufactured in the United States in
3 sufficient and reasonably available commercial
4 quantities and are not of a satisfactory quality.

5 (b) OPERATORS DEEMED RAIL CARRIERS AND EM-
6 PLOYERS FOR CERTAIN PURPOSES.—Any entity that con-
7 ducts rail operations using rolling stock that has been
8 manufactured or rehabilitated with funding provided in
9 whole or in part by a grant or bond proceeds made avail-
10 able under this Act or an amendment made by this Act
11 shall be considered a rail carrier (as defined in section
12 10102(5) of title 49, United States Code) for purposes
13 of this Act and any other law that adopts that definition
14 or in which that definition applies, including—

15 (1) the Railroad Retirement Act of 1974 (45
16 U.S.C. 231 et seq.);

17 (2) the Railway Labor Act (43 U.S.C. 151 et
18 seq.); and

19 (3) the Railroad Unemployment Insurance Act
20 (45 U.S.C. 351 et seq.).

21 (c) PREVAILING WAGE REQUIREMENT.—Any entity
22 that purchases or rehabilitates rolling stock which has
23 been financed in whole or in part by grants or bond pro-
24 ceeds made available under this Act or an amendment
25 made by this Act shall comply with subchapter IV of chap-

ter 31 of title 40, United States Code, commonly referred to as the “Davis-Bacon Act”.

SEC. 5. NEXT GENERATION CORRIDOR TRAIN EQUIPMENT POOL.

(a) IN GENERAL.—Not later than 180 days after the date of the enactment of this Act, Amtrak shall establish a Next Generation Corridor Equipment Pool Committee (referred to in this section as the “Committee”), which shall be comprised of representatives of Amtrak, the Federal Railroad Administration, host freight railroad companies, passenger railroad equipment manufacturers, commuter rail agencies, railroad labor unions, other passenger railroad operators, as appropriate, and interested States.

(b) PURPOSE.—The purpose of the Committee shall be to design, develop specifications for, and procure standardized next-generation corridor equipment, including rolling stock that is easily transferred from commuter rail service to new intercity passenger rail service.

(c) FUNCTIONS.—The Committee may—

- (1) determine the number of different types of equipment required, taking into account variations in operational needs and corridor infrastructure;
- (2) establish a pool of equipment to be used on corridor routes funded by participating States;

1 (3) subject to agreements between Amtrak and
 2 States, utilize services provided by Amtrak to design,
 3 maintain, and rehabilitate equipment; and

4 (4) explore the benefits of creating a public or
 5 private entity that would—

6 (A) purchase and own domestically pro-
 7 duced rolling stock; and

8 (B) lease such rolling stock to States or
 9 Amtrak for passenger rail service.

10 (d) COOPERATIVE AGREEMENTS.—Amtrak and
 11 States participating in the Committee may—

12 (1) enter into agreements for the funding, pro-
 13 curement, rehabilitation, ownership, management, or
 14 leasing of corridor equipment, including equipment
 15 currently owned or leased by Amtrak and next gen-
 16 eration corridor equipment acquired as a result of
 17 the Committee’s actions; and

18 (2) establish a corporation, which may be
 19 owned or jointly owned by Amtrak, participating
 20 States or other entities, to perform these functions.

21 **SEC. 6. INTERCITY PASSENGER RAIL ROLLING STOCK AC-**
 22 **COUNT.**

23 (a) ESTABLISHMENT OF ACCOUNT.—Section 9503 of
 24 the Internal Revenue Code of 1986 (relating to Highway

1 Trust Fund) is amended by adding at the end the fol-
 2 lowing new subsection:

3 “(g) INTERCITY PASSENGER RAIL ROLLING STOCK
 4 ACCOUNT.—

5 “(1) CREATION OF ACCOUNT.—There is estab-
 6 lished in the Highway Trust Fund a separate ac-
 7 count to be known as the ‘Intercity Passenger Rail
 8 Rolling Stock Account’, consisting of such amounts
 9 as may be transferred or credited to the Intercity
 10 Passenger Rail Rolling Stock Account as provided in
 11 this subsection or section 9602(b).

