

AMENDMENT NO. \_\_\_\_\_

Calendar No. \_\_\_\_\_

Purpose:

**IN THE SENATE OF THE UNITED STATES—108th Cong., 1st Sess.**

(no.) \_\_\_\_\_

(title) \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Referred to the Committee on \_\_\_\_\_  
and ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENT intended to be proposed by Mr. HOLLINGS

Viz:

- 1 On page \_\_\_\_\_, between lines \_\_\_\_\_ and \_\_\_\_\_, insert
- 2 the following:

1 **TITLE —AMERICAN RAILROAD**  
2 **REVITALIZATION, INVEST-**  
3 **MENT, AND ENHANCEMENT**  
4 **Subtitle A—Short Title and**  
5 **Reference**

6 **SEC. A01. SHORT TITLE.**

7 This title may be cited as the “American Railroad  
8 Revitalization, Investment, and Enhancement Act of the  
9 21st Century” or the “Arrive–21 Act”.

10 **SEC. A02. AMENDMENT OF TITLE 49, UNITED STATES CODE.**

11 Except as otherwise expressly provided, whenever in  
12 this title an amendment or repeal is expressed in terms  
13 of an amendment to, or a repeal of, a section or other  
14 provision, the reference shall be considered to be made to  
15 a section or other provision of title 49, United States  
16 Code.

17 **SEC. A03. PURPOSES.**

18 The purposes of this title are as follows:

19 (1) To ensure more adequate financing of infra-  
20 structure projects for the national rail transpor-  
21 tation system through—

22 (A) the establishment of the nonprofit Rail  
23 Infrastructure Finance Corporation to provide  
24 financial support for rail infrastructure im-

1           provement projects by issuing qualified rail  
2           transportation bonds; and

3                   (B) the provision of appropriate tax treat-  
4           ment of qualified rail transportation bonds so  
5           issued.

6           (2) To establish a cooperative arrangement be-  
7           tween public and private entities to promote freight  
8           and passenger rail infrastructure development that  
9           benefits the public.

10           (3) To provide resources to States and groups  
11           of States for rail capital projects that result in a  
12           safe, secure, and efficient rail transportation system.

13           (4) To enhance Federal and State rail transpor-  
14           tation policy and planning.

15           (5) To promote intermodal transportation in-  
16           vestment, planning, and coordination.

## 17       **Subtitle B—Federal Rail Policy**

### 18       **SEC. B11. FEDERAL RAIL POLICY ENHANCEMENT.**

19           (a) EXPANDED RESPONSIBILITIES OF THE FEDERAL  
20       RAILROAD ADMINISTRATION.—Section 103 is amended to  
21       read as follows:

#### 22       **“§ 103. Federal Railroad Administration**

23           “(a) IN GENERAL.—The Federal Railroad Adminis-  
24       tration is an administration in the Department of Trans-  
25       portation.

1           “(b) ADMINISTRATOR.—The head of the Administra-  
2 tion is the Administrator who is appointed by the Presi-  
3 dent, by and with the advice and consent of the Senate.  
4 The Administrator reports directly to the Secretary of  
5 Transportation.

6           “(c) SAFETY.—To carry out all railroad safety laws  
7 of the United States, the Administration is divided on a  
8 geographical basis into at least 8 safety offices. The Sec-  
9 retary of Transportation is responsible for all acts taken  
10 under those laws and for ensuring that the laws are uni-  
11 formly administered and enforced among the safety of-  
12 fices.

13           “(d) POWERS AND DUTIES.—

14               “(1) IN GENERAL.—The Administrator shall  
15 carry out—

16                   “(A) duties and powers related to railroad  
17 safety vested in the Secretary by section  
18 20134(c) and chapters 203 through 211 of this  
19 title, and chapter 213 of this title in carrying  
20 out chapters 203 through 211;

21                   “(B) duties and powers related to railroad  
22 policy and development under subsection (e);  
23 and

24                   “(C) additional duties and powers pre-  
25 scribed by the Secretary.

1           “(2) TRANSFERS.—A duty or power specified  
2           by paragraph (1)(A) of this subsection may be  
3           transferred to another part of the Department only  
4           when specifically provided by law or a reorganization  
5           plan submitted under chapter 9 of title 5. A decision  
6           of the Administrator in carrying out those duties or  
7           powers and involving notice and hearing required by  
8           law is administratively final.

9           “(3) CONTRACTS, GRANTS, LEASES, COOPERA-  
10          TIVE AGREEMENTS, AND SIMILAR TRANSACTIONS.—  
11          Subject to the provisions of subtitle I of title 40 and  
12          title III of the Federal Property and Administrative  
13          Services Act of 1949 (41 U.S.C. 251 et seq.), the  
14          Secretary of Transportation may make, enter into,  
15          and perform such contracts, grants, leases, coopera-  
16          tive agreements, and other similar transactions with  
17          Federal or other public agencies (including State  
18          and local governments) and private organizations  
19          and persons, and make such payments, by way of  
20          advance or reimbursement, as the Secretary may de-  
21          termine to be necessary or appropriate to carry out  
22          functions of the Federal Railroad Administration.  
23          The authority of the Secretary granted by this para-  
24          graph shall be carried out by the Administrator.  
25          Notwithstanding any other provision of this chapter,

1 no authority to enter into contracts or to make pay-  
2 ments under this paragraph shall be effective, except  
3 as provided for in appropriations Acts.

4 “(e) ADDITIONAL DUTIES OF THE ADMINIS-  
5 TRATOR.—The Administrator shall—

6 “(1) provide assistance to States in developing  
7 State rail plans prepared under section 22501 and  
8 review all State rail plans submitted under such sec-  
9 tion 22501 and ensure that those plans are con-  
10 sistent with the national rail plan and the 50-year  
11 Intermodal Blueprint developed under section  
12 5503(e);

13 “(2) develop a national rail plan based upon the  
14 contents of approved State rail plans and the rail  
15 needs of the Nation, as determined by the Secretary  
16 in order to promote a coherent, efficient, and opti-  
17 mized rail system for the movement of goods and  
18 people;

19 “(3) develop and enhance partnerships with the  
20 freight and passenger railroad industry, States, and  
21 the public concerning rail development;

22 “(4) seek opportunities to increase the Adminis-  
23 tration’s participation in rail planning, research, and  
24 analysis;

1           “(5) support rail intermodal development and  
2 high-speed rail development;

3           “(6) ensure that such programs work toward  
4 achieving regional and national transportation goals;  
5 and

6           “(7) facilitate and coordinate efforts to assist  
7 transit agencies, freight and passenger rail carriers,  
8 municipalities, and States in passenger-freight inte-  
9 gration on shared rights of way by providing neutral  
10 assistance at the request of an interested party re-  
11 lating to operations and capacity analysis, capital re-  
12 quirements, operating costs, and other research and  
13 planning related to corridors shared by passenger or  
14 commuter rail service and freight rail service.

15           “(f) PERFORMANCE GOALS AND REPORTS.—

16           “(1) STRATEGIC GOALS.—In conjunction with  
17 other Federally required strategic planning efforts  
18 involving rail and intermodal transportation, the Ad-  
19 ministration shall develop a long-term strategy for  
20 improving passenger rail service and freight rail  
21 service in the United States. The strategy shall in-  
22 clude an annual plan and schedule for achieving spe-  
23 cific, measurable policy and performance goals.

1           “(2) RESOURCE NEEDS.—The strategy and an-  
2           nual plans shall include estimates of the funds and  
3           staff resources needed to accomplish each goal.

4           “(3) SUBMISSION WITH PRESIDENT’S BUDG-  
5           ET.—Beginning with fiscal year 2005 and each fis-  
6           cal year thereafter, the Secretary shall submit to  
7           Congress at the same time as the President’s budget  
8           submission the Administration’s strategy and annual  
9           plan required by paragraph (1), including an assess-  
10          ment of the progress of the Administration toward  
11          achieving its strategic goals.”.

12          (b) AUTHORIZATION OF APPROPRIATIONS.—There  
13          are authorized to be appropriated to the Secretary of  
14          Transportation for each of fiscal years 2004 through 2009  
15          such sums as may be necessary to carry out subsections  
16          (e) and (f) of section 103 of title 49, United States Code,  
17          as amended by subsection (a).

18          **SEC. B12. RAIL COOPERATIVE RESEARCH PROGRAM.**

19          (a) REQUIREMENT FOR PROGRAM.—

20                  (1) ESTABLISHMENT AND CONTENT.—Chapter  
21          249 is amended by adding at the end the following:

22          **“§ 24910. Rail cooperative research program**

23                  “(a) IN GENERAL.—The Secretary shall establish  
24          and carry out a rail cooperative research program. The  
25          program shall—

1           “(1) address, among other matters, intercity  
2 rail passenger and freight rail services, including ex-  
3 isting rail passenger and freight technologies and  
4 speeds, incrementally enhanced rail systems and in-  
5 frastructure, and new high-speed wheel-on-rail sys-  
6 tems and rail security;

7           “(2) address ways to expand the transportation  
8 of international trade traffic by rail, enhance the ef-  
9 ficiency of intermodal interchange at ports and other  
10 intermodal terminals, and increase capacity and  
11 availability of rail service for seasonal freight needs;

12           “(3) give consideration to research on the inter-  
13 connectedness of commuter rail, passenger rail,  
14 freight rail, and other rail networks; and

15           “(4) give consideration to regional concerns re-  
16 garding rail passenger and freight transportation,  
17 including meeting research needs common to des-  
18 ignated high-speed corridors, long-distance rail serv-  
19 ices, and regional intercity rail corridors, projects,  
20 and entities.

21           “(b) CONTENT.—The program to be carried out  
22 under this section shall include research designed—

23           “(1) to identify the unique aspects and at-  
24 tributes of rail passenger service and the unique as-  
25 pects and attributes of freight service;

1           “(2) to develop more accurate models for evalu-  
2           ating the indirect effects of rail passenger and  
3           freight service, including the effects on highway and  
4           airport and airway congestion, environmental qual-  
5           ity, and energy consumption;

6           “(3) to develop a better understanding of modal  
7           choice as it affects rail passenger and freight trans-  
8           portation, including development of better models to  
9           predict utilization;

10          “(4) to recommend priorities for technology  
11          demonstration and development;

12          “(5) to meet additional priorities as determined  
13          by the advisory board established under subsection  
14          (c), including any recommendations made by the Na-  
15          tional Research Council;

16          “(6) to explore improvements in management,  
17          financing, and institutional structures;

18          “(7) to address rail capacity constraints that  
19          affect passenger and freight rail service through a  
20          wide variety of options, ranging from operating im-  
21          provements to dedicated new infrastructure, taking  
22          into account the impact of such options on oper-  
23          ations; and

1           “(8) to improve maintenance, operations, cus-  
2           tomer service, or other aspects of intercity rail pas-  
3           senger and freight service.

4           “(c) ADVISORY BOARD.—

5           “(1) ESTABLISHMENT.—In consultation with  
6           the heads of appropriate Federal departments and  
7           agencies, the Secretary shall establish an advisory  
8           board to recommend research, technology, and tech-  
9           nology transfer activities related to rail passenger  
10          and freight transportation.

11          “(2) MEMBERSHIP.—The advisory board shall  
12          include—

13                 “(A) representatives of State transpor-  
14                 tation agencies;

15                 “(B) transportation and environmental  
16                 economists, scientists, and engineers; and

17                 “(C) representatives of Amtrak, the Alaska  
18                 Railroad, freight railroads, transit operating  
19                 agencies, intercity rail passenger agencies, rail-  
20                 way labor organizations, and environmental or-  
21                 ganizations.

22          “(d) NATIONAL ACADEMY OF SCIENCES.— The Sec-  
23          retary may make grants to, and enter into cooperative  
24          agreements with, the National Academy of Sciences to  
25          carry out such activities relating to the research, tech-

1 nology, and technology transfer activities described in sub-  
2 section (b) as the Secretary deems appropriate.”.

