

The original documents are located in Box 25, folder “5/26/75 HR4975 Amtrak Improvement Act of 1975” of the White House Records Office: Legislation Case Files at the Gerald R. Ford Presidential Library.

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Exact duplicates within this folder were not digitized.

Tom —

Tell the Computation
people to make the
two changes.

A stylized handwritten signature or set of initials, possibly 'R' or 'D', consisting of a large loop and a few trailing strokes.

APPROVED

MAY 26 1975

*Statement issued
5/26/75*

*FOR ARCHIVE
5/27/75*

ACTION

THE WHITE HOUSE

WASHINGTON

May 24, 1975

Last Day: May 26

MEMORANDUM FOR

THE PRESIDENT

FROM:

JIM CANNON 

SUBJECT:

Enrolled Bill H.R. 4975
Amtrak Improvement Act of 1975

Attached for your consideration is H.R. 4975, sponsored by Representative Rooney and three others, which:

- Authorizes for the first time appropriations for capital grants to Amtrak in the amount of \$245 million.
- Authorizes appropriations of \$873 million in assistance for operating expenses through FY 77.
- Authorizes Amtrak to establish procedures whereby lines may be discontinued or added.
- Requires in-transit customs inspection procedures for lines operated in international travel.
- Requires DOT to acquire and restore rights-of-way or tracks which are part of an Amtrak experimental route and are abandoned under the Regional Rail Reorganization Act.

A discussion of the features of the bill is provided in OMB's enrolled bill report at Tab A.

OMB has also prepared a draft signing statement for your consideration which reflects DOT, Treasury and OMB concerns with respect to the legislation.



OMB, Max Friedersdorf, Phil Buchen (Lazarus), Bill Seidman and I recommend approval of the enrolled bill and issuance of the attached signing statement which has been cleared by Paul Theis.

RECOMMENDATIONS

That you sign H.R. 4975 at Tab C.

That you approve the signing statement at Tab B.

Approve

MTS

Disapprove



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

MAY 20 1975

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 4975 - Amtrak Improvement Act of 1975
Sponsors - Rep. Rooney (D) Pennsylvania and three others

Last Day for Action

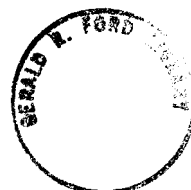
May 26, 1975 - Monday

Purpose

Authorizes for the first time appropriations for capital grants to Amtrak in the amount of \$245 million; authorizes appropriations of \$873 million in assistance for operating expenses through fiscal year 1977; authorizes Amtrak to establish procedures whereby lines may be discontinued or added; requires in-transit customs inspection procedures for lines operated in international travel; and requires DOT to acquire and restore rights-of-way or tracks which are part of an Amtrak experimental route and are abandoned under the Regional Rail Reorganization Act.

Agency Recommendations

Office of Management and Budget	Approval (Signing Statement Attached)
Department of Transportation	Approval (Signing Statement Attached)
Amtrak	Approval
Interstate Commerce Commission	Approval
Department of the Treasury	No objection (Signing Statement Attached)
Department of Justice	No objection



Discussion

H.R. 4975 would, for the first time and as requested by the Administration, authorize Federal grants to Amtrak for capital expenditures of the basic system. Although Amtrak capital expenditure deficits have been financed by Government guaranteed loans (\$860 million as of March 1, 1975) it has become increasingly apparent that Amtrak will be unable to repay those loans in the foreseeable future. The Administration proposed appropriation authorizations totalling \$465 million for the fiscal years 1976-79 and the June-September 1977 transition quarter. H.R. 4975 provides authorizations only for 1976 and 1977 and the transition quarter but in the amounts, totalling \$245 million, requested for that period.

For payments to Amtrak for operating expenses of the basic system and for the Federal share of the operating and capital expenses of those lines which are subsidized by States and localities, this bill authorizes appropriations for fiscal years 1976 and 1977 and the transition quarter of \$810 million, and a \$63 million supplemental, as requested, for fiscal year 1975. For 1976 and 1977 and the transition quarter, the Administration requested \$730 million with an authorization of such sums as may be necessary for additional amounts required because of inflation. H.R. 4975 does not provide for inflation adjustment but authorizes a larger amount. The bill does not provide the requested authorizations for 1978 and 1979.

The Administration bill proposed that Amtrak and its Board of Directors be given increased powers and flexibility to add or discontinue certain passenger lines, as one means of implementing a rational rail passenger service program. Currently, Amtrak must receive ICC approval to discontinue any line, however uneconomic. In addition, Congress has consistently frozen Amtrak's basic system since the Corporation was begun. Although H.R. 4975 would again freeze the system (until October 1, 1976), it would authorize Amtrak to establish criteria and procedures for the modification of the system, without going through the ICC approval process. Once those criteria and procedures are in effect, the freeze will be lifted on the basic system, but will remain until March 1, 1977, on intercity passenger service beyond the basic system, an arrangement which DOT does not find unduly burdensome on Amtrak.

Although the bill's provisions on discontinuing passenger lines differ in particulars from the Administration's proposal, DOT considers them, with one exception, as a very valuable first step



in giving necessary flexibility to Amtrak. The exception is a provision that the criteria and procedures adopted by Amtrak, after comment by DOT and ICC, must be submitted to the Congress and can be vetoed by one House within 60 days of continuous session. This provision, while objectionable, has precedent in other recently enacted legislation.

The Amtrak Improvement Act of 1974 (P.L. 93-496) requires Treasury to establish and maintain customs inspection procedures on board Amtrak trains operated in international service. As pointed out in your statement on signing that bill into law, this could hamper Treasury's efforts to stop the flow of narcotics and other contraband at ports of entry. In addition, because the passenger is often separated from his baggage the procedures could be impractical as well. Accordingly, the Administration bill would have eliminated the on-board inspection requirement. The enrolled bill, however, extends the requirement to customs inspection carried out while the train is moving, if "consistent with the effective enforcement of the immigration and customs laws." (Treasury had begun implementing P.L. 93-496 by performing the customs inspection on board while the train was stopped at the border.) Although en route inspection is convenient for the passenger and has been used in some European countries, it is inconvenient and inefficient for the customs inspectors and potentially ineffective for customs enforcement. Treasury believes, however, that the clause "consistent with the effective enforcement of the immigration and customs laws" provides sufficient flexibility to require traditional customs inspection where necessary, and recommends a signing statement which points up this interpretation.

The bill includes a provision added on the House floor that requires DOT to acquire the right-of-way or track of any rail line which is part of an Amtrak experimental line and which is abandoned under the provisions of the Regional Rail Reorganization Act of 1973 (dealing with bankrupt Northeast railroads). The provision also requires DOT to restore the right-of-way or track so as to permit Amtrak to provide intercity rail transportation over the designated route. While opposing the provision, DOT notes in its views letter that it will have very limited effect, applying only to experimental routes designated by DOT prior to the bill's enactment.

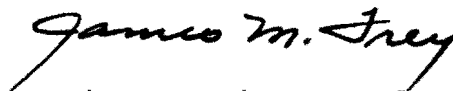
The Administration bill would have deleted the current \$60,000 salary limit for Amtrak officials so that salaries could be made comparable to those of other railroad executives. H.R. 4975, however, retains the limit except for Amtrak's president, whose salary ceiling is raised to \$85,000.

In addition, H.R. 4975 authorizes, but does not require, the use of guarantees in leverage lease arrangements. The net effect of these arrangements is to increase the cost to the Government of Amtrak purchases. For this reason, OMB has obtained DOT's agreement that guarantees of debt capital positions of leveraged leases will not be used by Amtrak. Treasury has traditionally opposed such guarantees and the bill requires the Secretary of the Treasury to approve them. Accordingly, OMB anticipates that, notwithstanding this new authorization, such costly guarantees will not be used to finance Amtrak purchases.

The enrolled bill would further permit DOT to make grants after the current deadline of July 1, 1976, for the conversion of railroad terminals into intermodal terminals and would permit Amtrak, at the request of States to study the feasibility of seasonal trains to recreational areas.

* * * * *

Although the bill is basically consistent with the Administration's objective of increasing Amtrak's flexibility to plan a sensible and efficient national rail passenger system, it includes some undesirable features as noted above and does not include all the Administration proposals. Both Treasury and DOT recommend that you issue a signing statement. In the event that you wish to have one, we have attached a draft signing statement for your consideration which incorporates the views of DOT and Treasury as well as OMB concerns.


Assistant Director for
Legislative Reference

Enclosures



GENERAL COUNSEL

OFFICE OF THE SECRETARY OF TRANSPORTATION

WASHINGTON, D.C. 20590

MAY 16 1975

Honorable James T. Lynn
Director
Office of Management and Budget
Washington, D. C. 20503

Dear Mr. Lynn:

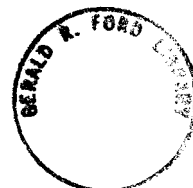
This letter is in response to your request for our views regarding an enrolled bill, the Amtrak Improvement Act of 1975.

We strongly recommend that the President sign this bill into law. As you are aware, earlier this year the Department submitted its own proposed Amtrak Improvement Act. Although the bill that passed the Congress fails to meet all the goals of the Department's bill, it does go far to ensure that Amtrak's Board is given greater flexibility in the management of the affairs of Amtrak, particularly the route structure, and that a clear limit is put upon the level of federal contribution to Amtrak through fiscal year 1977. These were the two major goals of the Department's bill. A detailed analysis of the enrolled bill follows:

Section 1. Cites the bill as the Amtrak Improvement Act of 1975.

Section 2. Raises the salary limit of the president of Amtrak to \$85,000. The Department proposed to remove the salary limitation for all officers and did not provide for a maximum dollar amount, but we favor the provision as passed.

Section 3. This section amends the present section of the Amtrak Act calling for "aboard" customs inspection on international trips. We note this section does not delete the reference to "aboard" inspection, as proposed in the Department's bill, but we defer to the Department of the Treasury on this matter.



Section 4. This section changes the time for Amtrak's filing reports and provides that the Secretary's Amtrak report be made part of the Department's annual report. We support this section and note that it was part of our own bill.

Section 5. This section provides that the Board of Directors of Amtrak, and not the Secretary, designate the experimental routes required by section 403(c) of the Act. This section would also amend the Act to require the Secretary to consult with the Board of Directors prior to terminating any experimental routes. The Department in its bill proposed to delete in its entirety section 403(c) of the Act. We still favor our amendment but we see merit in removing the Secretary from the section 403(c) process as much as possible until we can delete section 403(c) entirely.

Section 6. This section provides that at the request of a State, Amtrak "may" conduct studies of routes to recreational areas. Since this provision leaves such studies to the discretion of Amtrak, we do not have any objection to this amendment.

Section 7. This section freezes the basic system through October 1, 1976, and also freezes that service initiated by Amtrak under section 403(a) through March 1, 1977. As indicated in our own analysis of the next section, section 8 sets up a mechanism for discontinuing or adding routes. That mechanism involves the development and review of criteria for changes in the routes over a 6 month period. After that period, either House of Congress may reject such criteria within the two month period following the submission of the criteria. We note that section 8 of the enrolled bill specifically provides that the freeze is over for all but the 403(a) routes once the criteria and procedures are in effect, and therefore, the effect of the section 7 freeze is limited. Freezing the 403(a) routes for the specified time does not unduly burden Amtrak. Therefore we do not object to this section.

Section 8. This section provides a mechanism to by-pass section 13(a) of the Interstate Commerce Act which had hindered the deletion of uneconomic routes. Even though this section, as explained below, does not adopt the Department's proposal, we

favor its adoption as a very valuable first step in giving Amtrak the necessary flexibility to provide efficient and economical rail transportation service.

This section would require Amtrak to prepare criteria and procedures for adding or discontinuing routes within 120 days of enactment of this bill. After preparation, these criteria and procedures would be submitted to the Secretary for his review. This review must be completed within 30 days of receipt of the Amtrak proposal. Thereafter, within 30 days of the receipt of the Secretary's comments, Amtrak is to revise its proposal and submit its final proposal to the Congress for its review. The criteria and procedures go into effect notwithstanding the requirements of section 13(a) of the Interstate Commerce Act unless, within 60 days of receipt, either House of Congress rejects the criteria. As we indicated before, we would have preferred that the Congress adopt our proposal which gave Amtrak a clear mandate to adopt criteria and procedures without the possibility of Congressional rejection, but we recognize that this section passed by Congress does provide a real opportunity to rationalize the Amtrak system.

Section 9. This section strikes the requirement for a financial investment panel. The panel is no longer required, and we support this amendment.

Section 10. This section provides the additional authorization we requested for fiscal 1975, and is substantially consistent with our requested authorization for fiscal years 1976 and 1977 and the interim period. We would have preferred the four year authorization we requested in our bill, but we favor adoption of this section since it establishes a clear limit to the federal contribution to Amtrak service. We note with pleasure that the Report of the House Interstate and Foreign Commerce Committee in reporting this bill noted that this bill will "enable [Amtrak] to continue to provide intercity rail passenger service within the money limits established by the authorizations. . ." (p.8). (Emphasis added) We are firmly committed to the principle that Amtrak shall live within the authorizations established by this bill.

Section 11. This section clarifies section 602 of the Act to provide specifically that the Secretary may guarantee both loans and leases. We support this provision.

Section 12. This section was initially added on the floor of the House and is somewhat ambiguous. It reads as follows:

SEC. 12. Section 701(c)(1) of such Act (45 U.S.C. 621(c)(1)), relating to liquidation of the assets of any railroad recipient of a loan or loan guarantee, is amended by adding at the end thereof the following new sentence; "In the case of a railroad in reorganization (as defined in section 102(12) of the Regional Rail Reorganization Act of 1973) which has an agreement with the Corporation to provide intercity rail passenger service on the date of enactment of this sentence, the sale by such railroad of any right-of-way or track over which the Corporation is required to provide intercity rail passenger service on such date of enactment (as an experimental route designated by the Secretary before such date of enactment) shall be deemed to be a liquidation of the assets of such railroad under the first sentence of this paragraph, and the Secretary shall acquire such right, title, and interest in such right-of-way or track, and restore it to such condition, as may be necessary to permit the Corporation to provide intercity rail passenger service over the designated route".

Essentially, this section would require the Secretary to acquire certain right-of-way or tracks in certain very narrowly defined circumstances. We oppose this provision, but when viewed in the perspective of the whole bill, we still believe that the President should sign the bill. It is also to be noted that the provision has very limited effect. A reasonable interpretation of the language of the provision is that it applies only to

DRAFT PRESIDENTIAL SIGNING STATEMENT FOR H.R. 4975,
THE AMTRAK IMPROVEMENT ACT OF 1975

The bill which I am about to sign provides additional authorizations for Federal support to Amtrak for an additional 27-month period. It will provide the Amtrak Board of Directors with much of the necessary flexibility to manage the Corporation's affairs in such a way that Amtrak can make an effective and constructive contribution in providing the Nation with improved intercity rail passenger service. For the first time, Amtrak will have firm and realistic multi-year authorization levels on which it can develop and plan its affairs. The amounts included in the bill set a realistic target for Amtrak to execute its responsibilities and I expect the Corporation to develop its program consistent with these amounts thus precluding the past practice of ever escalating Federal subsidies over which neither the Congress nor the Executive Branch had effective control.

I am delighted that the bill establishes a process which will permit Amtrak to modify its system of routes and services consistent with our goal of making rail passenger service an effective element of our national transportation system. Once the new process for adding and deleting routes is established, Amtrak will have a firm basis for dropping those routes which are inefficient and do not add to our overall transportation capabilities and for adding new services based on sound transportation marketing decisions. The end result should be better transportation

TO: David Ziskie
Room 9233 NEOB
395-4752

Insert to Presidential Signing Statement
on the Amtrak Improvement Act

Section 12 of the bill amends the Act to require the Secretary of Transportation to acquire rights-of-way in certain circumstances. We interpret this provision as applicable only to experimental Amtrak routes designated before the date of enactment of the bill where intercity rail passenger service is provided under an agreement with Amtrak by a railroad in reorganization under the Regional Rail Reorganization Act of 1973.