12 “(2) TRANSFER TO ACCOUNT OF AMOUNTS
 13 EQUIVALENT TO CERTAIN TAXES.—The Secretary of
 14 the Treasury shall transfer to the Intercity Pas-
 15 senger Rail Rolling Stock Trust Fund the intercity
 16 passenger rail rolling stock portion of the amounts
 17 appropriated to the Highway Trust Fund under sub-
 18 section (b) which are attributable to taxes under sec-
 19 tion 4041 or 4081 imposed after September 30,
 20 2009, and before October 1, 2012. For purposes of
 21 the preceding sentence, the term ‘intercity passenger
 22 rail rolling stock portion’ means for any fuel with re-
 23 spect to which tax was imposed under section 4041
 24 or 4081 and otherwise deposited into the Highway

1 Trust Fund, the determined at the rate of .25 cent
2 per gallon.

3 “(3) EXPENDITURES FROM ACCOUNT.—

4 “(A) IN GENERAL.—Amounts in the Inter-
5 city Passenger Rail Rolling Stock Account shall
6 be available without fiscal year limitation to—

7 “(i) eligible applicants (as defined in
8 section 2 of the Train CARS Act) to fi-
9 nance the purchase and rehabilitation of
10 rolling stock, and

11 “(ii) each non-Amtrak State, to the
12 extent determined under subparagraph
13 (B), for transportation-related expendi-
14 tures.

15 “(B) MAXIMUM AMOUNT OF FUNDS TO
16 NON-AMTRAK STATES.—Except as provided
17 under subparagraph (C), each non-Amtrak
18 State shall receive under this paragraph an
19 amount equal to the lesser of—

20 “(i) the State’s qualified expenses for
21 the fiscal year, or

22 “(ii) the product of the number of
23 months such State is a non-Amtrak State
24 in such fiscal year and $\frac{1}{12}$ of 1 percent of
25 the lesser of—

1 “(I) the aggregate amounts
2 transferred and credited to the Inter-
3 city Passenger Rail Account under
4 paragraph (1) for such fiscal year, or

5 “(II) the aggregate amounts ap-
6 propriated from the Intercity Pas-
7 senger Rail Account for such fiscal
8 year.

9 “(C) ADJUSTMENT.—If the amount deter-
10 mined under subparagraph (B)(ii) exceeds the
11 amount under subparagraph (B)(i) for any fis-
12 cal year, the amount under subparagraph
13 (B)(ii) for the following fiscal year shall be in-
14 creased by the amount of such excess.

15 “(4) DEFINITIONS.—For purposes of this sub-
16 section—

17 “(A) QUALIFIED EXPENSES.—The term
18 ‘qualified expenses’ means expenses incurred,
19 with respect to obligations made, after Sep-
20 tember 30, 2009, and before October 1, 2012—

21 “(i) for—

22 “(I) in the case of the National
23 Railroad Passenger Corporation, the
24 acquisition of equipment and rolling
25 stock, the upgrading of rolling stock

1 maintenance facilities, and the main-
 2 tenance of existing equipment in
 3 intercity passenger rail service, and
 4 the payment of interest and principal
 5 on obligations incurred for such acqui-
 6 sition, upgrading, and maintenance,
 7 and

8 “(II) in the case of a non-Amtrak
 9 State, transportation-related expenses,
 10 and

11 “(ii) certified by the Secretary of
 12 Transportation on October 1 as meeting
 13 the requirements of clause (i) and as quali-
 14 fied for payment under paragraph (5) for
 15 the fiscal year beginning on such date.

16 “(B) NON-AMTRAK STATE.—The term
 17 ‘non-Amtrak State’ means any State which does
 18 not receive intercity passenger rail service from
 19 the National Railroad Passenger Corporation.

20 “(5) CONTRACT AUTHORITY.—Notwithstanding
 21 any other provision of law, the Secretary of Trans-
 22 portation shall certify expenses as qualified for a fis-
 23 cal year on October 1 of such year, in an amount
 24 not to exceed the amount of receipts estimated by
 25 the Secretary of the Treasury to be transferred to

1 the Intercity Passenger Rail Rolling Stock Account
2 for such fiscal year. Such certification shall result in
3 a contractual obligation of the United States for the
4 payment of such expenses.