3 (2) CLERICAL AMENDMENT.—The table of sec-  
4 tion at the beginning of chapter 249 is amended by  
5 adding at the end the following:

“24910. Rail cooperative research program”.

6 (b) AUTHORIZATION OF APPROPRIATIONS.—There  
7 are authorized to be appropriated to the Secretary of  
8 Transportation for each of fiscal years 2004 through 2009  
9 such sums as may be necessary to carry out the rail coop-  
10 erative research program under section 24910 of title 49,  
11 United States Code, as added by subsection (a).

12 **SEC. B13. 50-YEAR INTERMODAL BLUEPRINT.**

13 (a) IN GENERAL.—Section 5503 is amended—

14 (1) by redesignating subsections (e) and (f) as  
15 subsections (g) and (h), respectively; and

16 (2) by inserting after subsection (d) the fol-  
17 lowing:

18 “(e) 50-YEAR INTERMODAL BLUEPRINT.—

19 “(1) IN GENERAL.—The Director, in consulta-  
20 tion with Federal, State, local, and private concerns,  
21 shall create a document to be known as the ‘50-year  
22 Intermodal Blueprint’, which shall—

23 “(A) set forth a plan to develop a national  
24 intermodal transportation system;

1           “(B) describe emerging trends and oppor-  
2           tunities to fulfill the future passenger and  
3           freight transportation needs of the United  
4           States;

5           “(C) illustrate and estimate the potential  
6           results of current policies, possible policy im-  
7           provements, and directives for achieving the  
8           goals set forth in the document;

9           “(D) forecast the impact of current and  
10          future transportation policies on mobility, safe-  
11          ty, energy consumption, the environment, tech-  
12          nology, international trade, economic activity,  
13          and the quality of life in the United States; and

14          “(E) identify sources of funding to imple-  
15          ment the plan described in subparagraph (A).

16          “(2) BIENNIAL PROGRESS REPORTS.—The Di-  
17          rector, working with the Department of Transpor-  
18          tation Inspector General, shall issue a 50-year Inter-  
19          modal Blueprint progress report every 2 years and  
20          transmit a copy to the Secretary, the Committee on  
21          Commerce, Science, and Transportation of the Sen-  
22          ate, and the Committee on Transportation and In-  
23          frastructure of the House of Representatives. In the  
24          report, the Director shall—

1           “(A) disclose the results of an audit of the  
2 progress made toward achieving the goals set  
3 forth in the 50-year Intermodal Blueprint;

4           “(B) describe successes, challenges, and  
5 obstacles with respect to the 50-year Intermodal  
6 Blueprint;

7           “(C) suggest any changes to the 50-year  
8 Intermodal Blueprint that the Director deems  
9 necessary or appropriate to reflect changed cir-  
10 cumstances or new developments;

11           “(D) make recommendations on ways to  
12 increase intermodal planning and cooperation  
13 throughout the national transportation system  
14 and within the Department of Transportation;  
15 and

16           “(E) identify successful funding mecha-  
17 nisms and make recommendations for new ap-  
18 proaches to funding intermodal transportation  
19 facilities and services.

20           “(3) SEXENNIAL REVISIONS.—The Director, in  
21 consultation with Federal, State, local, and private  
22 concerns, shall revise and republish the 50-year  
23 Intermodal Blueprint every 6 years.

24           “(4) SECRETARY TO RESPOND TO REC-  
25 OMMENDATIONS.—Within 60 days after receiving a

1 biennial progress report under paragraph (2), the  
2 Secretary shall transmit to the Senate Committee on  
3 Commerce, Science, and Transportation and the  
4 House of Representatives Committee on Transpor-  
5 tation and Infrastructure—

6 “(A) a written response to each suggestion  
7 made by the Director in the biennial report  
8 under paragraph (2); and

9 “(B) any recommendations the Secretary  
10 may have for Congressional action in connection  
11 therewith.

12 “(f) IMPACT MEASUREMENT METHODOLOGY; IM-  
13 PACT REVIEW.—The Director, working with the Bureau  
14 of Transportation Statistics, shall—

15 “(1) formulate a methodology for measuring  
16 the impact of intermodal transportation on—

17 “(A) the environment;

18 “(B) public health and welfare; and

19 “(C) energy consumption; and

20 “(2) undertake a comprehensive review of the  
21 impact of international trade on intermodal trans-  
22 portation and existing transportation infrastruc-  
23 ture.”.

24 (b) RETAINED FUNDS.—Section 5568 is amended—

1           (1) by redesignating subsection (b) as sub-  
2           section (c); and

3           (2) by inserting after subsection (a) the fol-  
4           lowing:

5           “(b) 50-YEAR INTERMODAL BLUEPRINT.—There is  
6 authorized to be appropriated to the Secretary for 2004  
7 through 2009 such sums as may be necessary to carry  
8 out section 5503(e). Notwithstanding any provision of law  
9 to the contrary (including any limitation on the use of  
10 funds), the Secretary of Transportation may retain such  
11 funds that, in addition to available appropriated funds,  
12 may be necessary to carry out section 5503(e) of this title  
13 in equal amounts from—

14           “(1) amounts appropriated to the Highway  
15           Trust Fund under section 9503 of the Internal Rev-  
16           enue Code of 1986; and

17           “(2) amounts appropriated from the Airport  
18           and Airway Trust Fund under section 9502 of such  
19           Code.”.

20 **SEC. B14. INTERMODAL TRANSPORTATION POLICY.**

21           Section 302(e) is amended by striking “system” and  
22 inserting “system, including freight and passenger rail  
23 service and maritime transportation, including such trans-  
24 portation via inland waterways,”.

1 **SEC. B15. STATE RAIL PLANS.**

2 (a) IN GENERAL.—Part B of subtitle V is amended  
3 by adding at the end the following:

4 “CHAPTER 225—STATE RAIL PLANS

“Sec.

“22501. Authority.

“22502. Purposes and coordination.

“22503. Transparency and review.

“22504. Content.

“22505. High priority projects.

“22506. Approval.

“22507. Definitions.

5 “§ 22501. **Authority**

6 “(a) IN GENERAL.—Each State may prepare and  
7 maintain a State rail plan in accordance with the provi-  
8 sions of this chapter.

9 “(b) REQUIREMENTS.—For the preparation and peri-  
10 odic revision of a State rail plan, a State shall—

11 “(1) establish or designate a State rail trans-  
12 portation authority to prepare, maintain, coordinate,  
13 and administer the plan;

14 “(2) establish or designate a State rail plan ap-  
15 proval authority to approve the plan;

16 “(3) submit the approved plan to the Secretary  
17 of Transportation for approval; and

18 “(4) revise and resubmit an approved plan no  
19 less frequently than once every 7 years for re-  
20 approval by the Secretary.

1 **“§ 22502. Purposes and coordination**

2 “(a) PURPOSES.—The purposes of a State rail plan  
3 are as follows:

4 “(1) To set forth State policy for all freight and  
5 passenger rail transportation, including commuter  
6 rail operations, in the State.

7 “(2) To establish the period covered by the  
8 State rail plan.

9 “(3) To present priorities and strategies to pre-  
10 serve, enhance, or expand rail service in the State.

11 “(4) To serve as the basis for Federal and  
12 State rail investments within the State.

13 “(b) COORDINATION.—A State rail plan shall be co-  
14 ordinated with other State transportation planning goals  
15 and programs and set forth rail transportation’s role with-  
16 in the State transportation system.

17 **“§ 22503. Transparency and review**

18 “(a) PREPARATION.—A State shall provide adequate  
19 and reasonable notice and opportunity for comment and  
20 other input to the public, rail carriers, commuter and tran-  
21 sit authorities operating in, or affected by rail operations  
22 within the State, units of local government, and other in-  
23 terested parties in the preparation and review of its State  
24 rail plan.

25 “(b) ANNUAL REVIEWS.—Each State shall transmit  
26 an annual report on its plan to the Secretary of Transpor-

1 tation. The report shall included, for the year preceding  
2 the year in which submitted, the following matters:

3 “(1) A review of progress made, and actions  
4 taken, under the plan during the year.

5 “(2) A schedule of actions to be taken during  
6 the current year.

7 “(3) Any modifications made in the plan after  
8 approval of the plan by the Secretary or after the  
9 submission of the most recent annual report on the  
10 plan to the Secretary, including any modifications  
11 made to the priority freight or passenger rail capital  
12 project list required by section 22504(a)(5) of this  
13 title.

14 “(c) APPROVAL OF MODIFIED PLANS.—Each modi-  
15 fication of a State rail plan that is determined substantive  
16 by the Secretary, including any modification to a priority  
17 freight or passenger rail capital project list required by  
18 section 22504(a)(5) of this title, is subject to approval (for  
19 the purposes of this chapter) by the Secretary.

20 **“§ 22504. Content**

21 “(a) IN GENERAL.—Each State rail plan shall con-  
22 tain the following:

23 “(1) An evaluation of the existing overall rail  
24 transportation system and rail services and facilities  
25 within the State, a prioritization of such services

1 and facilities in terms of their contributions to the  
2 State's rail and transportation system.

3 “(2) A comprehensive review of all rail lines  
4 within the State, including proposed high speed rail  
5 corridors and significant rail line segments not cur-  
6 rently in service, containing an analysis of the trans-  
7 portation services provided by those lines, their own-  
8 ership, operating characteristics, the state of their  
9 infrastructure (including capital and maintenance  
10 requirements), and the economic and environmental  
11 impact of those lines.

12 “(3) A statement of freight and passenger rail  
13 service objectives, including minimum service levels,  
14 for rail transportation routes in the State.

15 “(4) A general analysis and quantification of  
16 rail's transportation, economic, and environmental  
17 impacts in the State, including congestion mitiga-  
18 tion, trade and economic development, air quality,  
19 land-use, energy-use, and community impacts.

20 “(5) A long-range rail service and investment  
21 program for current and future freight and pas-  
22 senger services in the State that meets the require-  
23 ments of subsection (b).

24 “(6) A statement of rail financing issues in the  
25 State, including a list of current and prospective

1 capital and operating funding resources, public sub-  
2 sidies, State and Federal taxation, and other finan-  
3 cial policies relating to rail service and rail infra-  
4 structure development.

5 “(7) A statement of rail service issues within  
6 the State, such as congestion and capacity, and cur-  
7 rent system deficiencies on a regional, intrastate,  
8 and interstate basis, that reflects consultation with  
9 neighboring States and describes any coordination of  
10 regional rail service.

11 “(8) A review of major passenger and freight  
12 intermodal rail connections and facilities within the  
13 State, including seaports, and options to maximize  
14 service integration and efficiency between rail and  
15 other modes of transportation within the State.

16 “(9) A description of new technology that re-  
17 lates to rail transportation within the State, includ-  
18 ing logistics and process improvements.

19 “(10) A review of plans and projects within the  
20 State to improve rail transportation safety and secu-  
21 rity, including all major projects funded under sec-  
22 tion 130 of title 23.

23 “(11) A performance evaluation of passenger  
24 rail services operating in the State, including pos-

1 sible improvements in those services, and a descrip-  
2 tion of strategies to achieve those improvements.

3 “(12) A description of activities by regional  
4 planning agencies, regional transportation authori-  
5 ties, and municipalities in the State on freight and  
6 passenger rail service within the State, or in the re-  
7 gion in which the State is located, including a pres-  
8 entation of any recommendations made by such  
9 agencies, authorities, and municipalities.

10 “(13) A compilation of studies and reports on  
11 high-speed rail corridor development within the  
12 State not included in a previous plan under this  
13 chapter, and a plan for funding any recommended  
14 development of such corridors in the State.

15 “(14) A statement that the State is in compli-  
16 ance with the requirements of section 22102.

