

THE WHITE HOUSE
WASHINGTON

June 2, 1976

The President
of the Senate

Sir:

I ask the Congress to consider amendments to the request for appropriations contained in the 1977 budget in the amount of \$70,000,000 for the Department of the Treasury and \$70,000,000 for the Department of Transportation.

The details of these proposals are set forth in the enclosed letter from the Director of the Office of Management and Budget. I concur with his comments and observations.

Respectfully,

Gerald R. Ford



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

June 2, 1976

The President

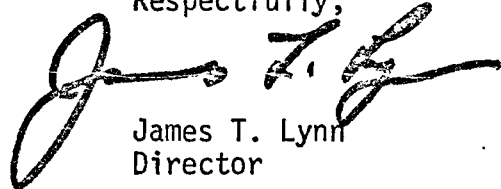
The White House

Sir:

I have the honor to submit for your consideration amendments to the request for appropriations contained in the 1977 budget in the amount of \$70,000,000 for the Department of the Treasury and \$70,000,000 for the Department of Transportation. The details of these requests are contained in the enclosure to this letter.

I have carefully reviewed the proposals contained in this document and am satisfied that these requests are necessary at this time. I recommend, therefore, that these proposals be transmitted to the Congress.

Respectfully,



James T. Lynn
Director

Enclosure

DEPARTMENT OF TRANSPORTATION
FEDERAL RAILROAD ADMINISTRATION

Budget appendix page	Heading	1977 budget request	1977 proposed amendment	1977 revised request
591	<u>Railroad Rehabilitation and Improvement Financing Fund</u>	---	\$70,000,000	\$70,000,000

(Add the above heading and the following paragraphs hereunder immediately after the material under the heading "The Alaska Railroad":)

The Secretary of Transportation is hereby authorized to expend proceeds from the sale of Fund anticipation notes to the Secretary of the Treasury and any other monies deposited in the Railroad Rehabilitation and Improvement Fund pursuant to sections 502, 505-507 and 509 of the Railroad Revitalization and Regulatory Reform Act of 1976 (Public Law 94-210) for the uses authorized for the Fund, in amounts not to exceed \$70,000,000, to remain available until September 30, 1978.

The Secretary of Transportation is also authorized to issue to the Secretary of the Treasury notes or other obligations pursuant to section 512 of the Railroad Revitalization and Regulatory Reform Act of 1976 (P.L. 94-210) in

DEPARTMENT OF TRANSPORTATION
FEDERAL RAILROAD ADMINISTRATION

Budget appendix page	Heading	1977 budget request	1977 proposed amendment	1977 revised request
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such amounts and at such time as may be necessary to pay any amounts required pursuant to the guarantee of obligations under sections 511 through 513 of such act, such authority to exist as long as any such guaranteed obligation is outstanding, and to make such expenditures from the obligation guarantee fund established pursuant to section 511(b) of such act as may be necessary to carry out the program in sections 511 through 513 of such act. Provided, that the total amount guaranteed may not exceed \$400,000,000 in principal of obligations.

This appropriation language will provide the Secretary of Transportation with the authority to issue fund anticipation notes to the Secretary of Treasury in exchange for monies appropriated to Treasury in a separate account. The proceeds from this exchange will be used to provide funds to facilitate economically sound mergers and consolidations and provide capital assistance to the railroads which need it.

This will also permit the Secretary of Transportation to guarantee loans for railroads to enable them to make needed improvements to their facilities, right-of-way, and equipment. The railroads have not been able to secure capital to make investments in their fixed plant on the private market due, in large part, to the low earnings of the rail industry for the past several years. These guaranteed loans should help the industry make sizeable investments which have high rate of return potential, strengthening the Nation's vital rail network.

DEPARTMENT OF THE TREASURY
OFFICE OF THE SECRETARY

Budget appendix page	Heading	1977 budget request	1977 proposed amendment	1977 revised request
607	<u>Investment in Fund anticipa- tion notes</u>	---	\$70,000,000	\$70,000,000

(Add the above heading and the paragraph hereunder immediately after the activity "Interest on uninvested funds":)

For the acquisition, in accordance with section 509 of the Railroad Revitalization and Regulatory Reform Act of 1976 (90 Stat. 76), of fund anticipation notes, \$70,000,000, to remain available until September 30, 1978.

This amendment is required to provide the Secretary of the Treasury with resources with which to purchase fund anticipation notes from the Department of Transportation (DOT). The Department will, in turn, use these monies to purchase redeemable preference shares from railroads. The funds will enable DOT to effect mergers and consolidations in the rail freight industry, as well as provide capital investment funds to railroads for fixed plant improvement projects judged by DOT to be of significant value to the Nation's rail freight system.