5 “(6) TAX TREATMENT OF TRUST FUND EX-
6 PENDITURES.—With respect to any payment of
7 qualified expenses from the Intercity Passenger Rail
8 Rolling Stock Account during any taxable year to a
9 taxpayer—

10 “(A) such payment shall not be included in
11 the gross income of the taxpayer for such tax-
12 able year,

13 “(B) no deduction shall be allowed to the
14 taxpayer with respect to any amount paid or in-
15 curred which is attributable to such payment,
16 and

17 “(C) the basis of any property shall be re-
18 duced by the portion of the cost of such prop-
19 erty which is attributable to such payment.

20 “(7) TERMINATION.—The Secretary shall deter-
21 mine and retain, not later than October 1, 2012, the
22 amount in the Intercity Passenger Rail Rolling
23 Stock Account necessary to pay any outstanding
24 qualified expenses, and shall transfer any amount
25 not so retained to the Highway Trust Fund.”.

1 (b) CONFORMING AMENDMENT.—Section 9503 of the
 2 Internal Revenue Code of 1986 is amended by striking
 3 paragraph (5) of subsection (e) and by adding at the end
 4 the following new subsection:

5 “(h) PORTION OF CERTAIN TRANSFERS TO BE
 6 MADE FROM ACCOUNTS.—

7 “(1) IN GENERAL.—Transfers under para-
 8 graphs (2), (3), and (4) of subsection (c) shall be
 9 borne by the Highway Account, the Mass Transit
 10 Account, and the Intercity Passenger Rail Rolling
 11 Stock Account in proportion to the respective reve-
 12 nues transferred under this section to the Highway
 13 Account (after the application of subsections (e)(2)
 14 and (g)(2)) and the Mass Transit Account and the
 15 Intercity Passenger Rail Rolling Stock Account.

16 “(2) HIGHWAY ACCOUNT.—For purposes of
 17 paragraph (1), the term ‘Highway Account’ means
 18 the portion of the Highway Trust Fund which is not
 19 the Mass Transit Account or the Intercity Passenger
 20 Rail Rolling Stock Account.”.

21 (c) CAPACITY IMPROVEMENT CHARGE MATCHING
 22 PROGRAM.—Any eligible applicant that subsidizes inter-
 23 city passenger rail service and imposes a capital invest-
 24 ment fee on each ticket sold for such service is eligible
 25 to receive \$1 from the Intercity Passenger Rail Rolling

1 Stock Account (as established in section 9503(g) of the
 2 Internal Revenue Code of 1986) for every \$1 of such fee
 3 that is used to purchase domestically manufactured rolling
 4 stock.

5 (d) EFFECTIVE DATE.—The amendments made by
 6 this section shall apply with respect to taxes imposed after
 7 September 30, 2009.

8 **SEC. 7. RAIL INFRASTRUCTURE INVESTMENT.**

9 (a) CREDIT TO HOLDERS OF QUALIFIED AMTRAK
 10 BONDS.—Subpart I of part IV of subchapter A of chapter
 11 1 of the Internal Revenue Code of 1986 (relating to cred-
 12 its against tax) is amended by adding at the end the fol-
 13 lowing new section:

14 **“SEC. 54C. CREDIT TO HOLDERS OF QUALIFIED AMTRAK**
 15 **BONDS.**

16 “(a) QUALIFIED AMTRAK BOND.—For purposes of
 17 this subpart, the term ‘qualified Amtrak bond’ means any
 18 bond issued as part of an issue if—

19 “(1) 100 percent or more of the available
 20 project proceeds of such issue are to be used for ex-
 21 penditures incurred after the date of the enactment
 22 of this section for any qualified project,

23 “(2) the bond is issued by the National Rail-
 24 road Passenger Corporation, is in registered form,

1 and meets the bond limitation requirements under
 2 subsection (b),

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

5 “(4) the issuer certifies that it meets the State
 6 contribution requirement of subsection (h) with re-
 7 spect to such project, as in effect on the date of the
 8 enactment of this section,

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

14 “(6) the payment of principal with respect to
 15 such bond is the obligation of the National Railroad
 16 Passenger Corporation, and

17 “(7) in lieu of the requirements of section
 18 54A(d)(2), the issue meets the requirements of sub-
 19 section (d).