17 “(b) LONG-RANGE SERVICE AND INVESTMENT PRO-  
18 GRAM.—

19 “(1) PROGRAM CONTENT.—A long-range rail  
20 service and investment program included in a State  
21 rail plan under subsection (a)(5) shall include the  
22 following matters:

23 “(A) Two ranked lists for rail capital  
24 projects, one for priority freight rail capital

1 projects and one for priority passenger rail cap-  
2 ital projects.

3 “(B) A detailed funding plan for the  
4 projects.

5 “(2) PROJECT LIST CONTENT.—The ranked list  
6 of priority freight and passenger rail capital projects  
7 shall contain—

8 “(A) a description of the anticipated public  
9 and private benefits of each such project; and

10 “(B) a statement of the correlation  
11 between—

12 “(i) private funding contributions for  
13 the projects; and

14 “(ii) the private benefits.

15 “(3) CONSIDERATIONS FOR PROJECT LIST.—In  
16 preparing the ranked list of priority freight and pas-  
17 senger rail capital projects, a State rail transpor-  
18 tation authority shall take into consideration the fol-  
19 lowing matters:

20 “(A) Contributions made by non-Federal  
21 Government and non-State sources through  
22 user fees, matching funds, or other private cap-  
23 ital involvement.

24 “(B) Rail capacity and congestion effects.

1                   “(C) Highway and transportation system  
2 congestion mitigation.

3                   “(D) Regional balance.

4                   “(E) Environmental impact.

5                   “(F) Competitive and service impact for  
6 rail carriers and shippers.

7                   “(G) Preservation of rail service.

8                   “(H) Economic and employment impacts.

9                   “(I) Projected ridership for passenger  
10 projects.

11           “(c) WAIVER.—The Secretary may waive the any re-  
12 quirement of subsection (a), except the requirement in  
13 paragraph (5) of such subsection, upon application under  
14 circumstances that the Secretary determines appropriate.

15 **“§ 22505. High priority projects**

16           “(a) DESIGNATION OF PROJECTS.—The Secretary of  
17 Transportation may designate as a high priority project  
18 any project that meets both of the following criteria:

19                   “(1) The project is on a ranked list of priority  
20 freight and passenger rail capital projects that is in-  
21 cluded in a State rail plan under section 22504(5).

22                   “(2) The project focuses on key rail congestion  
23 points that are selected by the Secretary—

24                           “(A) on the basis of national benefits to  
25 the rail transportation system; and

1                   “(B) coordinated with the national rail  
2                   plan.

3                   “(b) PREFERRED PROJECTS.—The Secretary, in des-  
4 ignating high priority projects, shall give preference to—

5                   “(1) projects that have national significance  
6                   for—

7                   “(A) improving the national rail network  
8                   and the Nation’s transportation system;

9                   “(B) ensuring particularly high levels of  
10                  safety;

11                  “(C) increasing intermodal connectivity by  
12                  providing or improving direct connections be-  
13                  tween rail facilities and other modes of trans-  
14                  portation;

15                  “(D) significantly affecting highway, avia-  
16                  tion, or maritime capacity, congestion, or safe-  
17                  ty;

18                  “(E) improving both intercity passenger  
19                  rail an freight rail services;

20                  “(F) enhancing rail completion or freight  
21                  rail service for shippers;

22                  “(G) causing positive economic and em-  
23                  ployment results;

24                  “(H) producing significant environmental  
25                  or community benefits;

1           “(I) having received financial commitments  
2           and other support from numerous entities such  
3           as States, local governments, or private entities;

4           “(J) enhancing international trade;

5           “(K) enhancing national security; or

6           “(L) employing positive train control tech-  
7           nologies; and

8           “(2) projects that are at the stage of prepara-  
9           tion that all precommencement compliance with en-  
10          vironmental protection requirements has been com-  
11          pleted and the projects are ready to commence.

12          “(c) REGIONAL BALANCE AND COMPATIBILITY.—  
13          The Secretary, in designating high priority projects, shall  
14          ensure that—

15                 “(1) the geographic distribution of the projects  
16                 designated as high priority projects is generally bal-  
17                 anced among the geographic regions of the United  
18                 States and a disproportionate number of such  
19                 projects is not concentrated in a single region or  
20                 State; and

21                 “(2) all projects are compatible with, and car-  
22                 ried out in conformance with—

23                         “(A) plans developed pursuant to the re-  
24                         quirements of sections 134 and 135 of title 23;  
25                         and

1                   “(B) the national rail plan.

2   **“§ 22506. Approval**

3           “(a) CRITERIA.—The Secretary may approve a State  
4 rail plan for the purposes of this chapter if—

5                   “(1) the plan meets all of the requirements ap-  
6 plicable to State plans under this chapter;

7                   “(2) for each project listed on the ranked list  
8 of priority freight and passenger rail capital projects  
9 under the plan—

10                   “(A) the project meets all safety require-  
11 ments that are applicable to the project under  
12 law; and

13                   “(B) the State has entered into an agree-  
14 ment with any owner of rail infrastructure di-  
15 rectly affected by the project that provides for  
16 the State to proceed with the project; and

17                   “(3) the content of the plan is coordinated  
18 with—

19                   “(A) plans developed pursuant to the re-  
20 quirements of sections 134 and 135 of title 23;  
21 and

22                   “(B) the national rail plan and any other  
23 transportation plan of the Federal Government  
24 that is required by law.

1           “(b) PROCEDURES FOR STATE RAIL PLAN SUBMIS-  
2       SION AND APPROVAL.—The Secretary shall prescribe pro-  
3       cedures for States to submit State rail plans for review  
4       under this subtitle, including application and qualification  
5       procedures. The procedures shall provide for the Secretary  
6       to review a State rail plan and issue a record of decision  
7       of approval or disapproval, with comment, on such plan  
8       within 180 days after the plan is submitted.

9       **“§ 22507. Definitions**

10           “In this chapter:

11                   “(1) PRIVATE BENEFIT.—The term ‘private  
12       benefit’ means a benefit accrued to a person or pri-  
13       vate entity that directly improves the economic and  
14       competitive condition of that person or entity  
15       through improved assets, cost reductions, service im-  
16       provements, or any other means as defined by the  
17       Secretary.

18                   “(2) PUBLIC BENEFIT.—The term ‘public ben-  
19       efit’ means a benefit accrued to the public in the  
20       form of enhanced mobility of people or goods, envi-  
21       ronmental protection or enhancement, congestion  
22       mitigation, enhanced trade and economic develop-  
23       ment, improved air quality or land use, more effi-  
24       cient energy use, enhanced public safety or security,  
25       reduction of public expenditures due to improved

1 transportation efficiency or infrastructure preserva-  
2 tion, and any other positive community effects as de-  
3 fined by the Secretary.

4 “(3) STATE.—The term ‘State’ means any of  
5 the 50 States and the District of Columbia.

6 “(4) STATE RAIL TRANSPORTATION AUTHOR-  
7 ITY.—The term ‘State rail transportation authority’  
8 means the State agency or official responsible under  
9 the direction of the Governor of the State or a State  
10 law for preparation, maintenance, coordination, and  
11 administration of the State rail plan.”.

12 (b) CLERICAL AMENDMENT.—The table of chapters  
13 for subtitle V is amended by inserting after the item relat-  
14 ing to chapter 223 the following:

“225. STATE RAIL PLANS .....22501.”.

15 **SEC. B16. INTERSTATE RAILROAD PASSENGER HIGH-SPEED**  
16 **TRANSPORTATION POLICY.\*\***

17 (a) IN GENERAL.—Chapter 261 is amended by in-  
18 serting before section 26101 the following:

19 **“§ 26100. Policy.**

20 “The Congress declares that it is the policy of the  
21 United States that designated high-speed railroad pas-  
22 senger transportation corridors are the building blocks of  
23 an interconnected interstate railroad passenger system  
24 that serves the entire Nation.”.

1 (b) CONFORMING AMENDMENT.—The chapter anal-  
2 ysis for chapter 261 is amended by inserting before the  
3 item relating to section 26101 the following:

“26100. Policy”.

4 **SEC. B17. HIGH-SPEED RAIL CORRIDOR PLANNING.**

5 (a) IN GENERAL.—Section 26101(a) is amended to  
6 read as follows:

7 “(a) PLANNING.—

8 “(1) IN GENERAL.—The Secretary of Transpor-  
9 tation shall provide planning assistance to States or  
10 group of States and other public agencies promoting  
11 the development of high-speed rail corridors des-  
12 ignated by the Secretary under section 104(d) of  
13 title 23.

14 “(2) SECRETARY MAY PROVIDE DIRECT OR FI-  
15 NANCIAL ASSISTANCE.—The Secretary may provide  
16 planning assistance under paragraph (1) directly or  
17 by providing financial assistance to a public agency  
18 or group of public agencies to undertake planning  
19 activities approved by the Secretary. Not less than  
20 20 percent of the publicly financed planning costs  
21 associated with projects assisted under this chapter  
22 shall come from non-Federal sources. State match-  
23 ing contributions may not be derived, directly or in-  
24 directly, from Federal funds.”.

1 (b) CONFORMING AND OTHER AMENDMENTS TO  
2 SECTION 26101.—Section 26101 is further amended—

3 (1) by striking subsection (c)(2) and inserting  
4 the following:

5 “(2) the extent to which the proposed planning  
6 focuses on high-speed rail systems, giving a priority  
7 to systems which will achieve sustained speeds of  
8 125 miles per hour or greater and projects involving  
9 dedicated rail passenger rights-of-way;”;

10 (2) by inserting “and” after the semicolon in  
11 subsection (c)(12);

12 (3) by striking “completed; and” in subsection  
13 (c)(13) and inserting “completed.”; and

14 (4) by striking subsection (c)(14).

15 (c) CONFORMING AMENDMENT.—Section  
16 26105(2)(A) is amended by striking “more than 125 miles  
17 per hour;” and inserting “90 miles per hour or more;”.

18 (d) FINANCIAL ASSISTANCE TO INCLUDE LOANS  
19 AND LOAN GUARANTEES.—Section 26105(1) is amended  
20 by inserting “loans, loan guarantees,” after “contracts,”.

21 (e) AUTHORIZATION OF APPROPRIATIONS.—There  
22 are authorized to be appropriated to the Secretary of  
23 Transportation for each of fiscal years 2004 through 2009  
24 such sums as may be necessary to provide planning assist-

1    ance under section 26101(a) of title 49, United States  
2    Code, as amended by subsection (a).

3    **SEC. B18. DESIGNATED HIGH-SPEED RAIL CORRIDORS.**

4           (a) IN GENERAL.—The Secretary of Transportation  
5    shall give priority in allocating funds authorized by section  
6    26104 of title 49, United States Code, to designated high-  
7    speed rail corridors.

8           (b) DESIGNATED HIGH-SPEED RAIL CORRIDORS.—  
9    For purposes of subsection (a), the following shall be con-  
10   sidered to be designated high-speed rail corridors:

11           (1) California Corridor connecting the San  
12    Francisco Bay area and Sacramento to Los Angeles  
13    and San Diego.

14           (2) Chicago Hub Corridor Network with the fol-  
15    lowing spokes:

16                   (A) Chicago to Detroit.

17                   (B) Chicago to Minneapolis/St. Paul, Min-  
18    nesota, via Milwaukee, Wisconsin.

19                   (C) Chicago to Kansas City, Missouri, via  
20    Springfield, Illinois, and St. Louis, Missouri.

21                   (D) Chicago to Louisville, Kentucky, via  
22    Indianapolis, Indiana, and Cincinnati, Ohio.

23                   (E) Chicago to Cleveland, Ohio, via Toledo,  
24    Ohio.

1 (F) Cleveland, Ohio, to Cincinnati, Ohio,  
2 via Columbus, Ohio.