May 16, 1975



Mr. J. F. C. Hyde, Jr.
Acting Assistant Director
for Legislative Reference
Office of Management and Budget
Room 7201 New Executive Office Building
Washington, D. C.

Dear Mr. Hyde:

Amtrak supports H. R. 4975 as passed. We appreciate the opportunity to comment on this legislation.

Sincerely,

A handwritten signature in black ink that reads "Jerry W. Friedheim". The signature is written in a cursive, flowing style with a large initial 'J' and 'F'.

Jerry W. Friedheim
Vice President
Government & Public Affairs

JWF/rf



OFFICE OF MANAGEMENT
AND BUDGET
MAY 20 3:18 PM '75

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Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE CHAIRMAN

May 16, 1975

Mr. J. F. C. Hyde, Jr.
Acting Assistant Director for
Legislative Reference
Office of Management and Budget
Washington, D. C. 20503

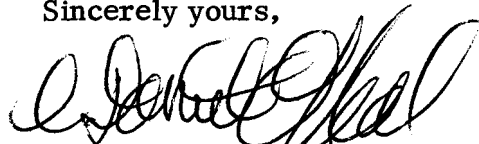
Dear Mr. Hyde:

This replies to your request of May 15, 1975, for the Commission's recommendations concerning enrolled bill, H. R. 4975, the "Amtrak Improvement Act of 1975."

The Commission has not supported all provisions of the bill; however, on balance, we recommend that the President sign it into law. We note particularly that immediate action is needed in order to make available to Amtrak the interim funding that the bill provides.

Thank you for the opportunity to comment on this bill.

Sincerely yours,



A. Daniel O'Neal
Acting Chairman



OFFICE OF MANAGEMENT
AND BUDGET

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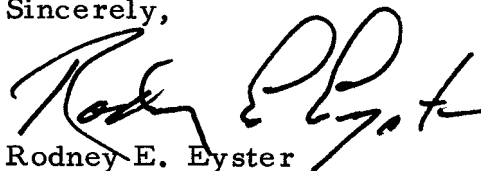
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experimental routes and only those designated by the Secretary prior to the enactment of this bill. This interpretation is supported by the legislative history, which indicated that Congressman Stratton introduced the amendment to apply to a specific problem that occurred in the area of Albany, New York, on the experimental route between Boston to Chicago. (See Congressional Record, April 24, 1975, pp. H3288-3290)

Section 13. This section permits the Secretary to make grants for conversion of railroad terminals beyond the July 1, 1976 date established by section 4(i)(2) of the Department of Transportation Act, as amended by the Amtrak Improvement Act of 1974. We note that this section does not change the maximum percentage of federal participation, and we do not object to this amendment.

Once again, we recommend that the President sign this bill.

Sincerely,

A handwritten signature in black ink, appearing to read "Rodney E. Eyster". The signature is written in a cursive, somewhat stylized script.

Rodney E. Eyster



THE GENERAL COUNSEL OF THE TREASURY
WASHINGTON, D.C. 20220

MAY 20 1975

Director, Office of Management and Budget
Executive Office of the President
Washington, D. C. 20503

Attention: Assistant Director for Legislative
Reference

Sir:

Reference is made to your request for the views of this Department on the enrolled enactment of H. R. 4975, "To amend the Rail Passenger Service Act to provide financial assistance to the National Railroad Passenger Corporation, and for other purposes."

On October 28, 1974, President Ford signed into law the Amtrak Improvement Act of 1974 (Public Law 93-496). In so doing, the President commented about the undesirability of section 4 of the Act which requires mandatory Customs inspection aboard trains operated in the international intercity rail passenger service. He requested that the Congress take action to revise the provision to provide for Customs inspection consistent with the effective enforcement of the Customs and related laws.

Section 3 of the Amtrak Improvement Act of 1975 would amend section 4 of the Amtrak Improvement Act of 1974 to provide that

"(h) The Secretary of the Treasury and the Attorney General shall (consistent with the effective enforcement of the immigration and customs laws) establish and maintain, in cooperation with the Corporation, en route customs inspection and immigration procedures aboard trains operated in international intercity rail passenger service, which procedures will be convenient for passengers and will result in the most rapid possible transit in international intercity rail passenger service."

The Treasury Department will interpret the parenthetical language to authorize the Secretary to dispense with en route customs inspection aboard trains operated in international intercity rail passenger service if the Secretary determines that such inspection would be inconsistent with the effective enforcement of the customs laws. The parenthetical language provides the needed

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AND BUDGET

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flexibility for the Customs Service to decide when and where inspections are to be conducted, recognizing the fact that requiring passengers to leave trains for customs clearances is at times inconvenient to the passenger. In certain circumstances, moreover, on board inspections are not only inconsistent with good enforcement practices, but costly, ineffective and impracticable as, for example, when the passenger is separated from his baggage.

Section 602 of the Rail Passenger Service Act authorizes the Secretary of Transportation, with the approval of the Secretary of the Treasury, to guarantee securities, obligations, or loans issued by Amtrak. This authority has been used to guarantee lease financing transactions. Section 11 of the enrolled enactment would amend section 602 of the Act to authorize explicitly the guarantee of leases. The Department would have no objection to this clarifying amendment, subject to the understanding that there will be no change in current Administration policy against guarantees of leveraged leases under this program.

The Department, therefore, would have no objection to a recommendation that the enrolled enactment be approved by the President. In view of the President's October 28 statement referred to above, the Department recommends that the enclosed statement be issued at the time the President approves this measure.

Sincerely yours,



General Counsel

Enclosure

Signing Statement

On October 28, 1974, I signed into law the Amtrak Improvement Act of 1974 (Public Law 93-496). In so doing, I commented about the undesirability of section 4 of the Act which requires mandatory Customs inspection aboard trains operated in international intercity rail passenger service.

In signing the Amtrak Improvement Act of 1975, I am pleased to note that the Congress has provided for cooperation between the Secretary of the Treasury and the Attorney General and the National Railroad Passenger Corporation to establish and maintain Customs inspection and immigration procedures which are consistent with effective enforcement of the immigration and customs laws and convenient for the passengers and will result in the most rapid possible transit of trains operated in international intercity rail passenger service.

Department of Justice
Washington, D.C. 20530

MAY 20 1975


Honorable James T. Lynn
Director, Office of Management
and Budget
Washington, D.C. 20503

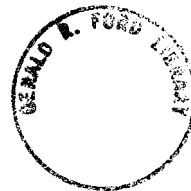
Dear Mr. Lynn:

In compliance with your request, I have examined a facsimile of the enrolled bill (H.R. 4975), "To amend the Rail Passenger Service Act to provide financial assistance to the National Railroad Passenger Corporation, and for other purposes."

The Department of Justice interposes no objection to the approval of this bill.

Sincerely,


A. Mitchell McConnell, Jr.
Acting Assistant Attorney General



Office of Management and Budget
Washington, D.C. 20503

MEMORANDUM FOR THE RECORD

DATE: 5/17/75

TO: DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET

FROM: [Illegible]

SUBJECT: [Illegible]

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OFFICE OF MANAGEMENT AND BUDGET
'75



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET

DATE: 5-21-75

TO: Bob Linder

FROM: Jim Frey

Attached is the original of the DOT proposed signing statement on HR 4975, the Amtrak Improvement Act of 1975, received today. We request that it be substituted for the copy now enclosed in the enrolled bill file. Thanks.

To Judy Johnston, Tom. Council,
5/21/75.
conf

PRESIDENTIAL SIGNING STATEMENT FOR H.R. 4975,
THE AMTRAK IMPROVEMENT ACT OF 1975

The bill which I am about to sign provides additional authorizations for Federal support to Amtrak for an additional 27-month period. It will provide the Amtrak Board of Directors with much of the necessary flexibility to manage the Corporation's affairs in such a way that Amtrak can make an effective and constructive contribution in providing the Nation with improved intercity rail passenger service. For the first time, Amtrak will have firm and realistic multi-year authorization levels on which it can develop and plan its affairs. The amounts included in the bill set a realistic target for Amtrak to execute its responsibilities and I expect the Corporation to develop its program consistent with these amounts thus precluding the past practice of ever escalating Federal subsidies over which neither the Congress nor the Executive Branch had effective control.

I am delighted that the bill establishes a process which will permit Amtrak to modify its system of routes and services consistent with our goal of making rail passenger service an effective element of our national transportation system. Once the new process for adding and deleting routes is established, Amtrak will have a firm basis

for dropping those routes which are inefficient and do not add to our overall transportation capabilities and for adding new services based on sound transportation marketing decisions. The end result should be better transportation services for every tax dollar spent on Amtrak. This new flexibility should permit Amtrak to improve the present level of rail passenger service and to stay within the spending limits established within the authorization bill.

Section 12 of the bill amends the Act to require the Secretary of Transportation to acquire rights-of-way in certain circumstances. We interpret this provision as applicable only to experimental Amtrak routes designated before the date of enactment of the bill where intercity rail passenger service is provided under an agreement with Amtrak by a railroad in reorganization under the Regional Rail Reorganization Act of 1973.

I want to congratulate the Congress for enacting these provisions. They are key elements in our mutual effort to improve rail passenger service and to provide that service where it will make the most important contribution.



**EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET**

DATE: 5-27-75

TO: Bob Linder

FROM: Jim Frey

Attached is the Justice views letter on H.R. 4975, the Amtrak Improvement Act of 1975. Please have it included in the enrolled bill file. Thanks.

Department of Justice
Washington, D. C. 20530

MAY 23 1975

Honorable James T. Lynn
Director
Office of Management and Budget
Washington, D. C. 20503

Dear Mr. Lynn:

In compliance with your request I am submitting a report, supplementary to the one submitted on May 20, 1975, on enrolled bill H.R. 4975, 94th Cong., 1st Sess., the Amtrak Improvement Act of 1975.

Section 8 of the bill would amend section 404 of the Rail Passenger Service Act of 1970 (45 U.S.C. 564) relating to the addition to or discontinuance of service by the National Railroad Passenger Corporation (Corporation).

The amendment would provide in effect that criteria and procedures for the addition to or discontinuance of service, developed by the Corporation's Board of Directors after consideration of comments of the Secretary of Transportation and the Interstate Commerce Commission, would have to be submitted to Congress and would become effective after the expiration of the first period of sixty calendar days of continuous session of Congress unless either House of Congress adopts a resolution during that period that it does not approve those criteria and standards.

This provision raises substantial constitutional problems. The Department of Justice has constantly opposed legislation providing for the disapproval of Executive action by the resolution of a single House of Congress because it is inconsistent with the doctrine of the separation of powers and constituted an exercise of legislative power not sanctioned by Article I, section 7, clauses 2 and 3 of the Constitution. Since the Corporation is not an agency or establishment of the United States, but a "for profit corporation" subject to the District



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of Columbia Business Corporation Act (45 U.S.C. 541), the proposed amendment does not raise a separation of powers problem.

The Corporation is a common carrier (45 U.S.C. 546). Its ability to abandon service therefore can be subjected to governmental control, which may take the form of regulation by an Executive department, or by an independent regulatory commission, or by legislation. The amendment, however, does not follow any of those routes but would permit the disapproval of the Corporation's criteria and procedures by a resolution of a single House. Such procedure is not authorized by the Constitution.

If the Congressional disapproval of the Corporation's criteria and procedures constitutes legislation, it has to take the form required by Article I, section 7, clauses 2 and 3 of the Constitution, *i.e.*, concurrence by both Houses of Congress and submission to the President. Hence, the bill is constitutionally defective for two reasons. First, it does not provide for concurrence by both Houses of Congress, but improperly seeks to delegate the legislative power of Congress to a single House. Second, it does not provide for presentation to the President. See in this context the testimony given by Assistant Attorney General Scalia on May 15, 1975, before the Subcommittee on Separation of Powers, Committee on the Judiciary, United States Senate, on Executive Agreements. If the argument should be made that the disapproval of the criteria and procedures need not comply with Article I, section 7, clauses 2 and 3 of the Constitution, because it is not legislative in nature, the short answer is that Congress has no power to engage in any nonlegislative activities. Cf. 37 Op. A.G. 56, 58-62 (1933).

While the Department views the aforementioned constitutional difficulty as serious, the Department will defer to the Department of Transportation concerning whether this bill should receive Executive approval. If the bill is to be disapproved, it is recommended that the constitutional infirmity in Section 8 of the bill be included among the reasons for such action.

Sincerely,


A. Mitchell McConnell, Jr.
Acting Assistant Attorney General

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

MAY 20 1975

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 4975 - Amtrak Improvement Act of 1975
Sponsors - Rep. Rooney (D) Pennsylvania and three others

Last Day for Action

May 26, 1975 - Monday

Purpose

Authorizes for the first time appropriations for capital grants to Amtrak in the amount of \$245 million; authorizes appropriations of \$873 million in assistance for operating expenses through fiscal year 1977; authorizes Amtrak to establish procedures whereby lines may be discontinued or added; requires in-transit customs inspection procedures for lines operated in international travel; and requires DOT to acquire and restore rights-of-way or tracks which are part of an Amtrak experimental route and are abandoned under the Regional Rail Reorganization Act.

Agency Recommendations

Office of Management and Budget

Approval (Signing
Statement Attached)

Department of Transportation

Approval (Signing
Statement Attached)

Amtrak

Approval

Interstate Commerce Commission

Approval

Department of the Treasury

No objection (Signing
Statement Attached)

Department of Justice

No objection





Discussion

H.R. 4975 would, for the first time and as requested by the Administration, authorize Federal grants to Amtrak for capital expenditures of the basic system. Although Amtrak capital expenditure deficits have been financed by Government guaranteed loans (\$860 million as of March 1, 1975) it has become increasingly apparent that Amtrak will be unable to repay those loans in the foreseeable future. The Administration proposed appropriation authorizations totalling \$465 million for the fiscal years 1976-79 and the June-September 1977 transition quarter. H.R. 4975 provides authorizations only for 1976 and 1977 and the transition quarter but in the amounts, totalling \$245 million, requested for that period.

For payments to Amtrak for operating expenses of the basic system and for the Federal share of the operating and capital expenses of those lines which are subsidized by States and localities, this bill authorizes appropriations for fiscal years 1976 and 1977 and the transition quarter of \$810 million, and a \$63 million supplemental, as requested, for fiscal year 1975. For 1976 and 1977 and the transition quarter, the Administration requested \$730 million with an authorization of such sums as may be necessary for additional amounts required because of inflation. H.R. 4975 does not provide for inflation adjustment but authorizes a larger amount. The bill does not provide the requested authorizations for 1978 and 1979.

The Administration bill proposed that Amtrak and its Board of Directors be given increased powers and flexibility to add or discontinue certain passenger lines, as one means of implementing a rational rail passenger service program. Currently, Amtrak must receive ICC approval to discontinue any line, however uneconomic. In addition, Congress has consistently frozen Amtrak's basic system since the Corporation was begun. Although H.R. 4975 would again freeze the system (until October 1, 1976), it would authorize Amtrak to establish criteria and procedures for the modification of the system, without going through the ICC approval process. Once those criteria and procedures are in effect, the freeze will be lifted on the basic system, but will remain until March 1, 1977, on intercity passenger service beyond the basic system, an arrangement which DOT does not find unduly burdensome on Amtrak.

Although the bill's provisions on discontinuing passenger lines differ in particulars from the Administration's proposal, DOT considers them, with one exception, as a very valuable first step



in giving necessary flexibility to Amtrak. The exception is a provision that the criteria and procedures adopted by Amtrak, after comment by DOT and ICC, must be submitted to the Congress and can be vetoed by one House within 60 days of continuous session. This provision, while objectionable, has precedent in other recently enacted legislation.