20 “(b) LIMITATIONS ON AMOUNT OF BONDS DES-
 21 IGNATED.—

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

1 “(A) \$700,000,000 for each of the fiscal
2 years 2009 through 2012, and

3 “(B) except as provided in paragraph (4),
4 \$0 after fiscal year 2012.

5 “(2) LIMITS ON BONDS FOR INDIVIDUAL
6 STATES.—Not more than \$300,000,000 of the limi-
7 tation under paragraph (1) may be designated for
8 any individual State.

9 “(3) LIMIT ON BONDS FOR OTHER
10 PROJECTS.—Not more than \$100,000,000 of the
11 limitation under paragraph (1) for any fiscal year
12 may be designated for all qualified projects described
13 in subsection (g)(1)(C).

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

16 “(A) the limitation amount under para-
17 graph (1), exceeds

18 “(B) the amount of bonds issued during
19 such year which are designated under sub-
20 section (a)(3),

21 the limitation amount under paragraph (1) for the
22 following fiscal year (through fiscal year 2016) shall
23 be increased by the amount of such excess.

1 “(c) MATURITY LIMITATIONS.—In lieu of section
 2 54A(d)(5), a bond shall not be treated as a qualified Am-
 3 trak bond if the maturity of such bond exceeds 20 years.

4 “(d) SPECIAL RULES RELATING TO EXPENDI-
 5 TURES.—

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

10 “(A) to spend 100 percent or more of the
 11 available project proceeds of the issue for 1 or
 12 more qualified projects within the 3-year period
 13 beginning on such date,

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

20 “(C) to proceed with due diligence to com-
 21 plete such projects and to spend the proceeds
 22 from the sale of the issue.

23 “(2) RULES REGARDING CONTINUING COMPLI-
 24 ANCE AFTER 3-YEAR DETERMINATION.—If at least
 25 100 percent of the available project proceeds of the

1 issue is not expended for 1 or more qualified
2 projects within the 3-year period beginning on the
3 date of issuance, but the requirements of paragraph
4 (1) are otherwise met, an issue shall be treated as
5 continuing to meet the requirements of this sub-
6 section if either—

7 “(A) the issuer uses all unspent proceeds
8 of the issue to redeem bonds of the issue within
9 90 days after the end of such 3-year period, or

10 “(B) the following requirements are met:

11 “(i) The issuer spends at least 75 per-
12 cent of the available project proceeds of
13 the issue for 1 or more qualified projects
14 within the 3-year period beginning on the
15 date of issuance.

16 “(ii) Either—

17 “(I) the issuer spends at least
18 100 percent of the available project
19 proceeds of the issue for 1 or more
20 qualified projects within the 4-year
21 period beginning on the date of
22 issuance, or

23 “(II) the issuer pays to the Fed-
24 eral Government any earnings on the
25 proceeds of the issue that accrue after

1 the end of the 3-year period beginning
 2 on the date of issuance and uses all
 3 unspent proceeds of the issue to re-
 4 deem bonds of the issue within 90
 5 days after the end of the 4-year pe-
 6 riod beginning on the date of
 7 issuance.

8 For purposes of this paragraph, the amount of the
 9 nonqualified bonds required to be redeemed shall be
 10 determined in the same manner as under section
 11 142.

12 “(e) RECAPTURE OF PORTION OF CREDIT WHERE
 13 CESSATION OF COMPLIANCE.—

14 “(1) IN GENERAL.—If any bond which when
 15 issued purported to be a qualified Amtrak bond
 16 ceases to be such a qualified bond, the issuer shall
 17 pay to the United States (at the time required by
 18 the Secretary) an amount equal to the sum of—

19 “(A) the aggregate of the credits allowable
 20 under section 54A with respect to such bond
 21 (determined without regard to section 54A(c))
 22 for taxable years ending during the calendar
 23 year in which such cessation occurs and the 2
 24 preceding calendar years, and

1 “(B) interest at the underpayment rate
 2 under section 6621 on the amount determined
 3 under subparagraph (A) for each calendar year
 4 for the period beginning on the first day of
 5 such calendar year.