3 (3) Empire State Corridor from New York City,  
4 New York, through Albany, New York, to Buffalo,  
5 New York.

6 (4) Florida High-Speed Rail Corridor from  
7 Tampa through Orlando to Miami.

8 (5) Gulf Coast Corridor from Houston Texas,  
9 through New Orleans, Louisiana, to Mobile, Ala-  
10 bama, with a branch from New Orleans, through  
11 Meridian, Mississippi, and Birmingham, Alabama, to  
12 Atlanta, Georgia.

13 (6) Keystone Corridor from Philadelphia, Penn-  
14 sylvania, through Harrisburg, Pennsylvania, to  
15 Pittsburgh, Pennsylvania.

16 (7) Northeast Corridor from Washington, Dis-  
17 trict of Columbia, through New York City, New  
18 York, New Haven, Connecticut, and Providence,  
19 Rhode Island, to Boston, Massachusetts, with a  
20 branch from New Haven, Connecticut, to Spring-  
21 field, Massachusetts.

22 (8) New England Corridor from Boston, Massa-  
23 chusetts, to Portland and Auburn, Maine, and from  
24 Boston, Massachusetts, through Concord, New

1 Hampshire, and Montpelier, Vermont, to Montreal,  
2 Quebec.

3 (9) Pacific Northwest Corridor from Eugene,  
4 Oregon, through Portland, Oregon, and Seattle,  
5 Washington, to Vancouver, British Columbia.

6 (10) South Central Corridor from San Antonio,  
7 Texas, through Dallas/Fort Worth to Little Rock,  
8 Arkansas, with a branch from Dallas/Fort Worth  
9 through Oklahoma City, Oklahoma, to Tulsa, Okla-  
10 homa.

11 (11) Southeast Corridor from Washington, Dis-  
12 trict of Columbia, through Richmond, Virginia, Ra-  
13 leigh, North Carolina, Columbia, South Carolina,  
14 Savannah, Georgia, and Jessup, Georgia, to Jack-  
15 sonville, Florida, with—

16 (A) a branch from Raleigh, North Caro-  
17 lina, through Charlotte, North Carolina, and  
18 Greenville, South Carolina, to Atlanta, Georgia;  
19 a branch from Richmond, to Hampton Roads/  
20 Norfolk, Virginia;

21 (B) a branch from Charlotte, North Caro-  
22 lina, to Columbia, South Carolina, to Charles-  
23 ton, South Carolina;

24 (C) a connecting route from Atlanta, Geor-  
25 gia, to Jessup, Georgia;

1 (D) a connecting route from Atlanta, Geor-  
2 gia, to Charleston, South Carolina; and

3 (E) a branch from Raleigh, North Caro-  
4 lina, through Florence, South Carolina, to  
5 Charleston, South Carolina, and Savannah,  
6 Georgia, with a connecting route from Florence,  
7 South Carolina, to Myrtle Beach, South Caro-  
8 lina.

9 (12) Southwest Corridor from Los Angeles,  
10 California, to Las Vegas, Nevada.

11 (c) OTHER HIGH-SPEED RAIL CORRIDORS.—For  
12 purposes of this section, subsection (b)—

13 (1) does not limit the term “designated high-  
14 speed rail corridor” to those corridors described in  
15 subsection (b); and

16 (2) does not limit the Secretary of Transpor-  
17 tation’s authority—

18 (A) to designate additional high-speed rail  
19 corridors; or

20 (B) to terminate the designation of any  
21 high-speed rail corridor.

1 **SEC. B19. REHABILITATION, IMPROVEMENT, AND SECUR-**  
2 **RITY FINANCING.**

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

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

9 (b) GENERAL AUTHORITY.—Section 502 of the Rail-  
10 road Revitalization and Regulatory Reform Act of 1976  
11 (45 U.S.C. 822) is amended—

12 (1) by striking “Secretary may provide direct  
13 loans and loan guarantees to State and local govern-  
14 ments,” in subsection (a) and inserting “Secretary  
15 shall provide direct loans and loan guarantees to  
16 State and local governments, interstate compacts en-  
17 tered into under section 410 of the Amtrak Reform  
18 and Accountability Act of 1997 (49 U.S.C 24101  
19 note),”;

20 (2) by striking “or” in subsection (b)(1)(B);

21 (3) by redesignating subparagraph (C) of sub-  
22 section (b)(1) as subparagraph (D); and

23 (4) by inserting after subparagraph (B) of sub-  
24 section (b)(1) the following:

1           “(C) to acquire, improve, or rehabilitate  
2           rail safety and security equipment and facilities;  
3           or”.

4           (c) EXTENT OF AUTHORITY.—Section 502(d) of the  
5 Railroad Revitalization and Regulatory Reform Act of  
6 1976 (45 U.S.C. 822(d)) is amended—

7           (1) by striking “\$3,500,000,000” and inserting  
8           “\$35,000,000,000”;

9           (2) by striking “\$1,000,000,000” and inserting  
10          “\$7,000,000,000”; and

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

16          (d) COHORTS OF LOANS.—Section 502(f) of the Rail-  
17 road Revitalization and Regulatory Reform Act of 1976  
18 (45 U.S.C. 822(f)) is amended—

19          (1) in paragraph (2)—

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

22                  (B) by redesignating subparagraph (E) as  
23          subparagraph (F); and

24                  (C) by adding after subparagraph (D) the  
25          following new subparagraph:

1           “(E) the size and characteristics of the co-  
2           hort of which the loan or loan guarantee is a  
3           member; and”;

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

9           (e) CONDITIONS OF ASSISTANCE.—Section 502 of the  
10          Railroad Revitalization and Regulatory Reform Act of  
11          1976 (45 U.S.C. 822) is amended—

12           (1) by striking “offered;” in subsection  
13           (f)(2)(A) and inserting “offered, if any;”;

14           (2) by inserting “(1)” before “The Secretary”  
15           in subsection (h) and redesignating paragraphs (1),  
16           (2), and (3) of that subsection as subparagraphs  
17           (A), (B), and (C); and

18           (3) by adding at the end of subsection (h) the  
19           following:

20           “(2) The Secretary shall not require an applicant for  
21           a direct loan or loan guarantee under this section to pro-  
22           vide collateral.

23           “(3) The Secretary shall not require that an appli-  
24           cant for a direct loan or loan guarantee under this section

1 have previously sought the financial assistance requested  
2 from another source.

3 “(4) The Secretary shall require recipients of direct  
4 loans or loan guarantees under this section to apply the  
5 standards of subsections (b) and (c) of section 22301 of  
6 title 49, United States Code, to their projects.”.

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

11 “(i) TIME LIMIT FOR APPROVAL OR DISAPPROVAL.—  
12 Not later than 180 days after receiving a complete appli-  
13 cation for a direct loan or loan guarantee under this sec-  
14 tion, the Secretary shall approve or disapprove the applica-  
15 tion.”.

16 (g) FEES AND CHARGES.—Section 503 of the Rail-  
17 road Revitalization and Regulatory Reform Act of 1976  
18 (45 U.S.C. 823) is amended—

19 (1) by adding at the end of subsection (k) the  
20 following: “Funds received by the Secretary under  
21 the preceding sentence shall be credited to the ap-  
22 propriation from which the expenses of making such  
23 appraisals, determinations, and findings were in-  
24 curred.”; and

1           (2) by adding at the end the following new sub-  
2           section:

3           “(m) FEES AND CHARGES.—Except as provided in  
4 this title, the Secretary may not assess any fees, including  
5 user fees, or charges in connection with a direct loan or  
6 loan guarantee provided under section 502.”.

7           (h) SUBSTANTIVE CRITERIA AND STANDARDS.—Not  
8 later than 30 days after the date of the enactment of this  
9 Act, the Secretary of Transportation shall publish in the  
10 Federal Register and post on the Department of Trans-  
11 portation website the substantive criteria and standards  
12 used by the Secretary to determine whether to approve  
13 or disapprove applications submitted under section 502 of  
14 the Railroad Revitalization and Regulatory Reform Act of  
15 1976 (45 U.S.C. 822).

16           (i) OPERATORS DEEMED RAIL CARRIERS; LOANS  
17 AND LOAN GUARANTEES FOR NON-RAILROAD ENTI-  
18 TIES.—Section 502 of the Railroad Revitalization and  
19 Regulatory Reform Act of 1976 (45 U.S.C. 822), as  
20 amended by subsection (f), is amended by adding at the  
21 end the following:

22           “(j) OPERATORS DEEMED RAIL CARRIERS.—A per-  
23 son that conducts rail operations funded or otherwise re-  
24 ceiving assistance under this section is deemed to be a rail  
25 carrier for purposes of part A of subtitle IV of title 49,

1 United States Code, when so operating or performing such  
2 services.

3 “(k) LOAN AND LOAN GUARANTEES FOR NON-RAIL-  
4 ROAD ENTITIES.—Notwithstanding any other provision of  
5 law, entities other than rail companies shall be eligible for  
6 loans and loan guarantees under this section.”.

7 **Subtitle C—Rail Infrastructure**  
8 **Finance Corporation**

9 **SEC. C21. ESTABLISHMENT OF CORPORATION.**

10 There is established a nonprofit corporation, to be  
11 known as the “Rail Infrastructure Finance Corporation”.  
12 The Rail Infrastructure Finance Corporation is not an  
13 agency or establishment of the United States Government.  
14 The Corporation shall be subject to the provisions of this  
15 subtitle and subtitle D, and, to the extent consistent with  
16 this section, to the laws of the State of Delaware applica-  
17 ble to corporations not for profit.

18 **SEC. C22. BOARD OF DIRECTORS.**

19 (a) APPOINTMENT.— The Rail Infrastructure Fi-  
20 nance Corporation shall have a Board of Directors con-  
21 sisting of 9 members appointed by the President, by and  
22 with the advice and consent of the Senate. Not more than  
23 5 members of the Board may be members of the same  
24 political party.

25 (b) MEMBERSHIP QUALIFICATIONS.—

1           (1) IN GENERAL.—The 9 members of the  
2 Board shall be appointed from among citizens of the  
3 United States (not regular full-time employees of the  
4 United States) who are eminent in the fields of rail  
5 transportation, rail financing, and intermodal trans-  
6 portation planning, and the financing and manage-  
7 ment of large-scale, long-term public-private cooper-  
8 ative projects.

9           (2) REPRESENTATION OF SPECIFIC INTER-  
10 ESTS.—Of the 9 members of the Board, 6 of the  
11 members shall be selected as follows:

12           (A) One member from among individuals  
13 who represent the interests of freight rail trans-  
14 portation.

15           (B) One member from among individuals  
16 who represent the interests of passenger rail  
17 transportation.

18           (C) One member from among individuals  
19 who represent the interests of the States.

20           (D) One member from among individuals  
21 who represent the interests of intermodal trans-  
22 portation.

23           (E) One member from among individuals  
24 who represent the interests of organized labor.

1                   (F) One member from among persons who  
2                   are involved in finance.

3           (c) INCORPORATION.—The members initially ap-  
4 pointed to the Board of Directors shall serve as  
5 incorporators and shall take whatever actions are nec-  
6 essary to establish the Corporation under the laws of Dela-  
7 ware.

8           (d) TERMS OF OFFICE.—Members of the Board shall  
9 be appointed for terms of 6 years. No member of the  
10 Board shall be eligible to serve in excess of 2 consecutive  
11 full terms.

12          (e) VACANCIES.—A member of the Board appointed  
13 to fill a vacancy occurring before the expiration of the  
14 term for which the member's predecessor was appointed  
15 shall serve only for the remainder of the term. Upon the  
16 expiration of a member's term, the member shall continue  
17 to serve until a successor is appointed.

