

March 1, 1975

Office of the White House Press Secretary

NOTICE TO THE PRESS

The President has signed S. 281 - Regional Rail Reorganization Act Amendments of 1975 which provides for increases totaling \$347 million in authorizations for grants and loan guarantees to bankrupt railroads in the Northeast; authorizes the use of such funds for railroad maintenance and improvement programs; and provides for the inclusion of certain other bankrupt Northeast railroads under the Regional Rail Reorganization Act of 1973.

The Regional Rail Reorganization Act of 1973 (RRR Act) was enacted to help revitalize and reorganize insolvent railroads in the Northeast region (P.L. 93-236). Under that Act, the U. S. Railway Association (USRA), a nonprofit Government corporation, was charged with responsibility to plan and finance a new rail system for the region. That planning is currently going on and will be subject to Congressional review.

The RRR Act authorized funds of \$85 million in grants and \$150 million in loan guarantees for the upgrading of plant and equipment before the planned transfer of rail properties to ConRail, in January 1976 at the earliest.

S. 281 will authorize financial resources to enable the Penn Central and other railroads in the region to continue transportation services until ConRail can assume operation in 1976. It will increase the grant authorizations by \$197 million and the loan guarantee authorizations by \$150 million.

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