6 “(2) FAILURE TO PAY.—If the issuer fails to
 7 timely pay the amount required by paragraph (1)
 8 with respect to such bond, the tax imposed by this
 9 chapter on each holder of any such bond which is
 10 part of such issue shall be increased (for the taxable
 11 year of the holder in which such cessation occurs) by
 12 the aggregate decrease in the credits allowed under
 13 section 54A to such holder for taxable years begin-
 14 ning in such 3 calendar years which would have re-
 15 sulted solely from denying any credit under section
 16 54A with respect to such issue for such taxable
 17 years.

18 “(3) SPECIAL RULES.—

19 “(A) TAX BENEFIT RULE.—The tax for
 20 the taxable year shall be increased under para-
 21 graph (2) only with respect to credits allowed
 22 by reason of section 54A which were used to re-
 23 duce tax liability. In the case of credits not so
 24 used to reduce tax liability, the carryforwards

1 and carrybacks under section 39 shall be appro-
 2 priately adjusted.

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

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

9 “(ii) the amount of the tax imposed
 10 by section 55.

11 “(4) TREATMENT OF CHANGES IN USE.—For
 12 purposes of paragraph (1), the proceeds from the
 13 sale of an issue shall not be treated as used for a
 14 qualified project to the extent that the issuer takes
 15 any action within its control which causes such pro-
 16 ceeds not to be used for a qualified project. The Sec-
 17 retary shall prescribe regulations specifying remedial
 18 actions that may be taken (including conditions to
 19 taking such remedial actions) to prevent an action
 20 described in the preceding sentence from causing a
 21 bond to fail to be a qualified Amtrak bond.

22 “(f) TRUST ACCOUNT.—

23 “(1) IN GENERAL.—The following amounts
 24 shall be held in a trust account by a trustee inde-

1 pendent of the National Railroad Passenger Cor-
2 poration:

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

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

7 “(C) The temporary period investment
8 earnings on proceeds from the sale of such
9 bonds.

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

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

19 “(3) USE OF REMAINING FUNDS IN TRUST AC-
20 COUNT.—Upon the redemption of all qualified Am-
21 trak bonds issued under this section, any remaining
22 amounts in the trust account described in paragraph
23 (1) shall be available to the issuer for any qualified
24 project.

1 “(g) QUALIFIED PROJECT.—For purposes of this
 2 section, the term ‘qualified project’ has the meaning given
 3 the term ‘qualified expenses’ in section 9503(g) of the In-
 4 ternal Revenue Code of 1986.

5 “(h) STATE CONTRIBUTION REQUIREMENTS.—

6 “(1) IN GENERAL.—For purposes of subsection
 7 (a)(4), the State contribution requirement of this
 8 subsection is met with respect to any qualified
 9 project if the National Railroad Passenger Corpora-
 10 tion has received from 1 or more States, not later
 11 than the date of issuance of the bond, matching con-
 12 tributions of not less than 20 percent of the cost of
 13 the qualified project.

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

20 (b) EXCLUSION FROM GROSS INCOME OF CONTRIBU-
 21 TIONS BY AMTRAK TO OTHER RAIL CARRIERS.—

22 (1) IN GENERAL.—Section 118 of the Internal
 23 Revenue Code of 1986 (relating to contributions to
 24 the capital of a corporation) is amended by redesign-
 25 ating subsections (d) and (e) as subsections (e) and

1 (f), respectively, and by inserting after subsection (c)
 2 the following new subsection:

3 “(d) SPECIAL RULE FOR CONTRIBUTIONS BY AM-
 4 TRAK TO OTHER RAIL CARRIERS.—For purposes of this
 5 section, the term ‘contribution to the capital of the tax-
 6 payer’ does not include any contribution by the National
 7 Railroad Passenger Corporation of personal or real prop-
 8 erty funded by the proceeds of qualified Amtrak bonds
 9 under section 54C.”.