18          (f) ATTENDANCE REQUIRED.—Members of the  
19 Board shall attend not less than 50 percent of all duly  
20 convened meetings of the Board in any calendar year. A  
21 member who fails to meet the requirement of the pre-  
22 ceding sentence shall forfeit membership and the Presi-  
23 dent shall appoint a new member to fill the resulting va-  
24 cancy not later than 30 days after such vacancy is deter-  
25 mined by the Chairman of the Board.

1 (g) ELECTION OF CHAIRMAN AND VICE CHAIR-  
2 MAN.—Members of the Board shall annually elect one of  
3 their members to be Chairman and elect one or more of  
4 their members as a Vice Chairman or Vice Chairmen.

5 (h) COMPENSATION.—The members of the Board  
6 shall not, by reason of such membership, be considered  
7 to be officers or employees of the United States. They  
8 shall, while attending meetings of the Board or while en-  
9 gaged in duties related to such meetings or other activities  
10 of the Board pursuant to this title, be entitled to receive  
11 compensation at the rate of \$150 per day, including trav-  
12 eltime. No Board member shall receive compensation of  
13 more than \$10,000 in any fiscal year. While away from  
14 their homes or regular places of business, Board members  
15 shall be allowed travel and actual, reasonable, and nec-  
16 essary expenses.

17 (i) MEETINGS OPEN TO PUBLIC.—All meetings of  
18 the Board of Directors of the Corporation, including any  
19 committee of the Board, shall be open to the public under  
20 such terms, conditions, and exceptions as the Board may  
21 establish.

22 **SEC. C23. OFFICERS AND EMPLOYEES.**

23 (a) IN GENERAL.—The Rail Infrastructure Finance  
24 Corporation shall have a President, and such other officers  
25 as may be named and appointed by the Board for terms

1 and at rates of compensation fixed by the Board. No offi-  
2 cer or employee of the Corporation may be compensated  
3 by the Corporation at an annual rate of pay that exceeds  
4 the rate of basic pay for level I of the Executive Schedule  
5 under section 5312 of title 5, United States Code. No indi-  
6 vidual other than a citizen of the United States may be  
7 an officer of the Corporation. Subject to section C22(h),  
8 no officer of the Corporation may receive any salary or  
9 other compensation (except for compensation for services  
10 on boards of directors of other organizations that do not  
11 receive funds from the Corporation, on committees of such  
12 boards, and in similar activities for such organizations)  
13 from any sources other than the Corporation for services  
14 rendered during the period of his or her employment by  
15 the Corporation. Service by any officer on boards of direc-  
16 tors of other organizations, on committees of such boards,  
17 and in similar activities for such organizations shall be  
18 subject to annual advance approval by the Board and sub-  
19 ject to the provisions of the Corporation's Statement of  
20 Ethical Conduct. All officers shall serve at the pleasure  
21 of the Board.

22 (b) NONPARTISAN NATURE OF APPOINTMENTS.—  
23 Except as provided in the second sentence of section  
24 C22(a), no political test or qualification shall be used in  
25 selecting, appointing, promoting, or taking other personnel

1 actions with respect to officers, agents, and employees of  
2 the Corporation.

3 **SEC. C24. NONPROFIT AND NONPOLITICAL NATURE OF THE**  
4 **CORPORATION.**

5 (a) STOCK.—The Rail Infrastructure Finance Cor-  
6 poration shall have no power to issue any shares of stock,  
7 or to declare or pay any dividends.

8 (b) NO PRIVATE BENEFIT.—No part of the income  
9 or assets of the Corporation shall inure to the benefit of  
10 any director, officer, employee, or any other individual ex-  
11 cept as salary or reasonable compensation for services.

12 (c) POLITICAL ACTIVITY PROHIBITED.—The Cor-  
13 poration may not contribute to or otherwise support any  
14 political party or candidate for elective public office.

15 (d) CONFLICTS OF INTEREST.—No director, officer,  
16 or employee of the Corporation shall in any manner, di-  
17 rectly or indirectly, participate in the deliberation upon or  
18 the determination of any question affecting his or her per-  
19 sonal interests or the interests of any corporation, partner-  
20 ship, or organization in which he or she is directly or indi-  
21 rectly interested. Board members shall recuse themselves  
22 from Board decisions that directly affect either them or  
23 entities they represent regarding grants and other assist-  
24 ance provided to States by the Board.

1 **SEC. C25. PURPOSE AND ACTIVITIES OF CORPORATION.**

2 (a) PURPOSE.—The Rail Infrastructure Finance Cor-  
3 poration shall, through the issuance of qualified rail infra-  
4 structure bonds in accordance with section 54 of the Inter-  
5 nal Revenue Code of 1986 and this title, provide financial  
6 support for rail transportation capital projects under sub-  
7 title D.

8 (b) BOND ISSUANCE AUTHORITY.—

9 (1) IN GENERAL.—In order to carry out its  
10 purposes, the Corporation is authorized to issue  
11 qualified rail infrastructure bonds (as defined in sec-  
12 tion 54(e) of the Internal Revenue Code of 1986)  
13 during the 6-year period beginning October 1, 2003.

14 (2) LIMITATION.—The total face amount of the  
15 bonds outstanding under paragraph (1) at any time  
16 may not exceed \$30,000,000,000.

17 (3) NO FEDERAL GUARANTEE.—

18 (A) OBLIGATIONS INSURED BY THE COR-  
19 PORATION.—No obligation that is insured,  
20 guaranteed, or otherwise backed by the Cor-  
21 poration shall be deemed to be an obligation  
22 that is guaranteed by the full faith and credit  
23 of the United States.

24 (B) SPECIAL RULE.—This paragraph shall  
25 not affect the determination of whether such

1 obligation is guaranteed for purposes of Federal  
2 income taxes.

3 (C) SECURITIES OFFERED BY THE COR-  
4 PORATION.—No debt or equity securities of the  
5 Corporation shall be deemed to be guaranteed  
6 by the full faith and credit of the United  
7 States.

8 (4) AUTHORITY.—To carry out the foregoing  
9 purposes and engage in the foregoing activities, the  
10 Corporation shall have the usual powers conferred  
11 upon a nonprofit corporation under the laws of the  
12 State of Delaware.

13 (c) FEDERAL ASSISTANCE.—The Corporation shall  
14 be eligible to receive discretionary grants, contracts, gifts,  
15 contributions, or technical assistance from any department  
16 or agency of the Federal Government, but only to the ex-  
17 tent permitted by law and to the extent necessary to carry  
18 out the purpose set forth in subsection (a) and the activi-  
19 ties described in subsection (b).

20 **SEC. C26. REPORT TO CONGRESS.**

21 (a) IN GENERAL.—On or before May 15 of each year,  
22 the Rail Infrastructure Finance Corporation shall submit  
23 an annual report for the fiscal year ending on September  
24 30 of the preceding year to the Committee on Commerce,  
25 Science, and Transportation of the Senate and the Com-

1 mittee on Transportation and Infrastructure of the House  
2 of Representatives. The report shall include a comprehen-  
3 sive and detailed report of the Corporation's operations,  
4 activities, financial condition, and accomplishments under  
5 this title and such recommendations as the Corporation  
6 deems appropriate.

7 (b) AVAILABILITY FOR TESTIMONY.—The officers  
8 and directors of the Corporation shall be available to tes-  
9 tify before those committees with respect to such report,  
10 the report of any audit made by the Comptroller General  
11 pursuant to section C27(d)(3), or any other matter which  
12 such committees may determine.

13 **SEC. C27. ADMINISTRATIVE MATTERS.**

14 (a) BUDGET.—The Rail Infrastructure Finance Cor-  
15 poration shall establish an annual budget for the Corpora-  
16 tion, including the Rail Infrastructure Investment Account  
17 under subsection (c).

18 (b) IMPLEMENTATION PLAN.—

19 (1) REQUIREMENT FOR PLAN.—The Corpora-  
20 tion shall conduct a study and prepare a plan on  
21 how the Corporation can best achieve the purposes  
22 and fulfill the requirements of this title.

23 (2) CONSULTATION.—In preparing the plan,  
24 the Corporation may consult with the Secretary of

1       Transportation, the Secretary of the Treasury, and  
2       representatives of State and local governments.

3           (3) OTHER REQUIREMENTS.—The plan, which  
4       shall be based on the conclusions resulting from the  
5       study conducted under paragraph (1), shall be sub-  
6       mitted by the Corporation to the Committee on  
7       Commerce, Science, and Transportation of the Sen-  
8       ate and the Committee on Transportation and Infra-  
9       structure of the House of Representatives not later  
10      than January 31, 2004. Unless directed otherwise  
11      by law, the Corporation shall implement the plan  
12      during the first fiscal year beginning after the fiscal  
13      year in which the plan is submitted to Congress.

14      (c) RAIL INFRASTRUCTURE INVESTMENT AC-  
15      COUNT.—

16           (1) ESTABLISHMENT.—The Board of Directors  
17      for the Corporation shall establish an account to be  
18      known as the Rail Infrastructure Investment Ac-  
19      count.

20           (2) DEPOSIT OF BOND PROCEEDS.—The Cor-  
21      poration shall deposit the proceeds of sales of any  
22      bonds issued under section 54 of the Internal Rev-  
23      enue Code of 1986 into the Account.

1           (3) DEPOSIT OF NON-FEDERAL CONTRIBU-  
2           TIONS.—The Board shall deposit all contributions  
3           received under section C24(a) into the Account.

4           (4) DISBURSEMENTS.—The Board shall make  
5           available and may disburse, at the beginning of fis-  
6           cal year 2004 and of each succeeding fiscal year  
7           thereafter, such funds as may be available for obli-  
8           gation and expenditure from the Account.

9           (5) USE OF ACCOUNT FUNDS.—Funds in the  
10          Account—

11           (A) shall be used by the Corporation for  
12           investment purposes through the trust estab-  
13           lished under section C28 to generate an amount  
14           sufficient—

15           (i) to repay the principal of the bonds  
16           at their maturity; and

17           (ii) to pay the administrative costs of  
18           the Corporation and the Rail Infrastruc-  
19           ture Finance Trust under section C28; and

20           (B) shall, to the extent of the net spend-  
21           able proceeds in the account, be held in the Rail  
22           Infrastructure Finance Trust established under  
23           section C28 and be available for distribution as  
24           grants of financial assistance under subtitle D.

1           (6) NET SPENDABLE PROCEEDS DEFINED.—In  
2 this subsection, the term ‘net spendable proceeds’,  
3 with respect to the Rail Infrastructure Investment  
4 Account, means the amount equal to the excess of—

5                   (A) the total amount in such Account, over

6                   (B) the amount in such Account that is  
7 needed for uses under paragraph (5)(A).

8 (d) RECORDS AND AUDIT.—

9           (1) IN GENERAL.—The account of the Corpora-  
10 tion shall be audited annually in accordance with  
11 generally accepted auditing standards by inde-  
12 pendent certified public accountants or independent  
13 licensed public accountants certified or licensed by a  
14 regulatory authority of a State or other political sub-  
15 division of the United States. The audits shall be  
16 conducted at the place or places where the accounts  
17 of the Corporation are normally kept. All books, ac-  
18 counts, financial records, reports, files, and all other  
19 papers, things, or property belonging to or in use by  
20 the Corporation and necessary to facilitate the au-  
21 dits shall be made available to the person or persons  
22 conducting the audits; and full facilities for verifying  
23 transactions with the balances or securities held by  
24 depositories, fiscal agents and custodians shall be af-  
25 forded to such person or persons.

1           (2) AUDIT REPORT.—The report of each such  
2 independent audit shall be included in the annual re-  
3 port required by section C26. The audit report shall  
4 set forth the scope of the audit and include such  
5 statements as are necessary to present fairly the  
6 Corporation's assets and liabilities, surplus or def-  
7 icit, with an analysis of the changes therein during  
8 the year, supplemented in reasonable detail by a  
9 statement of the Corporation's income and expenses  
10 during the year, and a statement of the sources and  
11 application of funds, together with the independent  
12 auditor's opinion of those statements.