The Amtrak Improvement Act of 1974 (P.L. 93-496) requires Treasury to establish and maintain customs inspection procedures on board Amtrak trains operated in international service. As pointed out in your statement on signing that bill into law, this could hamper Treasury's efforts to stop the flow of narcotics and other contraband at ports of entry. In addition, because the passenger is often separated from his baggage the procedures could be impractical as well. Accordingly, the Administration bill would have eliminated the on-board inspection requirement. The enrolled bill, however, extends the requirement to customs inspection carried out while the train is moving, if "consistent with the effective enforcement of the immigration and customs laws." (Treasury had begun implementing P.L. 93-496 by performing the customs inspection on board while the train was stopped at the border.) Although en route inspection is convenient for the passenger and has been used in some European countries, it is inconvenient and inefficient for the customs inspectors and potentially ineffective for customs enforcement. Treasury believes, however, that the clause "consistent with the effective enforcement of the immigration and customs laws" provides sufficient flexibility to require traditional customs inspection where necessary, and recommends a signing statement which points up this interpretation.

The bill includes a provision added on the House floor that requires DOT to acquire the right-of-way or track of any rail line which is part of an Amtrak experimental line and which is abandoned under the provisions of the Regional Rail Reorganization Act of 1973 (dealing with bankrupt Northeast railroads). The provision also requires DOT to restore the right-of-way or track so as to permit Amtrak to provide intercity rail transportation over the designated route. While opposing the provision, DOT notes in its views letter that it will have very limited effect, applying only to experimental routes designated by DOT prior to the bill's enactment.

The Administration bill would have deleted the current \$60,000 salary limit for Amtrak officials so that salaries could be made comparable to those of other railroad executives. H.R. 4975, however, retains the limit except for Amtrak's president, whose salary ceiling is raised to \$85,000.



In addition, H.R. 4975 authorizes, but does not require, the use of guarantees in leverage lease arrangements. The net effect of these arrangements is to increase the cost to the Government of Amtrak purchases. For this reason, OMB has obtained DOT's agreement that guarantees of debt capital positions of leveraged leases will not be used by Amtrak. Treasury has traditionally opposed such guarantees and the bill requires the Secretary of the Treasury to approve them. Accordingly, OMB anticipates that, notwithstanding this new authorization, such costly guarantees will not be used to finance Amtrak purchases.

The enrolled bill would further permit DOT to make grants after the current deadline of July 1, 1976, for the conversion of railroad terminals into intermodal terminals and would permit Amtrak, at the request of States to study the feasibility of seasonal trains to recreational areas.

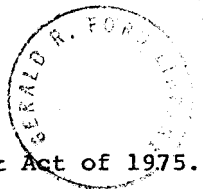
* * * * *

Although the bill is basically consistent with the Administration's objective of increasing Amtrak's flexibility to plan a sensible and efficient national rail passenger system, it includes some undesirable features as noted above and does not include all the Administration proposals. Both Treasury and DOT recommend that you issue a signing statement. In the event that you wish to have one, we have attached a draft signing statement for your consideration which incorporates the views of DOT and Treasury as well as OMB concerns.

James M. Frey
Assistant Director for
Legislative Reference

Enclosures

STATEMENT BY THE PRESIDENT



I have today signed H.R. 4975, the Amtrak Improvement Act of 1975.

This bill provides authorizations for Federal support to Amtrak for an additional 27-month period. It will provide the Amtrak Board of Directors with much of the necessary flexibility to manage the Corporation's affairs in such a way that Amtrak can make an effective and constructive contribution in providing the Nation with improved intercity rail passenger service. Under the bill, Amtrak will have realistic authorization levels on which it can develop and plan its affairs and execute its responsibilities. I expect the Corporation to develop its program consistent with these amounts, thus precluding the past practice of ever-escalating Federal subsidies over which neither the Congress nor the Executive Branch had effective control.

The bill authorizes a process designed to enable Amtrak to modify its system of routes and services consistent with the goal of making rail passenger service an effective element of our national transportation system. It is regrettable, however, that the criteria for exercise of this authority are subject to the possibility of disapproval by either the House or the Senate. Nevertheless, once the new process for adding and deleting routes is established, Amtrak will have a firm basis for dropping those routes which are inefficient and do not add to our overall transportation capabilities and for adding new service based on sound transportation marketing decisions. The end result should be better transportation services for every tax dollar spent on Amtrak. This new flexibility should permit Amtrak to improve the present level of rail passenger service and to stay within the spending limits established within the authorization bill.

Although section 12 of the bill unfortunately amends the Act to require the Secretary to acquire rights-of-way in connection with experimental routes designated before the date of enactment where intercity rail passenger service is provided under an agreement with

Amtrak by a railroad in reorganization under the Regional Rail Reorganization Act of 1973, this provision should have limited impact.

It is gratifying to note that the Congress has responded to my comment, in signing the Amtrak Improvement Act of 1974 (P.L. 93-496), that mandatory on-board customs procedures would be undesirable. The Congress, in this bill, has provided for cooperation between the Secretary of the Treasury, the Attorney General, and the National Railroad Passenger Corporation to establish and maintain customs inspection procedures which are consistent with effective enforcement of the immigration and customs laws, which will be convenient for passengers, and which will result in the most rapid possible transit in international intercity rail passenger service.

I want to commend the Congress for enacting this bill which should, on balance, provide a basis for improved and more economic passenger service for the American people. It is essential that we continue to work toward developing more rational approaches to meeting the complex transportation needs of our country.



MAY 21 RECD

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: May 21, 1975

Time: 9:18am

FOR ACTION: Mike Duval
Max Friedersdorf
Ken Lazarus
Paul Theis
Bill Seidman

cc (for information): Jim Cavanaugh
Jack Marsh

FROM THE STAFF SECRETARY

DUE: Date: May 22

Time: noon

SUBJECT:

H.R. 4975 - AMTRAK Improvement Act of 1975

ACTION REQUESTED:

- For Necessary Action
- For Your Recommendations
- Prepare Agenda and Brief
- Draft Reply
- For Your Comments
- Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

Sign
JWS

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

Jim Cavanaugh
For the President

THE WHITE HOUSE

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<input type="checkbox"/> For Necessary Action	<input checked="" type="checkbox"/> For Your Recommendations
<input type="checkbox"/> Prepare Agenda and Brief	<input type="checkbox"/> Draft Reply
<input checked="" type="checkbox"/> For Your Comments	<input type="checkbox"/> Draft Remarks

REMARKS:

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No objection to approval of the bill. However, it should be noted that Justice is revising their position in order to set forth their objection to the legislative encroachment contained in Section 8 of the bill and will likely request some changes in the signing statement.

KEN LAZARUS 5/21/75

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Jim Cavanaugh
 For the President

THE WHITE HOUSE

WASHINGTON

May 21, 1975

MEMORANDUM FOR: JIM CAVANAUGH
FROM: MAX L. FRIEDERSDORF *M. L.*
SUBJECT: Action Memorandum - Log No.
H.R. 4975 - AMTRAK Improvement Act
of 1975

The Office of Legislative Affairs concurs with the agencies
that the subject Act be signed.

Attachments

THE WHITE HOUSE

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WASHINGTON

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James H. Cavanaugh
For the President

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check w/ Parsons for this

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The bill authorizes a process designed to enable Amtrak to modify its system of routes and services consistent with the goal of making rail passenger service an effective element of our national transportation system. It is regrettable, however, that the criteria for exercise of this authority are subject to the possibility of disapproval by either the House or the Senate. Nevertheless, once the new process for adding and deleting routes is established, Amtrak will have a firm basis for dropping those routes which are inefficient and do not add to our overall transportation capabilities and for adding new service based on sound transportation marketing decisions. The end result should be better transportation services for every tax dollar spent on Amtrak. This new flexibility should permit Amtrak to improve the present level of rail passenger service and to stay within the spending limits established within the authorization bill.

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For Your Recommendations

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Draft Reply

For Your Comments

Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

OK. See comments on Signing Statement.
D

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

... you may wish to ...
...
Jim Cavanaugh

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Although section 12 of the bill unfortunately amends the Act to require the Secretary to acquire rights-of-way in connection with experimental routes designated before the date of enactment where intercity rail passenger service is provided under an agreement with

Justice
new language
provided

Section 8 of the bill authorizes one House of Congress to disapprove criteria and procedures developed by the National Railroad Passenger Corporation. I have been advised by the Attorney General that this provides for an unconstitutional exercise of Congressional power for two reasons: First, because it gives legislative effect to the action of a single House; and, second, because that action is not presented to the President. I am seriously concerned about the increasing frequency with which legislation passed by the Congress contains provisions which disregard the plain command of Article I, section 7, clauses 2 and 3 of the Constitution. I am approving the bill reluctantly, with reservation as to the effectiveness of the Congressional disapproval provision, only because of the [urgent] need for the other measures the bill contains.

STATEMENT BY THE PRESIDENT

*action to
the President
at Washington
has been
submitted from
a brief the
U.S. Congress
Administration
have signed
H.R. 4975
because of
the
National*

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This bill provides authorizations for Federal support to Amtrak for an additional 27-month period, through fiscal 1977. It will provide the Amtrak Board of Directors with much of the flexibility necessary to manage the Corporation's affairs, so that Amtrak can make an effective and constructive contribution in providing the Nation with improved intercity rail passenger service. Under provisions of the bill, Amtrak will have realistic authorization levels ~~on~~ *within* which it can develop and plan its affairs and execute its responsibilities. I expect the Corporation to develop its program consistent with these amounts, thus ~~precluding~~ *eliminating* the past practice of ever-escalating Federal subsidies over which neither the Congress nor the executive branch had effective control.

The bill authorizes a process designed to enable Amtrak to modify its system of routes and services consistent with the goal of making rail passenger service an effective element of our national transportation system. It is regrettable, however, that the criteria for exercising this authority must be submitted to the Congress ~~and to~~ *with* the possibility of disapproval by either the House or the Senate within 60 days. ~~Nevertheless, once~~ *eliminating* the new process for adding and ~~deleting~~ *eliminating* routes is established, Amtrak will have a ~~firm~~ *sensible* basis for dropping ~~these~~ *unaffairt* routes which are inefficient ~~and~~ *serve on* fail to add to our overall transportation capabilities, ~~and~~ *need* for adding new service based on sound transportation ~~marketing~~ decisions. The end result should be better transportation services

for every tax dollar spent on Amtrak. This new flexibility should permit Amtrak to improve the present level of rail passenger service and to stay within the spending limits established within the authorization bill.

Section 12 of the bill unfortunately amends the act to require the Secretary to acquire the right-of-way or track for any rail line which is part of an experimental Amtrak route, and which is abandoned under the provisions of the Regional Rail Reorganization Act of 1973. ~~The section~~ also requires the Secretary to restore the right-of-way or track to permit Amtrak to provide intercity rail transportation over the designated route. ^{regardless of the merit of the service.} ~~This section,~~ ^{Fortunately,} ~~however,~~ should have limited impact.

It is gratifying to note that the Congress has responded to my suggestion in signing the Amtrak Improvement Act of 1974 (P.L. 93-396), that mandatory on-board customs procedures would be undesirable. The Congress, in this bill, has provided for cooperation between the Secretary of the Treasury, the Attorney General, and ^{Amtrak} ~~the National Railroad Passenger Corporation~~ to establish and maintain adequate customs inspection procedures. These procedures will be convenient for passengers and consistent with effective enforcement of the immigration and customs laws. Implementation of these procedures should ^{facilitate} ~~result in~~ the most rapid possible transit in international, intercity rail passenger service.

I commend the Congress for enacting this bill which should, on balance, provide a basis for improved and more economic passenger service for the American people. It is essential that we continue

to work toward developing more effective approaches to meeting the complex transportation needs of the Nation.

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

TJZ
JM

Date: May 21, 1975

Time: 9:18am

FOR ACTION: Mike Duval
Max Friedersdorf
Ken Lazarus
Paul Theis

cc (for information): Jim Cavanaugh
Jack Marsh

FROM THE STAFF SECRETARY

OK / PJT

DUE: Date: ~~May 22~~

Time: ~~noon~~

SUBJECT:

H.R. 4975 - AMTRAK Improvement Act of 1975

ACTION REQUESTED:

- For Necessary Action
- For Your Recommendations
- Prepare Agenda and Brief
- Draft Reply
- For Your Comments
- Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

**RETURN TO RESEARCH
ROOM 128**

JBC/jm

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

Jim Cavanaugh
For the President

THE WHITE HOUSE
WASHINGTON

Paragraph should read as follows:

Section 12 of the bill unfortunately amends the act to require the Secretary to acquire the right-of-way or track for any rail line which is part of an experimental Amtrak route, and which is abandoned under the provisions of the Regional Rail Reorganization Act of 1973. The section also requires the Secretary to restore the right-of-way or track to permit Amtrak to provide intercity rail transportation over the designated route. This section, however, should have limited impact.

STATEMENT BY THE PRESIDENT

JBR/jm

Enrolled
Bill memo-OMB

OMB
memo

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OMB
memo
Joe
Mullins
OMB
memo

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Oh

Although section 12 of the bill unfortunately amends the Act to require the Secretary to acquire right-of-way or track for any rail line which is part of an experimental route designated before the date of enactment where provisions of the Regional Rail Reorganization Act of 1973 intercity rail passenger service is provided under an agreement with Amtrak and which is abandoned under the

style manual
p. 55
line which is part of an

OMB
memo

The section also requires the Secretary to restore the right-of-way or track, to permit Amtrak to provide intercity rail transportation over the designated route.

OMB memo

~~Amtrak by a railroad in reorganization under the Regional Rail Reorganization Act of 1972. This provision should have limited impact.~~ ^{Section however,}

OMB memo

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See Mullinax
DIMS
4764

I ~~would~~ commend the Congress for enacting this bill which should, on balance, provide a basis for improved and more economic passenger service for the American people. It is essential that we continue to work toward developing more ^{effective} national approaches to meeting the complex transportation needs of ~~our country.~~ ^{the Nation.}

pg. Attached is Mike
DUvals changes
& a Justice insert &
on P. 1 (where Mike
has indicated.)

Judy J.

Judy
I believe the
Nursed Pentra
original draft
should be
sufficient.
Paul

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The bill authorizes a process designed to enable Amtrak to modify its system of routes and services consistent with the goal of making rail passenger service an effective element of our national transportation system. ~~It is regrettable, however, that the criteria for exercise of this authority are subject to the possibility of disapproval by either the House or the Senate.~~ Nevertheless, once the new process for adding and deleting routes is established, Amtrak will have a firm basis for dropping those routes which are inefficient and do not add to our overall transportation capabilities and for adding new service based on sound transportation marketing decisions. The end result should be better transportation services for every tax dollar spent on Amtrak. This new flexibility should permit Amtrak to improve the present level of rail passenger service and to stay within the spending limits established within the authorization bill.

Although section 12 of the bill unfortunately amends the Act to require the Secretary to acquire rights-of-way in connection with experimental routes designated before the date of enactment where intercity rail passenger service is provided under an agreement with

Justice provided
new insert
language

The Attorney General advises me that this provision provides for an unconstitutional exercise of Congressional power because it gives legislative effect to the action of a single House without presenting that action to the President. Although I have serious reservations about the Congressional disapproval provision, I have signed H.R. 4975 because the Nation needs the important passenger rail service it will provide.

reservations

I am seriously concerned about the mere frequency with which Congress passes legislation containing which disregard Constitutional requirements.

I have...



Section 8 of the bill authorizes one House of Congress to disapprove criteria and procedures developed by the National Railroad Passenger Corporation. I have been advised by the Attorney General that this provides for an unconstitutional exercise of Congressional power for two reasons: First, because it gives legislative effect to the action of a single House; and, second, because that action is not presented to the President. I am seriously concerned about the increasing frequency with which legislation passed by the Congress contains provisions which disregard the ~~plain command~~ of Article I, section 7, clauses 2 and 3 of the Constitution. I ~~am~~ ^{ed} approving

the bill reluctantly, with reservation^s ~~as to the effectiveness~~ of the Congressional disapproval provision, ~~only~~ because of

^{its} ~~urgent~~ need ^{But I have serious reservation} for the other measures the bill contains, about the ~~off~~ Congressional disapproval provision of the bill.