10 (2) CONFORMING AMENDMENT.—Subsection (b)
 11 of such section 118 is amended by striking “sub-
 12 section (c)” and inserting “subsections (c) and (d)”.

13 (c) CONFORMING AMENDMENTS.—

14 (1) Paragraph (1) of section 54A(d) of the In-
 15 ternal Revenue Code of 1986 is amended to read as
 16 follows:

17 “(1) QUALIFIED TAX CREDIT BOND.—The term
 18 ‘qualified tax credit bond’ means—

19 “(A) a qualified forestry conservation
 20 bond, or

21 “(B) a qualified Amtrak bond,
 22 which is part of an issue that meets requirements of
 23 paragraphs (2), (3), (4), (5), and (6).”.

24 (2) Subparagraph (C) of section 54A(d)(2) of
 25 such Code is amended to read as follows:

1 “(C) QUALIFIED PURPOSE.—For purposes
2 of this paragraph, the term ‘qualified purpose’
3 means—

4 “(i) in the case of a qualified forestry
5 conservation bond, a purpose specified in
6 section 54B(e), and

7 “(ii) in the case of a qualified Amtrak
8 bond, a purpose specified in section
9 54C(g).”.

10 (3) The table of sections for subpart I of part
11 IV of subchapter A of chapter 1 of such Code is
12 amended by adding at the end the following new
13 item:

“Sec. 54C. Qualified Amtrak bonds.”.

14 (d) ANNUAL REPORT BY TREASURY ON AMTRAK
15 TRUST ACCOUNT.—The Secretary of the Treasury shall
16 annually report to Congress as to whether the amount de-
17 posited in the trust account established by Amtrak under
18 section 54C(f) of the Internal Revenue Code of 1986, as
19 added by this section, is sufficient to fully repay at matu-
20 rity the principal of any outstanding qualified Amtrak
21 bonds issued pursuant to section 54C of such Code (as
22 so added), together with amounts expected to be deposited
23 into such account, as certified by Amtrak in accordance
24 with procedures prescribed by the Secretary of the Treas-
25 ury.

1 (e) ISSUANCE OF REGULATIONS.—The Secretary of
 2 the Treasury shall issue regulations required under section
 3 54C of the Internal Revenue Code of 1986 (as added by
 4 this section) not later than 90 days after the date of the
 5 enactment of this Act.

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

9 **SEC. 8. NATIONAL PASSENGER RAIL ELECTRIFICATION**
 10 **SYSTEM STUDY.**

11 (a) IN GENERAL.—Not later than 1 year after the
 12 date of the enactment of this Act, the Comptroller General
 13 of the United States shall conduct a study to determine
 14 the potential costs, benefits, and economic impact of pro-
 15 viding intercity passenger rail along a national railway
 16 electrification system.

17 (b) COMPONENTS OF STUDY.—The study conducted
 18 under subsection (a) shall analyze the infrastructure need-
 19 ed to operate reliable, high-speed rail intercity passenger
 20 service along a national railway electrification system, in-
 21 cluding an analysis of—

- 22 (1) the equipment costs to achieve such service;
- 23 (2) the environmental impacts related to
- 24 transitioning to an electrified system;
- 25 (3) safety issues;

- 1 (4) national security issues;
- 2 (5) the high-speed benefits of an electrified sys-
- 3 tem;
- 4 (6) the need for any improvements to existing
- 5 tunnels, bridges, and other railroad facilities, or the
- 6 need for the construction of new facilities; and
- 7 (7) the impacts to freight rail traffic.

8 **SEC. 9. REPORT REQUIRED.**

9 Not later than 90 days after the date of the enact-

10 ment of this Act, the Secretary of Labor shall submit a

11 report to Congress that describes—

- 12 (1) existing Federal programs, policies, and ini-
- 13 tiatives that could assist in the training of workers
- 14 from the automotive, aviation, and manufacturing
- 15 industries to transition such workers to the railcar
- 16 manufacturing and maintenance industry; and
- 17 (2) recommendations for specific legislative and
- 18 administrative changes that would assist and encour-
- 19 age workers who have been displaced by cutbacks in
- 20 the aviation, automotive, and manufacturing indus-
- 21 tries into transitioning to the rail industry.

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