13           (3) AUDIT BY COMPTROLLER GENERAL.—The  
14 financial transactions of the Corporation may be au-  
15 dited by the General Accounting Office in accord-  
16 ance with the principles and procedures applicable to  
17 commercial corporate transactions and under such  
18 rules and regulations as may be prescribed by the  
19 Comptroller General of the United States. Any such  
20 audit shall be conducted at the place or places where  
21 accounts of the Corporation are normally kept. The  
22 representative of the General Accounting Office shall  
23 have access to all books, accounts, records, reports,  
24 files, and all other papers, things, or property be-  
25 longing to or in use by the Corporation pertaining

1 to its financial transactions and necessary to facili-  
2 tate the audit, and they shall be afforded full facili-  
3 ties for verifying transactions with the balances or  
4 securities held by depositories, fiscal agents, and  
5 custodians. All such books, accounts, records, re-  
6 ports, files, papers and property of the Corporation  
7 shall remain in possession and custody of the Cor-  
8 poration.

9 (4) GAO REPORT TO CONGRESS.—A report of  
10 each audit under paragraph (3) shall be made by the  
11 Comptroller General to the Committee on Com-  
12 merce, Science, and Transportation of the Senate  
13 and the Committee on Transportation and Infra-  
14 structure of the House of Representatives. The re-  
15 port shall contain such comments and information  
16 as the Comptroller General considers necessary to  
17 inform the committees of the financial operations  
18 and condition of the Corporation, together with such  
19 recommendations with respect thereto as he may  
20 deem advisable. The report shall also show specifi-  
21 cally any program, expenditure, or other financial  
22 transaction or undertaking observed in the course of  
23 the audit, which, in the opinion of the Comptroller  
24 General, has been carried on or made without au-  
25 thority of law. A copy of each report shall be fur-

1 nished to the President, to the Secretary, and to the  
2 Corporation at the time submitted to the Congress.

3 (5) ACCOUNTING PRINCIPLES.—

4 (A) APPLICABLE PRINCIPLES.—Not later  
5 than 1 year after the date of the enactment of  
6 this Act, the Corporation shall develop account-  
7 ing principles which shall be used uniformly by  
8 all entities receiving funds under this title, tak-  
9 ing into account organizational differences  
10 among various categories of such entities. Such  
11 principles shall be designed to account fully for  
12 all funds received and expended for purposes of  
13 this title by such entities.

14 (B) CONSULTATION.—The Corporation  
15 may consult with the Comptroller General and,  
16 as appropriate, with others in the development  
17 of the accounting principles under subpara-  
18 graph (A).

19 (6) REQUIREMENTS FOR RECIPIENTS.—Each  
20 entity receiving funds under this title shall—

21 (A) keep its books, records, and accounts  
22 in such form as may be required by the Cor-  
23 poration;

24 (B) either—

1 (i) undergo a biennial audit by inde-  
2 pendent certified public accountants or  
3 independent licensed public accountants  
4 certified or licensed by a regulatory au-  
5 thority of a State, which audit shall be in  
6 accordance with auditing standards devel-  
7 oped by the Corporation, in consultation  
8 with the Comptroller General; or

9 (ii) submit a financial statement in  
10 lieu of the audit required by subparagraph  
11 (A) if the Corporation determines that the  
12 cost burden of such audit on such entity is  
13 excessive in light of the financial condition  
14 of such entity; and

15 (C) furnish biennially to the Corporation a  
16 copy of the audit report required pursuant to  
17 the subparagraph (B), as well as such other in-  
18 formation regarding finances (including an an-  
19 nual financial report) as the Corporation may  
20 require.

21 (7) ADDITIONAL RECORDKEEPING.—Any recipi-  
22 ent of assistance by grant or contract under this sec-  
23 tion, other than a fixed price contract awarded pur-  
24 suant to competitive bidding procedures, shall keep  
25 such records as may be reasonably necessary to dis-

1 close fully the amount and the disposition by such  
2 recipient of such assistance, that total cost of the  
3 project or undertaking in connection with which  
4 such assistance is given or used, and the amount  
5 and nature of that portion of the cost of the projects  
6 or undertaking supplied by other sources, and such  
7 other records as will facilitate an effective audit.

8 (8) ACCESS TO RECORDS.—The Corporation or  
9 any of its duly authorized representatives shall have  
10 access to any books, documents, papers, and records  
11 of any recipient of assistance for the purpose of au-  
12 diting and examining all funds received from the  
13 Corporation. The Comptroller General of the United  
14 States or any of his duly authorized representatives  
15 also shall have access to such books, documents, pa-  
16 pers, and records for the purpose of auditing and ex-  
17 amining all funds received from the Corporations  
18 during any fiscal year for which Federal funds are  
19 available to the Corporation.

20 (9) PUBLIC INSPECTION.—The Corporation  
21 shall maintain the information described in para-  
22 graphs (6), (7), and (8) at its offices for public in-  
23 spection and copying for at least 3 years, according  
24 to such reasonable guidelines as the Corporation

1       may issue. This public file shall be updated regu-  
2       larly.

3       **SEC. C28. RAIL INFRASTRUCTURE FINANCE TRUST.**

4       (a) ESTABLISHMENT.—The Board of Directors of the  
5 Rail Infrastructure Finance Corporation shall establish  
6 the Rail Infrastructure Finance Trust (hereafter in this  
7 section referred to as the “Trust”) as a trust domiciled  
8 in the State of Delaware. The Trust shall, to the extent  
9 not inconsistent with this Act, be subject to the laws of  
10 the State of Delaware that are applicable to trusts. The  
11 Trust shall manage and invest the assets of the Rail Infra-  
12 structure Account described in section C27(c) that are  
13 transferred to it by the Board in the manner set forth  
14 in this section.

15       (b) NOT A FEDERAL AGENCY OR INSTRUMEN-  
16 TILITY.—The Trust is not a department, agency, or other  
17 instrumentality of the Government of the United States  
18 and shall not be subject to title 31, United States Code.

19       (c) BOARD OF TRUSTEES.—

20               (1) ESTABLISHMENT.—The Trust shall have a  
21 Board of Trustees.

22               (2) COMPOSITION.—

23                       (A) APPOINTMENT.—The Board of Trust-  
24 ees shall consist of 5 members each of whom  
25 (hereafter in this title referred to as a “Trust-

1 ee”) is appointed by a unanimous vote of the  
2 Board of Directors of the Rail Infrastructure  
3 Finance Corporation. The Board of Directors,  
4 by unanimous vote, may remove any member of  
5 the Board of Trustees.

6 (B) REPRESENTATION OF PARTICULAR IN-  
7 TERESTS.—The 5 members of the Board of  
8 Trustees shall be selected as follows:

9 (i) One from among persons who rep-  
10 resent the interests of the States.

11 (ii) One from among persons who rep-  
12 resent the interests of freight railroads.

13 (iii) One from among persons who  
14 represent the interests of passenger rail-  
15 roads.

16 (iv) One from among persons who  
17 represent the interests of holders of quali-  
18 fied rail infrastructure bonds issued by the  
19 Rail Infrastructure Finance Corporation.

20 (v) One from among persons whose  
21 interests are independent of interests re-  
22 ferred to in the other clauses of this sub-  
23 paragraph.

24 (3) MEMBERS NOT UNITED STATES OFFI-  
25 CIALS.—The members of the Board of Trustees may

1 not be considered officers or employees of the Gov-  
2 ernment of the United States.

3 (4) QUALIFICATIONS.—The Trustees shall be  
4 appointed only from among persons who have experi-  
5 ence and expertise in the management of financial  
6 investments. No member of the Board of Directors  
7 of the Rail Infrastructure Finance Corporation is el-  
8 igible to be a Trustee.

9 (5) TERMS.—Each member of the Board of  
10 Trustees shall be appointed for a 3-year term. Any  
11 member whose term has expired may serve until  
12 such member's successor has taken office, or until  
13 the end of the calendar year in which such member's  
14 term has expired, whichever is earlier. A vacancy in  
15 the Board of Trustees shall not affect the powers of  
16 the Board of Trustees and shall be filled in the same  
17 manner as the member whose departure caused the  
18 vacancy. Any member appointed to fill a vacancy oc-  
19 ccurring prior to the expiration of the term for which  
20 such member's predecessor was appointed shall be  
21 appointed for the remainder of such term.

22 (d) POWERS.—The Board of Trustees shall—

23 (1) establish investment policies, including  
24 guidelines, and retain independent advisers to assist

1 in the formulation and adoption of the investment  
2 guidelines;

3 (2) retain independent investment managers to  
4 invest the assets of the Trust in a manner consistent  
5 with such investment guidelines;

6 (3) invest assets in the Trust, pursuant to the  
7 policies adopted in paragraph (1);

8 (4) pay administrative expenses of the Trust  
9 from the assets in the Trust; and

10 (5) transfer money to the Rail Infrastructure  
11 Investment Account, upon request of the Board of  
12 Directors of the Rail Infrastructure Finance Cor-  
13 poration, for bond repayment and administrative ex-  
14 penses, and for grants under subtitle D.

15 (e) REPORTING REQUIREMENTS AND FIDUCIARY  
16 STANDARDS.—The following reporting requirements and  
17 fiduciary standards shall apply with respect to the Trust:

18 (1) DUTIES OF THE BOARD OF TRUSTEES.—

19 The Trust and each member of the Board of Trust-  
20 ees shall discharge the duties of the Trust and the  
21 duties of the Trustee, respectively (including the vot-  
22 ing of proxies), with respect to the assets of the  
23 Trust solely in the interests of the Rail Infrastruc-  
24 ture Finance Corporation and the programs funded  
25 under this title—

1 (A) for the exclusive purposes of—

2 (i) providing sufficient funds to repay  
3 qualified rail infrastructure bonds issued  
4 by the Rail Infrastructure Finance Cor-  
5 poration, to fund the administrative costs  
6 of the Rail Infrastructure Finance Cor-  
7 poration and to provide grants for rail cap-  
8 ital projects under subtitle D; and

9 (ii) defraying reasonable expenses of  
10 administering the Trust;

11 (B) with the care, skill, prudence, and dili-  
12 gence under the circumstances then prevailing  
13 that a prudent person acting in a like capacity  
14 and familiar with such matters would use in the  
15 conduct of an enterprise of a like character and  
16 with like aims;

17 (C) by diversifying investments so as to  
18 minimize the risk of large losses and to avoid  
19 disproportionate influence over a particular in-  
20 dustry or firm, unless under the circumstances  
21 it is clearly prudent not to do so; and

22 (D) in accordance with Trust governing  
23 documents and instruments insofar as such doc-  
24 uments and instruments are consistent with  
25 this Act.

1           (2) PROHIBITIONS WITH RESPECT TO MEMBERS  
2           OF THE BOARD OF TRUSTEES.—A member of the  
3           Board of Trustees may not—

4                   (A) deal with the assets of the Trust in the  
5           Trustee's own interest or for the Trustee's own  
6           account;

7                   (B) in an individual or in any other capac-  
8           ity, act in any transaction involving the assets  
9           of the Trust on behalf of a party (or represent  
10          a party) whose interests are adverse to the in-  
11          terests of the Trust and the Rail Infrastructure  
12          Finance Corporation; or

13                   (C) receive any consideration for the  
14          Trustee's own personal account from any party  
15          dealing with the assets of the Trust.