STATEMENT BY THE PRESIDENT

I have ~~today~~ signed H.R. 4975, The Amtrak Improvement Act of 1975.

This bill provides authorizations for Federal support to Amtrak for an additional 27-month period, through fiscal 1977. It will provide the Amtrak Board of Directors with ~~maximum~~ the flexibility necessary to ^{effectively} manage the Corporation's affairs, ~~so that Amtrak can make~~ ^{ensuring that this} ~~an effective and constructive contribution in providing the Nation~~ ^{and which should result in} with improved intercity rail passenger service. Under provisions of the bill, Amtrak will have realistic authorization levels on which it can develop and plan its affairs and execute its responsibilities. I expect the Corporation to develop ^{plans and} its programs consistent with ^{realistic funding authorized by this bill} ~~these amounts~~, thus precluding the past practice of ever-escalating Federal subsidies over which neither the Congress nor the executive branch had effective control.

The bill authorizes ^{procedures which} ~~a process designed~~ to enable Amtrak to modify its system of routes and services consistent with the goal of making rail passenger service an effective ^{part} ~~element~~ of our national transportation system. It is regrettable, however, that the criteria for exercising this authority must be submitted to the Congress ^{with} ~~and~~ to the possibility of disapproval by either the House or the Senate within 60 days. ^{INSERT} ~~Nevertheless~~ Once the new

^{procedures are} ~~process~~ for adding and ^{eliminating} ~~deleting~~ routes is established, Amtrak will have a ^{sensible} ~~firm~~ basis ^{on which to make determinations on} ~~for~~ dropping ~~those~~ routes which are inefficient ^{or} ~~and fail to add to our overall transportation capabilities, and~~ ^{It was able} ~~for adding new service based on sound transportation marketing~~ ^{capabilities} decisions. The end result should be better transportation ~~services~~

The Attorney General advises me that the provisions provide for an amendment of a bill of a single House without presenting that action to the President. Although I have signed H.R. 4975, I have reservations about the Congressional development provisions, and have signed H.R. 4975. I believe the Nation needs the improved passenger rail service which will provide.

Insert

The Attorney General advises me that this provision provides for an unconstitutional exercise of Congressional power, ~~because it gives legislative effect to the action of a single House, and also that action is not presented to the President for his approval.~~ ^{such}

I am seriously concerned about the increasing frequency ~~at which~~ ^{at which} Congress passes legislation containing provisions which disregard ~~these~~ Constitutional requirements. I have, nevertheless, signed H.R. 4975 because the Nation needs the important passenger rail service it will provide. (4)

The management contained in
for every tax dollar spent on Amtrak. ~~This new flexibility should~~
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service and to stay within the spending limits established ~~within~~^{by}
the authorization bill.

Section 12 of the bill unfortunately amends the act to require the Secretary to acquire the right-of-way or track for any rail line which is part of an experimental Amtrak route, and which is abandoned under the provisions of the Regional Rail Reorganization Act of 1973. The section also requires the Secretary to restore the right-of-way or track to permit Amtrak to provide intercity rail transportation over the designated route. This section, however, should have limited impact.

(It is gratifying to note that the Congress has responded ~~to my~~^{The} suggestion ~~in~~^{made} signing the Amtrak Improvement Act of 1974 (P.L. 93-396) that mandatory on-board customs procedures would be undesirable. The Congress, in this bill, has provided for cooperation between the Secretary of the Treasury, the Attorney General, and the ~~National Railroad Passenger Corporation~~^{Amtrak} to establish ~~and maintain adequate customs~~^{adequate} inspection procedures. ~~These procedures~~^{which} will be convenient for passengers and consistent with effective enforcement of the immigration and customs laws. Implementation of these procedures should ~~result~~^{facilitate} in the most rapid possible transit in international, intercity rail passenger service.

I commend the Congress for enacting this bill ~~which~~^{which} should, on balance, provide a basis for improved and more economic passenger service for the American people. It is essential that we continue

to work toward developing more effective approaches to meeting
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STATEMENT BY THE PRESIDENT

I have signed H.R. 4975, The Amtrak Improvement Act of 1975.

This bill provides authorizations for Federal support to Amtrak for an additional 27-month period, through fiscal 1977. It will provide the Amtrak Board of Directors with the flexibility necessary to effectively manage the Corporation's affairs. This should result in improved intercity rail passenger service. I expect the Corporation to develop plans and programs consistent with realistic funding authorized by this bill, thus ^{eliminating} the past practice of ever-escalating Federal subsidies over which neither the Congress nor the Executive Branch had effective control.

The bill authorizes procedures which enable Amtrak to modify its system of routes and services consistent with the goal of making rail passenger service an effective part of our national transportation system. It is regrettable, however, that the criteria for exercising this authority must be submitted to the Congress with the possibility of disapproval by either the House or the Senate within 60 days.

The Attorney General advises me that this provision provides for an unconstitutional exercise of Congressional power. I am seriously concerned about the increasing frequency with which Congress passes legislation containing such provisions. I have, nevertheless, signed H.R. 4975 because the Nation needs the important passenger rail service it will provide.

Once the new procedures for adding and eliminating routes ^{are} ~~is~~ established, Amtrak will have a sensible basis on which to make determinations on dropping routes which are inefficient or adding service which boosts our overall transportation capabilities. The end result should be



better transportation for every tax dollar spent on Amtrak. The management flexibility contained in this legislation will enable Amtrak to improve the present level of rail passenger service and to stay within the spending limits established by the authorization bill.

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I commend the Congress for enacting this bill which should, on balance, provide a basis for improved and more economic passenger service for the American people. It is essential that we continue to work toward developing more effective approaches to meeting the complex transportation needs of the Nation.

Gerald R. Ford

MAY 26, 1975

Office of the White House Press Secretary

THE WHITE HOUSE

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AMTRAK IMPROVEMENT ACT OF 1975

MARCH 26, 1975.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed.

Mr. STAGGERS, from the Committee on Interstate and Foreign Commerce, submitted the following

REPORT

together with

MINORITY VIEWS

[To accompany H.R. 4975]

The Committee on Interstate and Foreign Commerce, to whom was referred the bill (H.R. 4975) to amend the Rail Passenger Service Act to provide financial assistance to the National Railroad Passenger Corporation, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

That this Act may be cited as the "Amtrak Improvement Act of 1975".

Sec. 2. Section 303 (d) of the Rail Passenger Service Act (45 U.S.C. 543 (d)), relating to officers of the Corporation, is amended by inserting immediately before the period at the end of the third sentence thereof the following: "; except that this limitation upon compensation shall not apply in the case of the president of the Corporation if the board determines with respect to such officer that a higher level of compensation is necessary and is not higher than \$85,000 or the general level of compensation paid officers of railroads in positions of comparable responsibility, whichever is lesser".

Sec. 3. Section 305 of such Act (45 U.S.C. 545), relating to general powers of the Corporation, is amended by striking out subsection (f), as added by section 4 of the Amtrak Improvement Act of 1974 (88 Stat. 1527), and inserting in lieu thereof the following:

"(h) The Secretary of the Treasury and the Attorney General shall (consistent with the effective enforcement of the immigration and customs laws) establish and maintain, in cooperation with the Corporation, en route customs inspection and immigration procedures aboard trains operated in international intercity rail passenger service, which procedures will be convenient for passengers and will result in the most rapid possible transit in international intercity rail passenger service."

SEC. 4. The first sentence of section 308(b) of such Act (45 U.S.C. 548(b)), relating to reports, is amended by striking out "the preceding year" and inserting in lieu thereof "the preceding fiscal year".

SEC. 5. Section 404(b) of such Act (45 U.S.C. 564(b)), relating to discontinuance of service, is amended—

(1) by striking out "July 1, 1975" in paragraph (1) and paragraph (3) and inserting in lieu thereof in each such paragraph "October 1, 1976"; and

(2) by striking out "July 1, 1975" in the second sentence of paragraph (2) and inserting in lieu thereof "March 1, 1977".

SEC. 6. Section 404 of such Act (45 U.S.C. 564), relating to discontinuance of service, is amended by adding at the end thereof the following new subsection:

"(c) (1) Within 120 days after the date of enactment of this subsection, the board of directors of the Corporation shall study, develop, and submit to the Secretary, to the Commission, and to the Congress an initial proposal setting forth criteria and procedures under which the Corporation would be authorized to add or discontinue routes and services. Such criteria and procedures shall include, but need not be limited to—

"(A) methods for evaluating the economic and environmental impact of any addition or discontinuance of intercity rail passenger service;

"(B) methods for evaluating the effects of any such addition or discontinuance on connecting parts of the national system of intercity rail passenger service;

"(C) methods for estimating, with respect to any such addition or discontinuance, the population to be affected, the demand for intercity rail passenger service, the revenue per passenger mile, and the effect on capital costs and revenue of the Corporation;

"(D) methods for evaluating the availability of alternative modes of transportation;

"(E) methods for giving public notice of, and obtaining public comments on, any such addition or discontinuance; and

"(F) methods for establishing a priority ranking system for routes and trains to meet the needs of the public convenience and necessity for a balanced transportation system, taking into consideration the criteria and procedures referred to in subparagraphs (A) through (E) of this paragraph, together with such other criteria as the board of directors deems appropriate.

"(2) Within 150 days after the date of enactment of this subsection, the Secretary and the Commission shall submit to the Congress and to the board of directors of the Corporation their comments on the initial proposal setting forth criteria and procedures developed by the board of directors of the Corporation, together with such recommendations as they may deem appropriate.

"(3) Within 30 days after receipt of comments submitted by the Secretary and the Commission under paragraph (2) of this subsection, the board of directors of the Corporation shall consider such comments and shall submit to the Congress a final proposal setting forth criteria and procedures under which the Corporation would be authorized to add or discontinue routes and services within the national system of intercity rail passenger service. The criteria and procedures set forth in such final proposal shall take effect at the end of the first period of 60 calendar days of continuous session of the Congress after the date of its submission, unless either the Senate or the House of Representatives adopts a resolution during such period stating that it does not approve such final proposal. If no resolution is adopted as provided in the preceding sentence, the Corporation may add or discontinue routes and services in accordance with the criteria and procedures set forth in the final proposal, notwithstanding the provisions of section 13a of the Interstate Commerce Act or of section 404(b)(3) of this Act, relating to discontinuance of service within the basic system. Service beyond the basic system referred to in section 404(b)(2) of this Act shall not be discontinued under this subsection until March 1, 1977. For purposes of this paragraph, continuity of session of the Congress is broken only by an adjournment sine die, and the days on which either House is not in session because of an adjournment of more than 3 days to a day certain are excluded from the computation of the 60-day period."

SEC. 7. Such Act is amended by striking out title V, relating to the financial investment advisory panel (45 U.S.C. 581-583).

SEC. 8. Section 601(a) of such Act (45 U.S.C. 601(a)), relating to authorization of appropriations, is amended—

(1) by striking out "in subsequent fiscal years a total of \$534,300,000" in the first sentence and inserting in lieu thereof "in subsequent fiscal years through June 30, 1975, a total of \$597,300,000"; and

(2) by inserting immediately after the first sentence the following: "There are authorized to be appropriated to the Secretary for the benefit of the Corporation (1) for the payment of operating expenses for the basic system, and for operating and capital expenses of intercity rail passenger service provided pursuant to section 403(b) of this Act, \$350,000,000 for fiscal year 1976, \$105,000,000 for the transition period of July 1, 1976, through September 30, 1976 (hereafter in this section referred to as the 'transition period') and \$355,000,000 for fiscal year 1977; and (2) for the payment of capital expenditures of the basic system, \$110,000,000 for fiscal year 1976; \$25,000,000 for the transition period; and \$110,000,000 for fiscal year 1977. Of the amounts authorized by clause (1) of the preceding sentence, not more than \$25,000,000 for fiscal year 1976, \$7,000,000 for the transition period, and \$30,000,000 for fiscal year 1977 shall be available for payment of operating and capital expenses of intercity rail passenger service provided pursuant to section 403(b) of this Act."

SEC. 9. Section 602 of such Act (45 U.S.C. 602), relating to guarantee of loans, is amended—

(1) by striking out subsection (a) and inserting in lieu thereof the following:

"(a) The Secretary is authorized, on such terms and conditions as he may prescribe, and with the approval of the Secretary of the Treasury, to guarantee any lender or lessor against loss of principal and interest or other contractual commitments, including rentals, on securities, obligations, leases, or loans, including refinancing thereof) issued to finance the upgrading of roadbeds, and the purchase or lease by the Corporation or an agency of new rolling stock, rehabilitation of existing rolling stock, reservation systems, switch and signal systems, and other capital equipment and facilities necessary for the improvement of rail passenger service. The maturity date or term of such securities, obligations, leases, or loans, including all extensions and renewals thereof, shall not be later than 20 years from their date of issuance."

(2) by striking out subsection (c) and inserting in lieu thereof the following:

"(c) Any guarantee made by the Secretary under this section shall not be terminated, canceled or otherwise revoked; shall be conclusive evidence that such guarantee complies fully with the provisions of this Act and of the approval and legality of the principal amount, interest rate, lease rate, and all other terms of the securities, obligations, leases, or loans and of the guarantee, and shall be valid and incontestable in the hands of a holder of a guaranteed security, obligation, lease, or loan, except for fraud or material misrepresentation on the part of such holder."

(3) by striking out "obligations, or loans" in subsection (d) and inserting in lieu thereof "obligations, leases, or loans"; and

(4) by striking out "obligation, or loan" each place it appears in subsection (g) and inserting in lieu thereof in each such place "obligation, lease, or loan".

SEC. 10. Section 4(1)(2) of the Department of Transportation Act, as added by the Amtrak Improvement Act of 1974 (49 U.S.C. 1653(1)(2)), is amended by striking out the last two sentences and inserting in lieu thereof the following: "Any grant made by the Secretary under this paragraph shall not exceed 60 per centum of the total cost of conversion of a railroad passenger terminal into an intermodal transportation terminal."

SUMMARY OF THE REPORTED BILL

The reported bill authorizes \$1,118,000,000 in appropriations to the National Railroad Passenger Corporation through October 1, 1977.

A statutory limitation on the compensation for the President of the Corporation is increased from \$60,000 a year to \$85,000 a year.

A change in section 305 of the 1970 Act gives the Attorney General of the United States authority to establish and maintain immigration procedures for international rail passenger service.

A change is made in the date Amtrak files its annual report to conform with the new Government fiscal year.

Amtrak is prohibited from discontinuing service over the basic system until October 1, 1976, and any service which it initiated on its own after January 1, 1973, cannot be discontinued until March 1, 1977. In the case of basic system routes, Amtrak is authorized to present to Congress criteria and procedures for discontinuances, and if Congress approves such plans, Amtrak may discontinue service notwithstanding any provisions of the Interstate Commerce Act.

The reported bill would abolish the Financial Investment Advisory Panel established in the 1970 Act. Changes are made in section 602 of the original Act to make it clear that loan guarantees also apply to leases.

The Department of Transportation Act is amended by eliminating the July 1, 1976, deadline requirement for the Secretary to make grants for converting railroad passenger terminals into intermodal terminals.

COMMITTEE ACTION

The Subcommittee on Transportation and Commerce held two days of public hearings on H.R. 8282 and related bills on March 11 and 13, 1975.

Oral testimony was received from the President of Amtrak, the Acting Administrator of the Federal Railroad Administration (representing the Department of Transportation), the Interstate Commerce Commission, and the President of the National Association of Railroad Passengers. Written statements from other interested parties were also received.

On March 14, the Subcommittee approved a "clean bill", H.R. 4975, and reported it to the full Committee. The Committee on Interstate and Foreign Commerce approved H.R. 4975 by voice vote with an amendment on March 24, 1975.