16          (3) EXCULPATORY PROVISIONS AND INSUR-  
17          ANCE.—Any provision in an agreement or instru-  
18          ment that purports to relieve a Trustee from respon-  
19          sibility or liability for any responsibility, obligation,  
20          or duty under this Act shall be void. Nothing in this  
21          paragraph shall be construed to preclude—

22                   (A) the Trust from purchasing insurance  
23          for its Trustees or for itself to cover liability or  
24          losses occurring by reason of the act or omis-  
25          sion of a Trustee, if such insurance permits re-

1 course by the insurer against the Trustee in the  
2 case of a breach of a fiduciary obligation by  
3 such Trustee;

4 (B) a Trustee from purchasing insurance  
5 to cover liability under this section from and for  
6 his own account; or

7 (C) an employer or an employee organiza-  
8 tion from purchasing insurance to cover poten-  
9 tial liability of 1 or more Trustees with respect  
10 to their fiduciary responsibilities, obligations,  
11 and duties under this section.

12 (4) TRUSTEES BONDS.—

13 (A) REQUIREMENT.—Each Trustee and  
14 every person who handles funds or other prop-  
15 erty of the Trust (hereafter in this section re-  
16 ferred to as “Trust official”) shall be bonded.  
17 The bond shall provide protection to the Trust  
18 against loss by reason of acts of fraud or dis-  
19 honesty on the part of any Trust official, di-  
20 rectly or through the connivance of others.

21 (B) AMOUNT.—The amount of a bond for  
22 a Trustee under this paragraph shall be fixed  
23 at the beginning of each fiscal year of the Trust  
24 by the Board of Directors of the Rail Infra-  
25 structure Finance Corporation. The amount

1           may not be less than 10 percent of the amount  
2           of the funds administered by the Trust. In no  
3           case may such bond be less than \$1,000 nor  
4           more than \$500,000, except that the Board of  
5           Directors, after consideration of the record,  
6           may prescribe an amount in excess of  
7           \$500,000, subject to the 10 percent minimum  
8           requirement in the preceding sentence.

9           (C) UNLAWFUL CONDUCT.—It shall be un-  
10          lawful for—

11                 (i) any Trust official to receive, han-  
12                 dle, disburse, or otherwise exercise custody  
13                 or control of any of the funds or other  
14                 property of the Trust without being bond-  
15                 ed as required by this subsection;

16                 (ii) any Trust official, or any other  
17                 person having authority to direct the per-  
18                 formance of such functions, to permit such  
19                 functions, or any of them, to be performed  
20                 by any Trust official, with respect to whom  
21                 the requirements of this subsection have  
22                 not been met; and

23                 (iii) any person to procure any bond  
24                 required by this subsection from any sur-  
25                 ety or other company or through any agent

1                   or broker in whose business operations  
2                   such person has any control or significant  
3                   financial interest, direct or indirect.

4           (f) AUDIT AND REPORT.—

5                   (1) REQUIREMENT FOR ANNUAL AUDIT.—The  
6           Trust shall annually engage an independent qualified  
7           public accountant to audit the financial statements  
8           of the Trust.

9                   (2) ANNUAL MANAGEMENT REPORT.—The  
10          Trust shall submit an annual management report to  
11          be included in the annual report of the Corporation  
12          required under section C26. The management report  
13          under this paragraph shall include the following  
14          matters:

15                   (A) A statement of financial position.

16                   (B) A statement of operations.

17                   (C) A statement of cash flows.

18                   (D) A statement on internal accounting  
19          and administrative control systems.

20                   (E) The report resulting from an audit of  
21          the financial statements of the Trust conducted  
22          under paragraph (1).

23                   (F) Any other comments and information  
24          necessary to inform Congress about the oper-  
25          ations and financial condition of the Trust.

1           (3) ADDITIONAL COPIES.—The Trust shall pro-  
2           vide the President and the Director of the Office of  
3           Management and Budget a copy of the management  
4           report when it is submitted to Congress.

5           (g) ENFORCEMENT.—The Rail Infrastructure Fi-  
6           nance Corporation may commence a civil action—

7           (1) to enjoin any act or practice by the Trust,  
8           its Board of Trustees, or its employees or agents  
9           that violates any provision of this Act; or

10          (2) to obtain other appropriate relief to redress  
11          such violations, or to enforce any provisions of this  
12          Act.

13          (h) ADMINISTRATIVE MATTERS.—

14          (1) AUTHORITY.—The Board of Trustees shall  
15          have the authority to make rules to govern its oper-  
16          ations, employ professional staff, and contract with  
17          outside advisers (including the Rail Infrastructure  
18          Finance Corporation) to provide legal, accounting,  
19          investment advisory, or other services necessary for  
20          the proper administration of this section. In the case  
21          of a contract for investment advisory services, com-  
22          pensation for such services may be provided on a  
23          fixed fee basis or on such other terms and conditions  
24          as are customary for such services.

1           (2) QUORUM AND PROCEEDINGS.—Three mem-  
2           bers of the Board of Trustees shall constitute a  
3           quorum for the Board to conduct business. Invest-  
4           ment guidelines shall be adopted by a unanimous  
5           vote of the entire Board of Trustees. All other deci-  
6           sions of the Board of Trustees shall be decided by  
7           a majority vote of the quorum present. All decisions  
8           of the Board of Trustees shall be entered upon the  
9           records of the Board of Trustees.

10           (3) COMPENSATION OF TRUSTEES AND EM-  
11           PLOYEES.—The salaries of the Trustees and the em-  
12           ployees of the Trust are subject to the limitations in  
13           section C23.

14           (4) FUNDING.—The expenses of the Trust and  
15           the Board of Trustees that are incurred under this  
16           section shall be paid from the Trust.

17           (i) EXEMPTION FROM TAX FOR RAIL INFRASTRUC-  
18           TURE FINANCE TRUST.—Subsection (c) of section 501 of  
19           the Internal Revenue Code of 1986 is amended by adding  
20           at the end the following new paragraph:

21           “(29) The Rail Infrastructure Finance Trust  
22           established under section C28 of the ARRIVE-21  
23           Act.”.

1           **Subtitle D—Rail Development**  
2                           **Grant Programs**

3   **SEC. D31. INTERCITY PASSENGER RAIL DEVELOPMENT**  
4                           **STATE GRANT PROGRAM.**

5           (a) GRANTS TO STATES.—The Board of Directors of  
6 the Rail Infrastructure Finance Corporation may, by  
7 grant, provide financial assistance to a State or group of  
8 States, for, or in connection with, one or more intercity  
9 passenger rail capital projects that—

10                   (1) in accordance with section 22504(5) of title  
11           49, United States Code, are listed in a State rail  
12           plan approved for such State under chapter 225 of  
13           such title; and

14                   (2) as determined by the Board, would pri-  
15           marily benefit intercity passenger rail infrastructure  
16           or services or the development of rail corridors (in-  
17           cluding high-speed rail corridors designated by the  
18           Secretary under section 104(d) of title 23, United  
19           States Code), but also would provide significant pub-  
20           lic benefits.

21           (b) PURPOSES ELIGIBLE FOR GRANT FUNDING.—  
22 The purposes for which grants may be made under sub-  
23 section (a) for, or in connection with, an intercity pas-  
24 senger rail capital project described in that subsection are  
25 as follows:

1           (1) Planning, including activities described in  
2 section 26101(b)(1) of title 49, United States Code,  
3 and environmental impact studies.

4           (2) New rail line development, including right  
5 of way and infrastructure acquisition and construc-  
6 tion of track and facilities.

7           (3) Track upgrades and restoration.

8           (4) Highway-rail grade crossing improvement or  
9 elimination.

10          (5) Track, infrastructure, and facility reloca-  
11 tion.

12          (6) Acquisition, financing, or refinancing of lo-  
13 comotives and rolling stock.

14          (7) Intermodal and station facilities.

15          (8) Tunnel and bridge repair or replacement.

16          (9) Communications and signaling improve-  
17 ments.

18          (10) Environmental impact mitigation.

19          (11) Security improvements.

20          (12) Supplemental funding for direct loans or  
21 loan guarantees made under title V of the Railroad  
22 Revitalization and Regulatory Reform Act of 1976  
23 (45 U.S.C. 821 et seq.).

24          (13) Payment of credit risk premiums, to lower  
25 rates of interest, or to provide for a holiday on prin-

1        cipal payments on loan or financing directly associ-  
2        ated with rail capital projects described in para-  
3        graphs (1) through (11).

4        (c) PROJECT SELECTION CRITERIA.—The Board, in  
5        selecting the recipients of financial assistance to be pro-  
6        vided under subsection (a), shall—

7            (1) encourage the use of positive train control  
8        technologies;

9            (2) require that each proposed project meet all  
10       safety requirements that are applicable to the  
11       project under law, and give a preference to any  
12       project determined by the Board as having provided  
13       for particularly high levels of safety;

14          (3) encourage intermodal connectivity through  
15       projects that provide direct connections between  
16       train stations, airports, bus terminals, subway sta-  
17       tions, ferry ports, and other modes of transpor-  
18       tation;

19          (4) ensure a general balance across geographic  
20       regions of the United States in providing such as-  
21       sistance and avoid a concentration of a dispropor-  
22       tionate amount of such financial assistance in a sin-  
23       gle project, State, or region of the country;

1           (5) favor projects that are expected to have a  
2 significant favorable impact on air or highway traffic  
3 congestion;

4           (6) encourage projects that also improve freight  
5 or commuter rail operations;

6           (7) favor projects that either—

7               (A) have significant environmental bene-  
8 fits; or

9               (B) are—

10                   (i) at a stage of preparation that all  
11 precommencement compliance with envi-  
12 ronmental protection requirements has al-  
13 ready been completed; and

14                   (ii) ready to be commenced;

15           (8) favor projects with positive economic and  
16 employment impacts;

17           (9) encourage projects with high levels of esti-  
18 mated ridership, reduced trip time, or other signifi-  
19 cant service enhancements;

20           (10) favor projects that have commitments of  
21 funding from non-Federal Government sources in a  
22 total amount that exceeds the minimum amount of  
23 the non-federal contribution required under section  
24 D33(a);

1           (11) involves donated property interests or serv-  
2           ices as described in section D34(b);

3           (12) ensure that each project is compatible  
4           with, and is operated in conformance with—

5                   (A) plans developed pursuant to the re-  
6                   quirements of sections 134 and 135 of title 23,  
7                   United States Code;

8                   (B) State rail plans under chapter 225 of  
9                   title 49, United States Code; and

10                   (C) the national rail plan; and

11           (13) favor projects that enhance national secu-  
12           rity.

13           (c) AMTRAK ELIGIBILITY.—The National Railroad  
14           Passenger Corporation is eligible to receive grants under  
15           this section to the same extent as a State is eligible to  
16           receive such grants, subject to the limitations in sub-  
17           section (e). To receive a grant under this section, the Na-  
18           tional Railroad Passenger Corporation may enter into a  
19           cooperative agreement with one or more States to carry  
20           out one or more projects on an approved State rail plan’s  
21           ranked list of priority freight and passenger rail capital  
22           projects developed under section 22504(5) of title 49,  
23           United States Code, or may submit an independent appli-  
24           cation for a grant for a project. Any such independent  
25           grant request shall be subject to the same selection criteria

1 as apply under subsection (b) to projects of States, except  
2 the criteria set forth in subparagraphs (A) and (B) of sub-  
3 section (b)(12).

4 (e) LIMITATIONS.—

5 (1) TWO-YEAR AVAILABILITY.—If any amount  
6 provided as a grant to a State under this section is  
7 not obligated or expended for the purposes described  
8 in subsection (a) or (b) within 2 years, such sums  
9 shall be returned to the Board for other intercity  
10 passenger rail development projects under this sec-  
11 tion at the discretion of the Board.

12 (2) SINGLE PROJECT AMOUNT.—In awarding  
13 grants to States for eligible projects under this sec-  
14 tion, the Board shall limit the amount of any grant  
15 made for a particular project in a fiscal year to not  
16 more than 30 percent of the total amount of the  
17 funds available for grants under this section for that  
18 fiscal year.