HISTORY AND NEED

The National Railroad Passenger Corporation (Amtrak) was created by the Rail Passenger Service Act of 1970 (Public Law 91-581) to provide an alternative means of travel for the American public.

The 91st Congress believed that intercity rail passenger service should be an integral part of the national transportation system. The current energy crisis reinforces the wisdom of that action, as trains rank only behind barges in fuel efficiency.

Prior to the actual start-up of Amtrak passenger service in May, 1971, rail passenger service operated by a number of railroad companies was deteriorating in quality and in usage. There were less than 500 passenger trains in existence at the time Amtrak assumed intercity operations, down from several thousand which operated in the earlier part of this century. The aggregate losses for operating these trains reached \$200 million in 1970, and the railroads, with several exceptions, were anxious to turn the operations over to Amtrak.

Amtrak started with a \$40 million Federal grant, and payments of \$197 million from participating railroads (over a 36-month period, ending in 1974). Since that time, Federal subsidies have totaled \$534,300,000 and Amtrak has committed \$860 million in Federal-guaranteed loan authority.

Rail passenger travel reached its low mark in this century in 1970. In 1974, Amtrak carried 18.5 million passengers, a 10 percent increase over 1973, and one of the highest passenger-by-train years recorded since the 1950's. It was operating 29 million train miles, with 240 daily trains serving 457 stations along an expanded route system of 24,315 miles.

While the energy crisis of 1974 accounted for much of this increase in passengers, Amtrak expects to carry even more passengers in 1975, and it appears as if the passenger train revival which it started in 1971 is here to stay.

Amtrak is still plagued with outdated equipment (there have been no new passenger cars built in the United States in the past 20 years), and costs for servicing the old cars still remains high. In addition, the railroad-owned tracks which Amtrak must use have been a constant cause of slow trains and poor on-time performance. The railroads were relieved of their passenger-carrying obligations under the Interstate Commerce Act by the 1970 contract which allowed them to "buy" into Amtrak, and as a second condition, were required to maintain their road beds in at least the condition they were in when Amtrak started operations. Some of the railroads, particularly the bankrupt carriers in the Northeast, have not done so, and litigation is underway to settle the dispute.

While ridership is up, despite lingering problems with service, Amtrak revenues are down. Several reasons account for this paradox:

1. The general economic recession has produced inflation in costs which Amtrak was unable to forecast in 1974;
2. Seven new routes were added which were beyond the control of Amtrak;
3. A new wage-price increase reflecting new contracts with employees;
4. A performance incentive contract with the railroads, providing incentive and penalty payments for on-time performance, car cleanliness and equipment availability. The cost of these incentive payments for fiscal year 1975 is estimated to be \$3.2 million; and
5. Passenger car overhaul orders are up, because of the need to comply with certain Interstate Commerce Commission quality of service regulations.

The need for each section of the reported bill is discussed below:

Salary of Amtrak Executives

The National Railroad Passenger Corporation, despite the fact that it receives annual subsidies from the Federal government, is a for-profit, private company, performing a public function (i.e., providing public transportation in intercity travel).

Section 303(d) of the Rail Passenger Service Act of 1970 (P.L. 91-518) allowed the Board of Directors of the Corporation to set salaries for its officers. Accordingly, the first Amtrak President, Roger Lewis, was paid \$125,000 a year.

In 1972, Congress voted to limit the salaries of Amtrak employees to Level I of the Executive Schedule under section 3512 of title 5, United States Code. This amendment to the original act put a cap of \$60,000 a year on Amtrak executive salaries.

The Senate has passed bills on three different occasions since that time to remove this limitation, and the Administration supports a removal of this salary limitation. The Committee realizes that Amtrak needs to attract experienced and capable management, especially those with experience in the railroad business. The salary limitation has acted as a deterrent in attracting or keeping the caliber of management the Corporation needs.

The presidents or chief executive officers of railroads represented on the Board of Directors of the Association of American Railroads average \$140,000 a year.

Amtrak's new president, Mr. Paul Reistrup, assumed duties on March 1, 1975, with the understanding that the Administration would support a higher level of compensation for Amtrak executives. Mr. Reistrup has considerable experience with railroad passenger service, and took a salary cut to assume the position with Amtrak.

The Committee still feels that as long as Amtrak is subsidized by the Federal Government, some limitation on the executive salaries must be mandatory. Thus, the reported bill allows the Board of Directors to review the President's salary, and if it finds the compensation (1) is not higher than the general level of compensation paid officers of railroads in positions of comparable responsibility, and (2) a higher level of compensation is necessary, then it can raise the compensation to \$85,000 a year.

Salaries for other officers of the Corporation cannot exceed \$60,000 (or Executive I schedule), as is current law.

The Committee's action tries to balance the need for trimming expenditures with the need to attract and keep top flight management for Amtrak.

Authorizations through fiscal year 1977

Since Amtrak was created in 1970, there has been a need for annual authorizations for Federal subsidies to the Corporation.

Administration spokesmen testifying before the Subcommittee, and the President of Amtrak, agree that there is little likelihood of Amtrak making a profit in the near future. The Administration proposed a bill which would authorize federal funds for Amtrak deficits for the next four fiscal years.

The Committee believes that authorizations should extend only through fiscal year 1977, so that a major review of the Corporation's activities can take place at least by 1976.

The reported bill follows generally the Administration's request for funding through fiscal year 1976.

Contained in the overall authorization of \$1,118 million is a \$63 million emergency supplemental for the current fiscal year. Amtrak claims it will have to stop services by April 15 of this year without this emergency funding. The Committee is satisfied that the request is necessary, and the Administration supports that position.

A total of \$350 million is authorized for fiscal year 1976. An additional \$105 million is authorized for the period July 1 through October 1, 1976, the transition period in which the Federal Government will embark on a new fiscal year dating process.

The bill authorizes \$355 million for fiscal year 1977.

Of the above amounts, there is a specific ceiling of \$25 million in fiscal year 1976, \$7 million for the transition period, and \$30 million for fiscal year 1977 for the section 403(b) state subsidy program. This program allows States to share in the cost of operating service which they request Amtrak to be operated.

In addition, Amtrak has always financed capital expenditures through the use of Government-backed loans. As of March 1, 1975, a total of \$860 million has been committed by Amtrak under this program. The Federal grants have been used for operating subsidies only.

Under the reported bill, no additional loan authority would be given the Secretary of Transportation for Amtrak use. The annual financing of the loans now exceeds \$32 million. The reported bill will, for the first time, make capital grants. In fiscal year 1976, capital grants authorized will be \$110 million; \$25 million for the transition period (July 1 to September 30, 1976), and \$110 million for fiscal year 1977.

Thus, the total authorization of Federal grants for Amtrak, will be as follows: \$460 million through July 1, 1976; \$130 million for the transition period; and \$465 million for fiscal year 1977.

The Committee expects Amtrak will eventually improve its service with the addition of modern passenger cars, improved utilization and better on-time performance because of the performance contracts with the railroads, and better control over the almost 8,000 employees, which for the most part, until 1974, worked directly for the railroads rather than for Amtrak. But the prospects for an end to Federal subsidies in the near future are not as good.

Immigration Authority

The Amtrak Improvement Act of 1974 (88 Stat. 1527) sought to bring cooperation between the Secretary of Treasury and Amtrak in devising customs procedures at points where Amtrak enters other countries which would enhance international rail passenger service.

The 1974 Act was made necessary because U.S. customs agents were requiring passengers on Amtrak trains going into, or coming from Canada, to disembark for lengthy inspections, regardless of the weather and to a great inconvenience to these passengers.

The reported bill amends section 305(f) by requiring the Attorney General of the United States to also cooperate with Amtrak in devising on board immigration procedures which will be more convenient for the passengers, and which will not unduly hinder the on-time performance of the trains.

Amtrak Reports

The Federal government will adopt a new fiscal year in 1976, with the new fiscal year starting October 1 instead of July 1. The reported bill amends the Rail Passenger Service by conforming the Amtrak annual report filing date with the new fiscal year.

Discontinuance of Service

No Amtrak intercity route makes a profit today, except for the Metroliner service on the Washington, D.C. to Boston, Massachusetts, "Northeast Corridor".

However, the energy crisis made it clear that long haul routes are attractive to travelers, and all routes within the system picked up ridership in 1974.

The Committee believes that Amtrak should not discontinue any of its services within the basic system, at least for another year, so that each route can be studied in depth to see whether it can ever be profitable, and, even if it cannot be profitable, whether it is important to maintain that service.

Accordingly, the Committee's reported bill prohibits Amtrak from discontinuing any service within the basic system, with one important exception (discussed below), until October 1, 1976.

Amtrak initiated service on its own after January 1, 1973, on two routes: one stretching from Washington, D.C. to Denver, Colorado, and one in the San Joaquin Valley, California. The reported bill contains an absolute prohibition against the discontinuance of those two routes before March 1, 1977.

Discontinuance Procedures

Another section of the reported bill (section 6) allows discontinuance of service within the basic system under certain circumstances.

Within 120 days after the date of enactment of the bill, Amtrak's Board of Directors must submit to the Secretary of Transportation, the Interstate Commerce Commission, and to the Congress, an initial proposal setting forth criteria and procedures under which Amtrak would be authorized to add or discontinue routes and services. Certain procedures are mandated in the proposal. Within 150 days after the date of enactment, the Secretary and the ICC shall submit to Congress and to Amtrak their comments on the initial proposal, along with their recommendations.

Within 30 days after receipt of the comments, the Board of Directors of Amtrak will submit a final proposal to Congress. This final proposal shall take effect at the end of the first period of 60 calendar days of continuous session of Congress after the date of its submission, unless either the House or the Senate adopts a resolution stating it does not approve such final proposal. If there is no such resolution adopted by either House, the proposals take effect, and Amtrak may add or discontinue service or routes notwithstanding provisions of section 13a of the Interstate Commerce Act to the contrary, or of section 404(b)(3) of the Rail Passenger Service Act (relating to discontinuance of service within the basic system). If the final proposal takes effect, it will give the Corporation additional management flexibility to enable it to continue to provide intercity rail passenger service within the money limits established by the authorizations contained in the reported bill. The Committee recognizes, however, that management flexibility alone may not be sufficient to deal with unforeseen inflationary forces.

Other Provisions

When Congress passed the Rail Service Passenger Act of 1970, a financial investment advisory panel was created. The panel no longer

functions, and is obsolete, and the reported bill deletes the requirement for such a panel in the Act.

The reported bill amends section 602 of the Act to clarify the section by making clear that loan guarantees apply to leases, as well as the purchase of equipment and facilities by Amtrak. Such a clarification was requested by both the Administration and Amtrak to make sure no legal problems are caused by the previous omission of the word "lease".

The Amtrak Improvement Act of 1974 amended the Department of Transportation Act to authorize the Secretary of Transportation to make grants for the conversion of railroad passenger terminals into intermodal transportation terminals. The reported bill deletes the requirement that such grants should be made by July 1, 1976.

OVERSIGHT FINDINGS

Pursuant to clause 2(1)(3)(A) of Rule XI of the Rules of the House of Representatives, the Committee issues the following oversight findings:

The Subcommittee on Investigations conducted an extensive study of Amtrak operations in the second session of the 93rd Congress. Five reports were issued, including: *Review of Amtrak Operations; Condition of Amtrak Trains; Maintenance and Repair Activities; The Blue Ridge; The National Limited; and Passenger Survey*. The oversight subcommittee is continuing a study of Amtrak operations during the 94th Congress. The aforementioned reports are available from the Committee.

In regard to Rule XI, 2(1)(3)(D), no oversight findings have been submitted to the Committee by the Committee on Government Operations.

In regard to Rule XI 2(1)(3)(C) no cost estimate or comparison has been submitted by the Congressional Budget Office relative to the provisions of H.R. 4975.

INFLATION IMPACT STATEMENT

Pursuant to Rule XI 2(1)(4) of the House of Representatives, the Committee makes the following statement in regard to the inflationary impact of the reported bill:

H.R. 4975 authorizes a Federal expenditure of \$1,118,000,000.00 thru October 1, 1977. The authorization earmarks an additional \$63 million for fiscal year 1975 and \$460 million through fiscal year 1976. A total of \$130 million is authorized for the three month transition period between the end of fiscal year 1976 and the start of the new government fiscal year 1977 on October 1, 1977.

With a Federal budget for each of the two fiscal years estimated to exceed \$385 billion, the total authorization contained in the reported bill is .004 percent of that budget estimate.

While the appropriation of the funds authorized may require Federal borrowing which could compete with private markets, thus causing some inflation, the overwhelming majority of the funds authorized will have an opposite effect.

A total of \$245 million of the total authorization will be for capital expenditures, such as the purchase of new equipment, facilities and improvement of rights of way. This is expected to generate new employment, and curb unemployment in certain industries (rolling stock manufacturers).

In addition, studies have shown that rail transportation is an efficient use of scarce fuel. To move one ton one mile, a locomotive uses 750 British Thermal Units, a truck consumes 2,400 BTUs, a plane 63,000 BTUs. Rail passenger travel as compared to automobile and plane travel is much more efficient in the use of the nation's energy resources, and this efficiency will result in curtailing inflation caused by high fuel prices and consumer expense for travel.

The Committee notes that the Department of Transportation has filed a similar statement with the Office of Management and Budget, stating that the authorizations contained in H.R. 4975 are not inflationary.

COST ESTIMATE

In compliance with clause 7 of Rule XIII of the Rules of the House of Representatives, the following statement is made relative to the effect on the revenues of this bill.

The reported bill authorizes appropriations totaling \$1.118 billion through the end of fiscal year 1977. The Committee anticipates that the Corporation will request the total amount authorized and, if appropriated, will utilize the total amount within the period authorized. Appropriations for fiscal years after 1977 must be authorized by the Congress in subsequent legislation.

SECTION-BY-SECTION EXPLANATION

Unless otherwise indicated, references to provisions of existing law contained in this explanation refer to provisions of the Rail Passenger Service Act.

Section 1. This section provides that this legislation may be cited as the "Amtrak Improvement Act of 1975".

Section 2. This section establishes an exception to subsection 303(d) of existing law, which places a limit upon the compensation that officers of the Corporation can receive at level I of the Executive Schedule (currently \$60,000). The exception to the limitation on compensation applies only to the President of the Corporation if and when the Board of Directors of the Corporation determines that a higher level of compensation for such officer is necessary and such compensation is not higher than \$85,000 or the general level of compensation paid officers of railroads in positions of comparable responsibility, whichever is lesser.

Section 3. This section revises section 305 of existing law by striking out subsection (f), as added by section 4 of the Amtrak Improvement Act of 1974, and adding a new subsection (h). This new subsection requires the Secretary of the Treasury and the Attorney General, consistent with the effective enforcement of immigration and customs laws, to establish and maintain, in cooperation with the Corporation, en route customs inspections and immigration procedures aboard trains

operated on international intercity routes. Further, such en route procedures must be convenient for the passengers and result in the most rapid transit possible in international intercity rail passenger service.

Section 4. This section permits the Corporation to issue its annual report of receipts and expenditures on the basis of the preceding fiscal year, rather than the preceding calendar year.

Section 5. Paragraph 1 of this section provides that the Corporation must provide the service included within the basic system until October 1, 1976, subject only to the provisions of the new section 404(c) added to existing law by section 6 of the reported bill.

Paragraph 2 of this section provides that service undertaken by the Corporation on its own initiative beyond those services prescribed for in the basic system, must be operated by the Corporation until March 1, 1977. The services undertaken pursuant to subsection 404(b)(2) of existing law are not subject to the provisions of the new section 404(c) added to existing law by section 6 of the reported bill until March 1, 1977.

Section 6. This section adds a new subsection (c) to section 404 of existing law dealing with discontinuance of service. Paragraph 1 of the new subsection (c) mandates the Board of Directors of the Corporation to develop a set of criteria and procedures, within 120 days after the date of enactment of this section, under which the Corporation would be authorized to add or discontinue rail passenger routes and services. Such criteria and procedures must, within the same 120 day period, be submitted to the Congress, the Secretary of Transportation, and the Interstate Commerce Commission.

Further, it requires that such criteria and procedures for additions and discontinuance of intercity rail passenger service, include methods for evaluating the economic and environmental impact; evaluating the effects on connecting parts of the intercity rail passenger system; estimating the population to be affected, the revenue per mile, and the effect on capital costs and revenue of the Corporation; evaluating the alternative modes of transportation available to affected communities; giving public notice and receiving public comments; and establishing a priority ranking system for the routes, trains, and services for the intercity rail passenger system.

Paragraph 2 mandates the Secretary of Transportation and the Interstate Commerce Commission, within 150 days after the enactment of this section, to submit to the Congress and to the Corporation their comments on the initial report of the Board of Directors of the Corporation regarding its criteria and procedures for additions or discontinuance of rail passenger service.

Paragraph 3 requires the Board of Directors of the Corporation to consider the comments of the Secretary of Transportation and the Interstate Commerce Commission on the initial criteria and procedures developed by the Board of Directors and to submit to the Congress, within 30 days after receipt of such comments, a final set of criteria and procedures under which the Corporation would be authorized to add or discontinue intercity rail passenger trains, routes, and services.

Such criteria and procedures set forth in the final proposal submitted by the Board of Directors to the Congress shall take effect at

the end of 60 calendar days of continuous session of the Congress after the date of its submission, unless either House of Congress adopts a resolution disapproving such final criteria and procedures.

For purposes of paragraph 3, the phrase "continuous session of the Congress" is defined to include all calendar days, except that such continuous period is broken by an adjournment sine die. Further, if there is an adjournment of either House of more than 3 days to a date certain, such days are excluded from the computation of the 60-day period.

If the final criteria and procedures submitted by the Board of Directors of the Corporation take effect, then the Corporation may add or discontinue train or route service within the basic system subject only to its final criteria and procedures, notwithstanding section 13a of the Interstate Commerce Act or section 404(b)(3) of existing law, relating to discontinuance of service within the basic system.

The services referred to in section 404(b)(2) of existing law (those initiated beyond the basic system by the Corporation upon its own initiative) are not subject to any criteria or procedures under any law relating to discontinuance of service until March 1, 1977.

Section 7. This section repeals the provisions of existing law (45 U.S.C. 581-583) relating to the financial investment advisory panel.

Section 8. Paragraph (1) of this section provides for a \$63 million increase in the authorization of appropriations for the Corporation, through June 30, 1975, from \$534,300,000 to \$597,300,000.

Paragraph (2) of this section is an authorization of appropriations for the fiscal year ending June 30, 1976, the transition period of July through September of 1976, and the fiscal year ending September 30, 1977.

For the fiscal year ending June 30, 1976, this section authorizes appropriations of \$350,000,000 in operating grants of which not more than \$25,000,000 shall be available for the payment of operating and capital expenses of intercity rail passenger service provided pursuant to section 403(b) of existing law. A further authorization of appropriations for the fiscal year ending June 30, 1976, of \$110,000,000 is made for the payment of the capital expenditures of the basic system.

This section further makes an authorization of appropriations for the transition period of July 1, 1976, through September 30, 1976, of \$105,000,000 for operating grants, of which not more than \$7,000,000 shall be available for the payment of operating and capital expenses of intercity rail passenger service provided pursuant to section 403(b) of existing law. Further, a \$25,000,000 authorization of appropriations is available during the transition period for the payment of the capital expenditures of the basic system.

For the fiscal year ending September 30, 1977, this section authorizes appropriations of \$355,000,000 for operating grants of which not more than \$30,000,000 shall be available for the payment of operating and capital expenses of intercity rail passenger service provided pursuant to section 403(b) of existing law. Further, a \$110,000,000 authorization of appropriations is made for the payment of the capital expenditures of the basic system.

Section 9. This section permits the Secretary of Transportation, with the approval of the Secretary of Treasury, to guarantee any lessor

against loss of principal and interest or other contractual commitments on a lease agreement between the Corporation and a lessor involving new rolling stock or other capital equipment and facilities necessary for the improvement of intercity rail passenger service.

Section 10. This section permits the Secretary of Transportation to make grants, not to exceed 60 per centum of the total cost of conversion of a railroad passenger terminal into an intermodal transportation terminal, beyond the July 1, 1976, date established by section 4(1)(2) of the Department of Transportation Act, as amended by the Amtrak Improvement Act of 1974.

AGENCY COMMENTS

The Department of Transportation submitted two proposals for consideration by the Committee. The Interstate Commerce Commission presented testimony at the Subcommittee hearings. The DOT letter of transmittal is as follows:

THE SECRETARY OF TRANSPORTATION,
Washington, D.C., February 11, 1975.

HON. CARL B. ALBERT,
Speaker of the House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: There is transmitted herewith a bill to amend the Rail Passenger Service Act (the "Act") to authorize additional appropriations under section 601(a) of the Act.

The Amtrak Improvement Act of 1974 (P.L. 93-496) authorized \$200 million in appropriations to finance Amtrak's operating deficit for Fiscal Year 1975. In order to insure continued operation of Amtrak services through Fiscal Year 1975 as required by the Act, an additional \$63 million in grant authorization will be required.

In June 1974, Amtrak estimated its gross operating deficit for FY 1975 at about \$150 million. Because of higher costs for wages and fuel and the cost of providing added services to meet increased demand, the estimated deficit was increased to \$238.2 million in September of 1974. At that time it was made clear that the revised estimate did not include certain contingency costs which, if they occurred, would raise the deficit even higher. Because of the realization of certain of those contingent costs and an unanticipated decline in revenues during the first six months of FY 1975, the estimated loss for FY 1975 is now expected to be \$325.0 million. The enclosure identifies the changes in the Amtrak FY 1975 deficit estimates and the need for new authorization.

Amtrak's actual experience during the first six months of FY 1975 shows that net revenues for the year will be \$5.2 million less than anticipated, after taking into account the offsetting effects of the fare increase instituted in November 1974, the one planned for April 1975, and increased charges, beginning in January of this year, on food and beverage service. Amtrak attributes this revenue decrease to the downturn in the economy.

On the expense side, Amtrak has included \$99.1 million in new expenses which were previously included in Amtrak's budget estimates

as contingency items: they are (1) railroad performance incentive payments of \$21.5 million; (2) settlement of the Amtrak/Penn Central contract at \$22.9 million; (3) additional car overhaul program expenses of \$5 million; and (4) increased operating costs due to inflation of \$49.7 million.

To offset in part these additional cost increases and revenue decreases whose combined impact is \$104.3 million, Amtrak plans a cost reduction program which is estimated to save \$13.5 million and which includes a reduction in force, savings in crew costs and improved equipment utilization. An adjustment in prior year billing charges will result in savings of \$4 million. However to avoid drastic curtailment or even cessation of service, the additional authorizations for grant assistance must be available by the end of March. A curtailment of service would adversely affect Amtrak's ability to provide service and generate revenues during the critical early months of its summer peak season.

While the Department in the very near future intends to submit its proposals to Congress for FY 1976 and beyond, the urgency of this matter requires the submission of this legislation at this time.

The Office of Management and Budget has advised that enactment of this legislation would be in accord with the President's program.

Sincerely,

JOHN W. BARNUM, *Acting Secretary.*

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of Rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

Rail Passenger Service Act

* * * * *

TITLE III—CREATION OF A RAIL PASSENGER CORPORATION

* * * * *

SEC. 303. DIRECTORS AND OFFICERS.

(a) * * *

* * * * *

(d) The Corporation shall have a president and such other officers as may be named and appointed by the board. The rates of compensation of all officers shall be fixed by the board. No officer of the Corporation shall receive compensation at a rate in excess of that prescribed for level I of the Executive Schedule under section 5312 of title 5, United States Code; *except that this limitation upon compensation shall*

not apply in the case of the president of the Corporation if the board determines with respect to such officer that a higher level of compensation is necessary and is not higher than \$85,000 or the general level of compensation paid officers of railroads in positions of comparable responsibility. Officers shall serve at the pleasure of the board. No individual other than a citizen of the United States may be an officer of the Corporation. No officer of the Corporation may have any direct or indirect employment or financial relationship with any railroad during the time of his employment by the Corporation.

* * * * *

SEC. 305. GENERAL POWERS OF THE CORPORATION.

(a) * * *

* * * * *

[(f) The Secretary of the Treasury shall establish and maintain, in cooperation with the Corporation, customs inspection procedures aboard trains operated in international intercity rail passenger service under paragraph (7) of subsection (e) of this section, which procedures will be convenient for passengers and will result in the most rapid possible transit between embarkation and debarkation points on such service.]

(h) *The Secretary of the Treasury and the Attorney General shall (consistent with the effective enforcement of the immigration and customs laws) establish and maintain, in cooperation with the Corporation, en route customs inspection and immigration procedures aboard trains operated in international intercity rail passenger service, which procedures will be convenient for passengers and will result in the most rapid possible transit in international intercity rail passenger service.*

* * * * *

SEC. 308. REPORTS TO THE CONGRESS.

(a) * * *

* * * * *

(b) The Corporation shall transmit to the President and to the Congress by February 15 of each year (beginning with 1973), and at such other times as it deems desirable, a comprehensive and detailed report of its operations, activities, and accomplishments under this Act, including a statement of receipts and expenditures for the preceding fiscal year. At the time of its annual report, the Corporation shall submit such legislative recommendations as it deems desirable, including the amount of financial assistance needed for operations and for capital improvements, the manner and form in which the amount of such assistance should be computed, and the sources from which such assistance should be derived.

* * * * *

TITLE IV—PROVISION OF RAIL PASSENGER SERVICES

SEC. 404. DISCONTINUANCE OF SERVICE.

(a) * * *

(b)(1) The Corporation must provide the service included within the basic system until [July 1, 1975] *October 1, 1976*, to the extent it has assumed responsibility for such service by contract with a railroad pursuant to section 401 of this Act.

(2) Except as otherwise provided in this paragraph and in section 403(a) of this Act, service beyond that prescribed for the basic system undetaken by the Corporation upon its own initiative may be discontinued at any time. No such service undertaken by the Corporation on or after January 1, 1973, shall be discontinued until [July 1, 1975] *March 1, 1977*.

(3) If at any time after [July 1, 1975] *October 1, 1976*, the Corporation determines that any train or trains in the basic system in whole or in part are not required by public convenience and necessity, or will impair the ability of the Corporation to adequately provide other services, such train or trains may be discontinued under the procedures of section 13a of the Interstate Commerce Act (49 U.S.C. 13a): *Provided, however,* That at least thirty days prior to any change or discontinuance, in whole or in part, of any service under this subsection, the Corporation shall mail to the Governor of each State in which the train in question is operated, and post in every station, depot, or other facility served thereby notice of the proposed change or discontinuance. The Corporation may not change or discontinue this service if prior to the end of the thirty-day notice period, State, regional, or local agencies request continuation of the service and within ninety days agree to reimburse the Corporation for a reasonable portion of any losses associated with the continuation of service beyond the notice period.

(4) For the purposes of paragraph (3) of this subsection, the reasonable portion of such losses to be assumed by the State, regional, or local agency shall be no less than 66 $\frac{2}{3}$ per centum of, nor more than, the solely related costs and associated capital costs, including interest on passenger equipment, less revenues attributable to, such service. If the Corporation and the State, regional, or local agencies are unable to agree upon a reasonable apportionment of such losses, the matter shall be referred to the Secretary for decision. In deciding this issue the Secretary shall take into account the purposes of this Act and the impact of requiring the Corporation to bear such losses upon its ability to provide improved service within the basic system.

(c)(1) *Within 120 days after the date of the enactment of this subsection, the board of directors of the Corporation shall study, develop, and submit to the Secretary, to the Commission, and to the Congress an initial proposal setting forth criteria and procedures under which the Corporation would be authorized to add or discontinue routes and services. Such criteria and procedures shall include, but need not be limited to—*

(A) *methods for evaluating the economic and environmental impact of any addition or discontinuance of intercity rail passenger service;*

(B) *methods for evaluating the effects of any such addition or discontinuance on connecting parts of the national system of intercity rail passenger service;*

(C) *methods for estimating, with respect to any such addition or discontinuance, the population to be affected, the demand for intercity rail passenger service, the revenue per passenger mile, and the effect on capital costs and revenue of the Corporation;*

(D) *methods for evaluating the availability of alternative modes of transportation;*

(E) *methods for giving public notice of, and obtaining public comments on, any such addition or discontinuance; and*

(F) *methods for establishing a priority ranking system for routes and trains to meet the needs of the public convenience and necessity for a balanced transportation system, taking into consideration the criteria and procedures referred to in subparagraphs (A) through (E) of this paragraph, together with such other criteria as the board of directors deems appropriate.*

(2) *Within 150 days after the date of enactment of this subsection, the Secretary and the Commission shall submit to the Congress and to the board of directors of the Corporation their comments on the initial proposal setting forth criteria and procedures developed by the board of directors of the Corporation, together with such recommendations as they may deem appropriate.*

(3) *Within 90 days after receipt of comments submitted by the Secretary and the Commission under paragraph (2) of this subsection, the board of directors of the Corporation shall consider such comments and shall submit to the Congress a final proposal setting forth criteria and procedures under which the Corporation would be authorized to add or discontinue routes and services within the national system of intercity rail passenger service. The criteria and procedures set forth in such final proposal shall take effect at the end of the first period of 60 calendar days of continuous session of the Congress after the date of its submission, unless either the Senate or the House of Representatives adopts a resolution during such period stating that it does not approve such final proposal. If no resolution is adopted as provided in the preceding sentence, the Corporation may add or discontinue routes and services in accordance with the criteria and procedures set forth in the final proposal, notwithstanding the provisions of section 13a of the Interstate Commerce Act or of section 404(b)(3) of this Act, relating to discontinuance of service within the basic system. Service beyond the basic system referred to in section 404(b)(2) of this Act shall not be discontinued under this subsection until March 1, 1977. For purposes of this paragraph, continuity of session of the Congress is broken only by an adjournment sine die, and the days on which either House is not in session because of an adjournment of more than 3 days to a day certain are excluded from the computation of the 60-day period.*

* * * * *

[TITLE V—ESTABLISHMENT OF A FINANCIAL INVESTMENT ADVISORY PANEL

[SEC. 501. APPOINTMENT OF ADVISORY PANEL

[Within thirty days after enactment of this Act, the President shall appoint a fifteen-man financial advisory panel. Six members of the

panel shall represent the business of investment banking, commercial banking, and rail transportation. Two members shall be representatives of the Secretary of the Treasury and seven members shall represent the public in the various regions of the Nation.

SEC. 502. PURPOSE OF ADVISORY PANEL.

【The advisory panel appointed by the President shall advise the directors of the Corporation on ways and means of increasing capitalization of the Corporation.

SEC. 503. REPORT TO CONGRESS.

【On or before January 1, 1971, the panel shall submit a report to Congress evaluating the initial capitalization of the Corporation and the prospects for increasing its capitalization.】

TITLE VI— FEDERAL FINANCIAL ASSISTANCE

SEC. 601. AUTHORIZATION FOR APPROPRIATIONS.

(a) There are authorized to be appropriated to the Secretary for the benefit of the Corporation in fiscal year 1971, \$40,000,000, and in subsequent fiscal years *through June 30, 1975*, a total of **【\$534,300,000】** *\$597,300,000*. *There are authorized to be appropriated to the Secretary for the benefit of the Corporation (1) for the payment of operating expenses for the basic system, and for operating and capital expenses of intercity rail passenger service provided pursuant to section 403(b) of this Act, \$350,000,000 for fiscal year 1976, \$105,000,000 for the transition period of July 1, 1976, through September 30, 1976 (hereafter in this section referred to as the "transition period"); and \$355,000,000 for fiscal year 1977; and (2) for the payment of capital expenditures of the basic system, \$110,000,000 for fiscal year 1976; \$25,000,000 for the transition period; and \$110,000,000 for fiscal year 1977. Of the amounts authorized by clause (1) of the preceding sentence, not more than \$25,000,000 for fiscal year 1976, \$7,000,000 for the transition period, and \$30,000,000 for fiscal year 1977 shall be available for payment of operating and capital expenses of intercity rail passengers service provided pursuant to section 403(b) of this Act.* Funds appropriated pursuant to such authorization shall be made available to the Secretary during the fiscal year for which appropriated and shall remain available until expended. Such sums shall be paid by the Secretary to the Corporation for expenditure by it in accordance with spending plans approved by Congress at the time of appropriation and general guidelines established annually by the Secretary. Payments by the Secretary to the Corporation of appropriated funds shall be made no more frequently than every 90 days, unless the Corporation, for good cause, requests more frequent payment before the expiration of any 90-day period.

* * * * *

SEC. 602. GUARANTEE OF LOANS.

(a) The Secretary is authorized, on such terms and conditions as he may prescribe, and with the approval of the Secretary of the Treasury, to guarantee any lender or lessor against loss of principal and interest or other contractual commitments, including rentals, on securities, obligations, leases or loans (including **【refinancings】** *refinancing* thereof)

issued to finance the upgrading of roadbeds and the purchase or lease by the Corporation or an agency of new rolling stock, rehabilitation of existing rolling stock, reservation systems, switch and signal systems, and other capital equipment and facilities necessary for the improvement of rail passenger service. The maturity date or term of such securities, obligations, leases, or loans, including all extensions and renewals thereof, shall not be later than **【twenty】** 20 years from their date of issuance.

(b) All guarantees entered into by the Secretary under this section shall constitute general obligations of the United States of America backed by the full faith and credit of the Government of the United States of America.

(c) Any guarantee made by the Secretary under this section shall not be terminated, canceled or otherwise revoked; shall be conclusive evidence that such guarantee complies fully with the provisions of this Act and of the approval and legality of the principal amount, interest rate, lease rate, and all other terms of the securities, obligations, leases, or loans and of the guarantee【;】 , and shall be valid and incontestable in the hands of a holder of a guaranteed security, obligation, lease, or loan, except for fraud or material misrepresentation on the part of such holder.

(d) The aggregate unpaid principal amount of securities, obligations, leases, or loans outstanding at any one time, which are guaranteed by the Secretary under this section, may not exceed \$900,000,000. The Secretary shall prescribe and collect a reasonable annual guaranty fee.

(e) There are authorized to be appropriated to the Secretary such amounts, to remain available until expended, as are necessary to discharge all his responsibilities under this section.

(f) If at any time the moneys available to the Secretary are insufficient to enable him to discharge his responsibilities under guarantees issued by him under subsection (a) of this section, he shall issue to the Secretary of the Treasury notes or other obligations in such forms and denominations, bearing such maturities and subject to such terms and conditions, as may be prescribed by the Secretary of the Treasury. Redemption of such notes or obligations shall be made by the Secretary from appropriations available under subsection (e) of this section. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States of comparable maturities during the month preceding the issuance of such notes or other obligations. The Secretary of the Treasury shall purchase any notes or other obligations issued hereunder and for that purpose he is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act, as amended, are extended to include any purchase of such notes or obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations as acquired by him under this subsection. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States.

(g) Notwithstanding any other provision of this Act, a guarantee may not be made of any security, obligation, *lease*, or loan, if the nature of such security, obligation, *lease*, or loan is such that the income therefrom is not includable in gross income for the purposes of chapter 1 of the Internal Revenue Code of 1954.

(h) The Secretary shall, within 180 days after the date of enactment of this subsection, issue general guidelines designed to assist the Corporation in the formulation of capital and budgetary plans.

(i) Any request made by the Corporation for the guarantee of a loan pursuant to this section, which has been approved by the Board of Directors of the Corporation, shall be approved by the Secretary if, in the discretion of the Secretary, such request falls within the approved capital and budgetary guidelines issued under subsection (h).

* * * * *

SECTION 4 OF THE DEPARTMENT OF TRANSPORTATION ACT

GENERAL PROVISIONS

SEC. 4. (a) * * *

* * * * *

(i)(1) The Secretary shall provide financial, technical, and advisory assistance in accordance with this subsection for the purpose of (A) promoting on a feasibility demonstration basis the conversion of not less than three railroad passenger terminals into intermodal transportation terminals; (B) preserving railroad passenger terminals that have a reasonable likelihood of being converted or otherwise maintained pending the formulation of plans for reuse; and (C) stimulating State and local governments, local and regional transportation authorities, common carriers, philanthropic organizations, and other responsible persons to develop plans for the conversion of railroad passenger terminals into intermodal transportation terminals and civic and cultural activity centers.

(2) Financial assistance for the purpose set forth in paragraph (1)(A) of this subsection shall be granted in accordance with the following criteria: (A) the railroad terminal can be converted to accommodate such other modes of transportation as the Secretary deems appropriate, including motorbus transportation, mass transit (rail or rubber tire), and airline ticket offices and passenger terminal providing direct transportation to area airports; (B) the railroad passenger terminal is listed on the National Register of Historic Places maintained by the Secretary of the Interior; (C) the architectural integrity of the railroad passenger terminal will be preserved and such judgment is concurred in by consultants recommended by the Chairman of the National Endowment of the Arts and the Advisory Council on Historic Preservation and retained for this purpose by the Secretary; (D) to the extent practicable, the use of station facilities for transportation purposes may be combined with use for other civic and cultural activi-

ties, especially when such use is recommended by the Advisory Council on Historic Preservation or the Chairman of the National Endowment for the Arts, or the consultants retained by the Secretary upon their recommendation; and (E) the railroad passenger terminal and the conversion project meet such other criteria as the Secretary shall develop and promulgate in consultation with the Chairman of the National Endowment of the Arts and the Advisory Council on Historic Preservation. [The Secretary shall make grants not later than July 1, 1976. The amount of the Federal share of any grant under this paragraph shall not exceed 60 per centum of the total cost of conversion of a railroad passenger terminal into an intermodal transportation terminal.] ~~Any grant made by the Secretary under this paragraph shall not exceed 60 per centum of the total cost of conversion of a railroad passenger terminal into an intermodal transportation terminal.~~

(3) Financial assistance for the purpose set forth in paragraph (1)(B) of this subsection may be granted in accordance with regulations, to any responsible person (including a governmental entity) who is empowered by applicable law, qualified, prepared, and committed, on an interim basis pending the formulation of plans for reuse, to maintain (and prevent the demolition, dismantling, or further deterioration of) a railroad passenger terminal: *Provided*, That (A) such terminal has, in the opinion of the Secretary, a reasonable likelihood of being converted to or conditioned for reuse as an intermodal transportation terminal, a civic or cultural activities center, or both; and (B) planning activity aimed at conversion or reuse has commenced and is proceeding in a competent manner. Funds appropriated for the purpose of this paragraph and paragraph (1)(B) of this subsection shall be expended in the manner most likely to maximize the preservation of railroad passenger terminals capable reasonably of conversion to intermodal transportation terminals or which are listed in the National Register of Historic Places maintained by the Secretary of the Interior or which are recommended (on the basis of architectural integrity and quality) by the Chairman of the National Endowment for the Arts or the Advisory Council on Historic Preservation. The amount of the Federal share of any grant under this paragraph shall not exceed 60 per centum of the total cost of such interim maintenance for a period not to exceed five years.

(4) Financial assistance for the purpose set forth in paragraph (1)(C) of this subsection may be granted, in accordance with regulations, to a qualified person (including a governmental entity) who is prepared to develop practicable plans meeting the zoning, land use, and other requirements of the applicable State and local jurisdictions in which the rail passenger terminal is located as well as requirements under this subsection; who shall incorporate into the designs and plans proposed for the conversion of such terminal into an intermodal transportation terminal, a civic or cultural center, or both, features which reasonably appear likely to attract private investors willing to undertake the implementation of such planned conversion and its subsequent maintenance and operation; and who shall complete the designs and plans for such conversion within two years following the approval of the application for Federal financial assistance under this subsection. In making grants under this paragraph, the Secretary shall

give preferential consideration to applicants whose completed designs and plans will be implemented and effectuated within three years after the date of completion. Funds appropriated for the purpose of this paragraph and paragraph (1)(C) of this subsection shall be expended in the manner most likely to maximize the conversion and continued public use of railroad passenger terminals which are listed in the National Register of Historic Places maintained by the Secretary of the Interior or which are recommended (on the basis of architectural integrity and quality) by the Advisory Council on Historic Preservation or the Chairman of the National Endowment for the Arts. The amount of the Federal share of any grant under this paragraph shall not exceed 60 per centum of the total cost of the project or undertaking for which the financial assistance is provided.

(5) Within ninety days after the date of enactment of this subsection, the Secretary shall issue, and may from time to time amend, regulations with respect to financial assistance under this subsection and procedures for the award of such assistance. Each application for assistance under this subsection shall be made in writing in such form and with such content and other submissions as the Secretary shall require.

(6) The National Railroad Passenger Corporation shall give preference to using station facilities that would preserve buildings of historical and architectural significance.

(7) Each recipient of financial assistance under this subsection shall keep such records as the Secretary shall prescribe, including records which fully disclose the amount and disposition by such recipient of the proceeds of such assistance, the total cost of the project or undertaking in connection with which such assistance was given or used, the amount of that portion of the cost of the project or undertaking supplied by other sources, and such other records as will facilitate an effective audit. Until the expiration of three years after completion of such project or undertaking, the Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of such receipts which, in the opinion of the Secretary or the Comptroller General, may be related or pertinent to such financial assistance.

(8) There is authorized to be appropriated to the Secretary for the purpose set forth in paragraph (1)(A) of this subsection sums not to exceed \$15,000,000; (B) for the purpose set forth in paragraph (1)(B) of this subsection sums not to exceed \$5,000,000; and, (C) for the purpose set forth in paragraph (1)(C) of this subsection sums not to exceed \$5,000,000. Such sums as are appropriated shall remain available until expended.

(9) As used in this subsection, "civic and cultural activities" include, but are not limited to, libraries, musical and dramatic presentations, art exhibitions, adult education programs, public meeting place for community groups, convention visitors and others, and facilities for carrying on activities supported in whole or in part under Federal law.

(10) Nothing in this subsection shall be construed to invalidate the eligibility of any station for funds designed to assist in its preservation or reuse under any other Federal program or statute.

MINORITY VIEWS

AMTRAK (nee RAILPAX) was created by the 91st Congress amid great hopes of revitalizing the nation's rail passenger service with the expenditure of \$40 million in grants and an additional \$100 million in loans to make such service palatable to the American public. It seemed like a high price to those who voted for it at the time and as an unrealizable dream and source of unheard of deficits by those who opposed it.

One Congress after AMTRAK's organization, it was necessary to put up \$187 million more in loans, nearly five times the amount that was supposed to get it off and running. And the corporation also needed an additional \$100 million in guaranteed loans. In the eyes of many, these loans were really additional, deferred grants and that is exactly what the Department of Transportation is now acknowledging and asking Congress to recognize.

The 93rd Congress enacted two bills containing large further infusions of cash and loans to keep AMTRAK going. The first one contained \$107.3 million in grants and another \$300 million in added loans. The second bill gave up \$200 million in grants, another whopping \$400 million in loans. Now in HR 4975, we are asked to accept the fact that even this large deficit was an underestimation, despite greater ridership and revenues. Unless AMTRAK receives an additional \$63 million in cold cash very soon, it will be forced to cease service. 1974 was a boom business year, but not for AMTRAK. Now it is expected that it will take over \$1 billion additional dollars to keep AMTRAK going until October 1, 1977, assuming that a major miscalculation of some sort has not been made and that inflation stays within the bounds assumed by the planners.

There are some good features about HR 4975 in that it recognizes some of the basic fallacies and shortcomings of the original organization and the way it has thus far been handled. The bill makes a halting step toward allowing AMTRAK to run as a business and not a stepchild of the Department of Transportation. But, having said that, it is all too little, if not, hopefully, too late. It is a quarter loaf when the whole loaf is long overdue.

The bill does provide for the eventual authority for AMTRAK to determine which routes will be maintained and which discontinued. It provides, however, for a tortuous process of criteria which must be proposed by AMTRAK, pass muster with DOT and then be subject to a resolution of disapproval by Congress. What we need and need now is a straightforward declaration of criteria by Congress itself which will allow AMTRAK to take control of the passenger network and run it, operating trains where they make economic sense and discontinuing those trains which will cost the taxpayers more than they can be worth to the public as a whole.

As long as AMTRAK consists of "political" routes and has no incentive to hold down losses, they will continue to rise in the astronomical proportions we are now confronted with. Consider for a moment that the bill provides for operating grants of \$350 million for FY '76 as compared with the original \$40 million we provided. If automobile prices had risen by the same percentage over the same period, a compact car would now be selling for about \$30,000. We cannot justify this now or for the future.

Congress must stop writing political laws for AMTRAK. AMTRAK should be operated on a business basis, and policy determined by its Board of Directors.

Our country cannot continue to operate a railroad system that is established as a hopeless loser.

SAMUEL L. DEWENE,
JAMES T. BROYHILL,
JAMES M. COLLINS.

THE ADMINISTRATION'S REQUEST FOR A SUPPLEMENTAL AUTHORIZATION FOR THE NATIONAL RAILROAD PASSENGER CORPORATION FOR FISCAL 1975

APRIL 9, 1975.—Ordered to be printed

Mr. HARTKE, from the Committee on Commerce,
submitted the following

REPORT

[To accompany S. 852]

The Committee on Commerce, to which was referred the bill (S. 852) to amend the Rail Passenger Service Act, having considered the same, reports favorably thereon with a technical amendment and recommends that the bill as amended do pass.

BRIEF DESCRIPTION

On February 26, Senators Hartke and Pearson introduced, by request of the Department of Transportation, S. 852. The Committee subsequently requested comments on S. 852, and after considering this legislation in executive session, reported it favorably without amendment. The bill contains two provisions: (1) a grant of limited authority for the Board of Directors of the National Railroads Passenger Corporation (AMTRAK) to provide for exemptions, in certain circumstances, to the current limitation on compensation of corporate officers; and (2) a supplemental authorization of appropriations for Fiscal 1975 in the amount of \$63 million.

BACKGROUND AND NEED

(a) *Supplemental Authorization of Appropriations.*—During Fiscal 1975, AMTRAK's operating deficits have increased more rapidly than expected. Several factors have contributed to AMTRAK's increased

costs. First, AMTRAK has been subject to the same drastic increase in costs for wages, fuel and material which has affected the entire railroad industry. Second, AMTRAK has added services to meet the sharply increased demand for rail passenger transportation. Third, some additional services have been added at Congressional direction. Four principal categories of cost increases have occurred and have been identified by the Department of Transportation for the Committee: (1) railroad performance incentive contract payments of an additional \$21.5 million; (2) settlement of the AMTRAK/Penn Central contractual dispute, which has resulted in an additional expense of \$22.9 million; (3) additional expenses in AMTRAK's car overhaul program of \$5.0 million; and (4) increased operating costs primarily due to inflation of \$49.7 million. In addition to these items of increased costs, AMTRAK's net revenues for the fiscal year will be \$5.2 million less than anticipated, primarily because of the downturn in the economy. The combined impact of additional cost increases and revenue decreases upon AMTRAK is \$104.3 million.

In order to offset at least in part these additional cost increases and revenue decreases, AMTRAK has planned a cost reduction program which is estimated to save \$13.5 million. This program would rely primarily on a combined reduction in force, savings in crew costs, and improved equipment utilization. Additionally, an adjustment in prior year billing charges is anticipated to result in savings of \$4.0 million.

Because AMTRAK will be unable to pay the operating railroads their April payments, the supplemental authorization and an appropriation for grant assistance must be made available in the near future to avoid a possible cessation or drastic curtailment of rail passenger service. A cessation or drastic curtailment of rail passenger service would adversely affect AMTRAK's ability to provide service and generate revenues during the critical early months of its summer peak season; this would have an additional adverse impact on AMTRAK's financial needs.

(b) *Limited Exemption to the Current Limit on Corporate Compensation.*—In 1972, Congress enacted a limitation on corporate compensation applicable to the National Railroad Passenger Corporation which limits the permissible payments to corporate officers to level I of the Executive Schedule. Subsequent to the enactment of this limitation, the Board of Directors of the Corporation engaged in an extensive search for a new President and Chief Executive Officer. Further, the Department of Transportation carefully reviewed the effect that this limitation on compensation has had on the ability of the Corporation to attract and retain competent management. Because the Corporation must compete for high quality personnel with privately-operated railroads offering salaries substantially in excess of level I of the Executive Schedule, the Corporation is placed at a severe competitive disadvantage when attempting to attract highly qualified railroad personnel to operate AMTRAK. Both the Administration and the Senate Commerce Committee have concluded that substantial savings in improved inter-city passenger service could result if the Corporation were better able to compete in the marketplace for qualified personnel. Accordingly, the Administration has repeatedly requested removal of the current limitation on corporate compensation, subject to certain safeguards, in order to enable the Corporation

to attract and retain the best possible management. In response to this request by the Administration, the Senate Commerce Committee has carefully reviewed the effects of the current limit on corporate compensation and has also concluded that it is counter-productive and contrary to the public interest in creating and maintaining high quality rail passenger service with the greatest possible efficiencies. In one form or another, the Committee has reported, and the Senate has passed, legislation which would grant the Board of Directors a limited amount of authority to provide exemptions to the current limit on corporate compensation three times, but it has never been considered by the House of Representatives.

MEETING THE NEEDS

S. 852 is designed to meet the needs outlined above. First, a supplemental authorization for Fiscal 1975 in the amount of \$63 million is provided for. Second, a limited grant of authority to the Board of Directors of the Corporation is granted in order to enable it to make exemptions to the current limit on corporate compensation where appropriate. This second provision is conditioned in a number of ways: First, the Board must find that an exemption to the current limit on compensation is necessary to either attract or retain qualified corporate officers. Second, the level of compensation is limited to the amount paid corporate officers of railroads in positions of similar responsibility. This second limitation is designed to enable the Corporation to compete in the marketplace for qualified personnel while assuring that no more than necessary is paid. The Committee did not specify any specific dollar limitation on the corporate compensation available so that the Corporation can effectively compete for qualified personnel to fill the different positions in the management structure.

In addition, this limited exemption from the statutory limitation on corporate compensation would not be limited to any specific corporate position or positions in order to assure that the Corporation can attract and retain qualified personnel not only in the position of President and Chief Executive Officer but also in the extremely important Vice Presidential and other corporate positions where such an exemption might be desirable. Allowing the Board of Directors to make an exemption from the limitation on compensation for salary only in the position of President would inhibit the development of a competent management structure. This would not only create an unfair salary structure but would also inhibit AMTRAK's ability to attract and retain competent people in middle and upper management positions in order to insure high quality rail passenger service with the maximum possible efficiency. The Committee intends to monitor closely the use of this power by the Board both through oversight hearings and through the confirmation process for Board members.

ESTIMATED COST

Pursuant to section 252 of the Legislative Reorganization Act of 1970, the Committee estimates that the maximum cost of this legislation could be \$63 million, if appropriated. The Committee knows of no cost estimate by any Federal agency which is at variance with this estimate.

TEXT OF S. 852, AS REPORTED

A BILL To amend the Rail Passenger Service Act

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

That Section 303(d) of the Rail Passenger Service Act (45 U.S.C. 543(d)) is amended by inserting immediately after the third sentence the following: "This limitation upon compensation shall not apply, however, in the event the Board determines with respect to a particular position or positions that (1) a higher level of compensation is necessary, and (2) is not in excess of the general level of compensation paid officers of railroads in positions of comparable responsibility."

SEC. 2. Section 601(a) of the Rail Passenger Service Act (45 U.S.C.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill as reported are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

* * * * *

Sec. 303. Directors and officers

(d) The Corporation shall have a president and such other officers as may be named and appointed by the board. The rates of compensation of all officers shall be fixed by the board. No officer of the Corporation shall receive compensation at a rate in excess of that prescribed for level I of the Executive Schedule under Section 5312 of Title 5, United States Code. *This limitation upon compensation shall not apply, however, in the event the Board determines with respect to a particular position or positions that (1) a higher level of compensation is necessary, and (2) is not in excess of the general level of compensation paid officers of railroads in positions of compatable responsibility.* Officers shall serve at the pleasure of the board. No individual other than a citizen of the United States may be an officer of the Corporation. No officer of the Corporation may have any direct or indirect employment or financial relationship with any railroad during the tim of his employment by the Corporation.

* * * * *

Sec. 601. Authorization for appropriations

(a) There are authorized to be appropriated to the Secretary for the benefit of the Corporation in fiscal year 1971, \$40,000,000, and in subsequent fiscal years a total of ~~[\$534,300,000]~~ \$597,300,000. Funds appropriated pursuant to such authorization shall be made available to the Secretary during the fiscal year for which appropriated and shall remain available until expended. Such sums shall be paid by the Secretary to the Corporation for expenditure by it in accordance with spending plans approved by Congress at the time of appropriation and general guidelines established annually by the Secretary. Payments by the Secretary to the Corporation of appropriated funds

shall be made no more frequently than every 90 days, unless the Corporation, for good cause, requests more frequent payment before the expiration of any 90-day period.

* * * * *

AGENCY COMMENTS

Although agency comments were requested, none were received.

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Ninety-fourth Congress of the United States of America

AT THE FIRST SESSION

*Begun and held at the City of Washington on Tuesday, the fourteenth day of January,
one thousand nine hundred and seventy-five*

An Act

To amend the Rail Passenger Service Act to provide financial assistance to the National Railroad Passenger Corporation, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Amtrak Improvement Act of 1975".

SEC. 2. Section 303(d) of the Rail Passenger Service Act (45 U.S.C. 543(d)), relating to officers of the Corporation, is amended by inserting immediately before the period at the end of the third sentence thereof the following: "; except that this limitation upon compensation shall not apply in the case of the president of the Corporation if the board determines with respect to such officer that a higher level of compensation is necessary and is not higher than \$85,000 or the general level of compensation paid officers of railroads in positions of comparable responsibility, whichever is lesser".

SEC. 3. Section 305 of such Act (45 U.S.C. 545), relating to general powers of the Corporation, is amended by striking out subsection (f), as added by section 4 of the Amtrak Improvement Act of 1974 (88 Stat. 1527), and inserting in lieu thereof the following:

"(h) The Secretary of the Treasury and the Attorney General shall (consistent with the effective enforcement of the immigration and customs laws) establish and maintain, in cooperation with the Corporation, en route customs inspection and immigration procedures aboard trains operated in international intercity rail passenger service, which procedures will be convenient for passengers and will result in the most rapid possible transit in international intercity rail passenger service."

SEC. 4. (a) The first sentence of section 308(b) of such Act (45 U.S.C. 548(b)), relating to reports, is amended by striking out "the preceding year" and inserting in lieu thereof "the preceding fiscal year".

(b) Section 308(c) of such Act (45 U.S.C. 548(c)), relating to reports, is amended by adding at the end thereof the following new sentence: "Beginning in 1976, the Secretary's report on the Corporation shall be made part of the Department of Transportation annual report to the Congress."

SEC. 5. Section 403(c) of such Act (45 U.S.C. 563(c)), relating to experimental routes, is amended—

(1) by striking out "the Secretary" in the first sentence and in the third sentence and inserting in lieu thereof in each such sentence "the Board of Directors"; and

(2) by inserting immediately after "the Secretary" in the second sentence "in consultation with the Board of Directors,".

SEC. 6. Section 403(b) of such Act (45 U.S.C. 563(b)) is amended by adding at the end thereof the following new sentence: "The Corporation, at the request of States, may conduct studies during the fiscal year ending June 30, 1976, to determine benefits of seasonal routes to recreational areas."

SEC. 7. Section 404(b) of such Act (45 U.S.C. 564(b)), relating to discontinuance of service, is amended—

(1) by striking out "July 1, 1975" in paragraph (1) and paragraph (3) and inserting in lieu thereof in each such paragraph "October 1, 1976"; and

(2) by striking out "July 1, 1975" in the second sentence of paragraph (2) and inserting in lieu thereof "March 1, 1977".

SEC. 8. Section 404 of such Act (45 U.S.C. 564), relating to discontinuance of service, is amended by adding at the end thereof the following new subsection:

“(c) (1) Within 120 days after the date of enactment of this subsection, the board of directors of the Corporation shall study, develop, and submit to the Secretary, to the Commission, and to the Congress an initial proposal setting forth criteria and procedures under which the Corporation would be authorized to add or discontinue routes and services. Such criteria and procedures shall include, but need not be limited to—

“(A) methods for evaluating the economic and environmental impact of any addition or discontinuance of intercity rail passenger service including an evaluation of the economic impact to the Corporation and to the nation of the addition of new service points along existing or new inter-city routes within the Northeast Corridor;

“(B) methods for evaluating the effects of any such addition or discontinuance on connecting parts of the national system of intercity rail passenger service;

“(C) methods for estimating, with respect to any such addition or discontinuance, the population to be affected, the demand for intercity rail passenger service, the revenue per passenger mile, and the effect on capital costs and revenue of the Corporation;

“(D) methods for evaluating the availability of alternative modes of transportation;

“(E) methods for giving public notice of, and obtaining public comments on, any such addition or discontinuance; and

“(F) methods for establishing a priority ranking system for routes and trains to meet the needs of the public convenience and necessity for a balanced transportation system, taking into consideration the criteria and procedures referred to in subparagraphs (A) through (E) of this paragraph, together with such other criteria as the board of directors deems appropriate.

“(2) Within 150 days after the date of enactment of this subsection, the Secretary and the Commission shall submit to the Congress and to the board of directors of the Corporation their comments on the initial proposal setting forth criteria and procedures developed by the board of directors of the Corporation, together with such recommendations as they may deem appropriate.

“(3) Within 30 days after receipt of comments submitted by the Secretary and the Commission under paragraph (2) of this subsection, the board of directors of the Corporation shall consider such comments and shall submit to the Congress a final proposal setting forth criteria and procedures under which the Corporation would be authorized to add or discontinue routes and services within the national system of intercity rail passenger service. The criteria and procedures set forth in such final proposal shall take effect at the end of the first period of 60 calendar days of continuous session of the Congress after the date of its submission, unless either the Senate or the House of Representatives adopts a resolution during such period stating that it does not approve such final proposal. If no resolution is adopted as provided in the preceding sentence, the Corporation may add or discontinue routes and services in accordance with the criteria and procedures set forth in the final proposal, notwithstanding the provisions of section 13a of the Interstate Commerce Act or of section 404(b)(3) of this Act, relating to discontinuance of service within the basic system. Service beyond the basic system referred to in section 404(b)(2) of this Act shall not be discontinued under this subsection until March 1, 1977. For purposes of this paragraph, continuity of session of the Congress is broken only by an adjournment sine die, and the days on which either House is not in session because of an adjournment of more than 3 days to a day certain are excluded from the computation of the 60-day period.”

SEC. 9. Such Act is amended by striking out title V, relating to the financial investment advisory panel (45 U.S.C. 581-583).

SEC. 10. Section 601(a) of such Act (45 U.S.C. 601(a)), relating to authorization of appropriations, is amended—

(1) by striking out “in subsequent fiscal years a total of \$534,300,000” in the first sentence and inserting in lieu thereof “in subsequent fiscal years through June 30, 1975, a total of \$597,300,000”; and

(2) by inserting immediately after the first sentence the following “There are authorized to be appropriated to the Secretary for the benefit of the Corporation (1) for the payment of operating expenses of the basic system, and for operating and capital expenses of intercity rail passenger service provided pursuant to section 403(b) of this Act, \$350,000,000 for fiscal year 1976, \$105,000,000 for the transition period of July 1, 1976, through September 30, 1976 (hereafter in this section referred to as the ‘transition period’) and \$355,000,000 for fiscal year 1977; and (2) for the payment of capital expenditures of the basic system, \$110,000,000 for fiscal year 1976; \$25,000,000 for the transition period; and \$110,000,000 for fiscal year 1977. Of the amounts authorized by clause (1) of the preceding sentence, not more than \$25,000,000 for fiscal year 1976, \$7,000,000 for the transition period, and \$30,000,000 for fiscal year 1977 shall be available for payment of operating and capital expenses of intercity rail passenger service provided pursuant to section 403(b) of this Act.”.

SEC. 11. Section 602 of such Act (45 U.S.C. 602), relating to guarantee of loans, is amended—

(1) by striking out subsection (a) and inserting in lieu thereof the following:

“(a) The Secretary is authorized, on such terms and conditions as he may prescribe, and with the approval of the Secretary of the Treasury, to guarantee any lender or lessor against loss of principal and interest or other contractual commitments, including rentals, on securities, obligations, leases, or loans (including refinancing thereof) issued to finance the upgrading of roadbeds, and the purchase or lease by the Corporation or an agency of new rolling stock, rehabilitation of existing rolling stock, reservation systems, switch and signal systems, and other capital equipment and facilities necessary for the improvement of rail passenger service. The maturity date or term of such securities, obligations, leases, or loans, including all extensions and renewals thereof, shall not be later than 20 years from their date of issuance.”;

(2) by striking out subsection (c) and inserting in lieu thereof the following:

“(c) Any guarantee made by the Secretary under this section shall not be terminated, canceled or otherwise revoked; shall be conclusive evidence that such guarantee complies fully with the provisions of this Act and of the approval and legality of the principal amount, interest rate, lease rate, and all other terms of the securities, obligations, leases, or loans and of the guarantee, and shall be valid and incontestable in the hands of a holder of a guaranteed security, obligation, lease, or loan, except for fraud or material misrepresentation on the part of such holder.”;

(3) by striking out “obligations, or loans” in subsection (d) and inserting in lieu thereof “obligations, leases, or loans”;

(4) by striking out “obligation, or loan” each place it appears in subsection (g) and inserting in lieu thereof in each such place “obligation, lease, or loan”; and

(5) by striking out “a loan” in subsection (i) and inserting in lieu thereof “a lease or loan”.

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SEC. 12. Section 701(c)(1) of such Act (45 U.S.C. 621(c)(1)), relating to liquidation of the assets of any railroad recipient of a loan or loan guarantee, is amended by adding at the end thereof the following new sentence: "In the case of a railroad in reorganization (as defined in section 102(12) of the Regional Rail Reorganization Act of 1973) which has an agreement with the Corporation to provide intercity rail passenger service on the date of enactment of this sentence, the sale by such railroad of any right-of-way or track over which the Corporation is required to provide intercity rail passenger service on such date of enactment (as an experimental route designated by the Secretary before such date of enactment) shall be deemed to be a liquidation of the assets of such railroad under the first sentence of this paragraph, and the Secretary shall acquire such right, title, and interest in such right-of-way or track, and restore it to such condition, as may be necessary to permit the Corporation to provide intercity rail passenger service over the designated route."

SEC. 13. Section 4(i)(2) of the Department of Transportation Act, as added by the Amtrak Improvement Act of 1974 (94 U.S.C. 1653 (i)(2)), is amended by striking out the last two sentences and inserting in lieu thereof the following: "Any grant made by the Secretary under this paragraph shall not exceed 60 per centum of the total cost of conversion of a railroad passenger terminal into an intermodal transportation terminal."

Speaker of the House of Representatives.

*Vice President of the United States and
President of the Senate.*

May 14, 1975

Dear Mr. Director:

The following bill was received at the White House on May 14th:

H.R. 4975

Please let the President have reports and recommendations as to the approval of this bill as soon as possible.

Sincerely,

Robert D. Linder
Chief Executive Clerk

The Honorable James T. Lynn
Director
Office of Management and Budget
Washington, D. C.