19 (3) AMTRAK.—The total amount of grants  
20 made under this section to the National Railroad  
21 Passenger Corporation in a fiscal year may not ex-  
22 ceed 50 percent of the total amount available under  
23 this section for all grants in that fiscal year.

1 (f) FUNDING.—Amounts reserved for a State for a  
2 fiscal year under section D35(b)(4) shall be available for  
3 grants under this section.

4 **SEC. D32. FREIGHT RAIL INFRASTRUCTURE DEVELOPMENT**  
5 **GRANT PROGRAM.**

6 (a) GRANTS TO STATES.—The Board of Directors of  
7 the Rail Infrastructure Finance Corporation shall, by  
8 grant, provide financial assistance to a State or group of  
9 States—

10 (1) for, or in connection with, one or more  
11 freight rail capital projects that—

12 (A) in accordance with section 22504(5) of  
13 title 49, United States Code, are listed in a  
14 State rail plan approved for such State under  
15 chapter 225 of such title; and

16 (B) as determined by the Board, would  
17 primarily benefit freight rail transportation in-  
18 frastructure or services, but also would provide  
19 significant public benefits; or

20 (2) for the payment of staff expenses associated  
21 with the management of State rail programs and the  
22 development and updating of State rail plans under  
23 chapter 225 of title 49, United States Code.

24 (b) PURPOSES ELIGIBLE FOR GRANT FUNDING.—

25 The purposes for which grants may be made under sub-

1 section (a)(1) for, or in connection with, a freight rail cap-  
2 ital project are as follows:

3 (1) Planning, including activities described in  
4 section 26101(b)(1) of title 49, United States Code,  
5 and environmental impact studies.

6 (2) New rail line development, including infra-  
7 structure acquisition and construction of track and  
8 facilities.

9 (3) Track upgrades and restoration.

10 (4) Highway-rail grade crossing improvement or  
11 elimination.

12 (5) Track, infrastructure, and facility reloca-  
13 tion.

14 (6) Intermodal facilities.

15 (7) Tunnel and bridge repair or replacement.

16 (8) Communications and signaling improve-  
17 ments.

18 (9) Environmental impact mitigation.

19 (10) Security improvements.

20 (11) Supplemental funding for direct loans or  
21 loan guarantees made under title V of the Railroad  
22 Revitalization and Regulatory Reform Act of 1976  
23 (45 U.S.C. 821 et seq.) for projects described in the  
24 last sentence of section 502(d) of that Act (45  
25 U.S.C. 822(d)).

1           (12) Payment of credit risk premiums, to lower  
2 rates of interest, or to provide for a holiday on prin-  
3 cipal payments on loan or financing directly associ-  
4 ated with capital projects described paragraphs (1)  
5 through (9).

6           (c) STATE GRANT FUNDING FORMULA.—Of the total  
7 amount reserved for a grant program under section  
8 D36(b)(3) for a fiscal year, there shall be reserved for  
9 each State (to fund grants made to such State under this  
10 section) the amount determined for such State in accord-  
11 ance with a formula prescribed by the Board to weigh  
12 equally for each State—

13           (1) the number of rail miles in active use in the  
14 State;

15           (2) the number of rail cars loaded in the State;

16           (3) the number of rail cars unloaded in the  
17 State; and

18           (4) the number of railroad and public road  
19 grade crossings in the State.

20           (d) PERIOD OF AVAILABILITY FOR GRANTS.—

21           (1) THREE-YEAR RESERVATION.—The amount  
22 reserved for grant to a State under section (c) in a  
23 fiscal year shall be available for grant to such State  
24 in such fiscal year and the two successive fiscal  
25 years.

1           (2) CANCELLATION AT END OF PERIOD.—At  
2           the end of the second of the two successive fiscal  
3           years, the reservation of any part of the amount for  
4           a State that has not been awarded in a grant to  
5           such State shall be canceled, and the amount of the  
6           canceled reservation—

7                   (A) shall be merged with the funds re-  
8                   served for the grant program under section  
9                   D47(b)(3) for the next fiscal year; and

10                   (B) shall be reserved for each State in ac-  
11                   cordance with the formula provided in section  
12                   D43(c).

13           (e) TWO-YEAR AVAILABILITY.—If any amount pro-  
14           vided as a grant to a State under this section is not obli-  
15           gated or expended for the purposes described in subsection  
16           (a) or (b) within 2 years, such sums shall be returned to  
17           the Board for other freight rail capital projects under this  
18           section at the discretion of the Board.

19   **SEC. D33. HIGH PRIORITY PROJECTS GRANT PROGRAM.**

20           (a) GRANTS TO STATES.—The Board of Directors of  
21           the Rail Infrastructure Finance Corporation may, by  
22           grant, provide financial assistance to a State or group of  
23           States for intercity passenger rail corridor and freight rail  
24           infrastructure development projects that are designated as

1 high priority projects under section 22505 of title 49,  
2 United States Code.

3 (b) PURPOSES.—The purposes for which a grant may  
4 be made under this section are—

5 (1) in the case of an intercity passenger rail  
6 corridor development project, the same purposes as  
7 are provided under section D31; and

8 (2) in the case of a freight rail infrastructure  
9 development project, the same purposes as are pro-  
10 vided under section D32.

11 (c) PREFERRED PROJECTS.—In selecting the  
12 projects to receive financial assistance under this section,  
13 the Board shall give preference to a project that—

14 (1) provides for use of positive train control  
15 technologies;

16 (2) provides for particularly high levels of safe-  
17 ty;

18 (3) is designed to increase intermodal  
19 connectivity by providing or improving direct connec-  
20 tions between rail facilities and other modes of  
21 transportation;

22 (4) assists the Board—

23 (A) to achieve a general balance across ge-  
24 ographic regions of the United States in the  
25 awarding of grants under this section; and

1 (B) to avoid a concentration of a dis-  
2 proportionate amount of such financial assist-  
3 ance in a single project, State, or region of the  
4 country;

5 (5) is designed to have a significant favorable  
6 impact on highway, aviation, or maritime capacity,  
7 congestion, or safety;

8 (6) is designed to improve the national intercity  
9 passenger rail system through higher ridership, re-  
10 duced trip time, or other significant service enhance-  
11 ments;

12 (7) is designed to enhance rail competition or  
13 freight rail service for shippers;

14 (8) is designed to have positive economic and  
15 employment impacts;

16 (9) either—

17 (A) is designed to have significant environ-  
18 mental benefits; or

19 (B) is—

20 (i) at the stage of preparation that all  
21 precommencement compliance with envi-  
22 ronmental protection requirements has  
23 been completed; and

24 (ii) ready to be commenced;

1           (10) is designed to have received financial com-  
2           mitments and other support from numerous entities  
3           such as States, local governments, and private enti-  
4           ties;

5           (11) has commitments of funding from non-  
6           Federal Government sources in a total amount that  
7           exceeds the minimum amount of the non-Federal  
8           contribution required under section D33(a); and

9           (12) involves donated property interests or serv-  
10          ices as described in section D33(b).

11          (d) LIMITATIONS.—

12           (1) TWO-YEAR AVAILABILITY.—If any amount  
13           provided as a grant to a State under this section is  
14           not obligated or expended for the purposes for which  
15           the grant is made within 2 years after the date of  
16           the grant, such sums shall be returned to the Board  
17           for other high priority projects under this section at  
18           the discretion of the Board.

19           (2) SINGLE PROJECT AMOUNT.—In awarding  
20           grants to States for eligible projects under this sec-  
21           tion, the Board shall limit the amount of any grant  
22           made for a particular project in a fiscal year to not  
23           more than 30 percent of the total amount of the  
24           funds available for grants under this section for that  
25           fiscal year.

1 (e) FUNDING.—Amounts reserved for a State for a  
2 fiscal year under section D35(b)(1) shall be available for  
3 grants under this section.

4 **SEC. D34. GRANT PROGRAM REQUIREMENTS AND LIMITA-**  
5 **TIONS.**

6 (a) AUTHORIZED USES.—The proceeds of a grant  
7 made for a project under this subtitle may be used to de-  
8 fray the costs of the project or to reimburse the recipient  
9 for costs of the project paid by the recipient.

10 (b) NON-FEDERAL CONTRIBUTION.—The proceeds of  
11 a grant for one or more projects under this subtitle may  
12 be released upon receipt by the Board of Directors of the  
13 Rail Infrastructure Finance Corporation of cash payment  
14 by a non-Federal Government source, or one or more such  
15 sources jointly, in an amount not less than the amount  
16 equal to 20 percent of the amount of the grant disbursed.  
17 The cash payment may not be derived, directly or indi-  
18 rectly, from Federal funds. Amounts received under this  
19 subsection shall be credited to the Rail Infrastructure In-  
20 vestment Account established under section C27(c).

21 (c) PREFERENCE INVOLVING DONATED PROPERTY  
22 INTERESTS AND SERVICES.—In selecting projects for  
23 grant funding under this subtitle, the Board may give  
24 preference to projects that involve donated right-of-way,  
25 property, or in-kind services by a public sector or private

1 sector entity. The value of a donation under subsection  
2 (c) may not be counted toward satisfaction of the require-  
3 ment in subsection (b).

4 (d) FLEXIBILITY.—Notwithstanding any other provi-  
5 sion of this subtitle, amounts made available under section  
6 D36 may be combined and used for projects that signifi-  
7 cantly benefit both freight rail service and intercity pas-  
8 senger rail service.

9 (e) SUBALLOCATION; PUBLIC-PRIVATE PARTNER-  
10 SHIPS.—

11 (1) IN GENERAL.—A metropolitan planning or-  
12 ganization, State transportation department, or  
13 other project sponsor may enter into an agreement  
14 with any public, private, or nonprofit entity to coop-  
15 eratively implement any project funded with a grant  
16 under this subtitle.

17 (2) FORMS OF PARTICIPATION.—Participation  
18 by an entity under paragraph (1) may consist of—

19 (A) ownership or operation of any land, fa-  
20 cility, locomotive, rail car, vehicle, or other  
21 physical asset associated with the project;

22 (B) cost-sharing of any project expense;

23 (C) carrying out administration, construc-  
24 tion management, project management, project

1 operation, or any other management or oper-  
2 ational duty associated with the project; and

3 (D) any other form of participation ap-  
4 proved by the Board.

5 (3) SUB-ALLOCATION.—A State may allocate  
6 funds under this section to any entity described in  
7 paragraph (1).

8 (f) APPLICATIONS.—To seek a grant under this sub-  
9 title, a State or, in the case of a grant under section D31,  
10 the National Railroad Passenger Corporation shall submit  
11 an application for the grant to the Board. The application  
12 shall be submitted at such time and contain such informa-  
13 tion as the Board requires.

14 (g) PROCEDURES FOR GRANT AWARD.—The Board  
15 shall prescribe procedures and schedules for the awarding  
16 of grants under this subtitle, including application and  
17 qualification procedures and a record of decision on appli-  
18 cant eligibility. The procedures shall include the execution  
19 of a grant agreement between the applicant and the  
20 Board. The Board shall initiate rulemaking for the pur-  
21 pose of this subsection not later than 90 days after the  
22 date of the enactment of this Act.

23 (h) DOMESTIC BUYING PREFERENCE.—

24 (1) REQUIREMENT.—

1 (A) IN GENERAL.—In carrying out a  
2 project funded in whole or in part with a grant  
3 under this subtitle, the grant recipient shall  
4 purchase only—

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

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

13 (B) DE MINIMIS AMOUNT.—Subparagraph  
14 (1) applies only to a purchase in an total  
15 amount that is not less than \$1,000,000.

16 (2) EXEMPTIONS.—On application of a recipi-  
17 ent, the Board may exempt a recipient from the re-  
18 quirements of this subsection if the Board decides  
19 that, for particular articles, material, or supplies—

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

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

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

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

5           (3) UNITED STATES DEFINED.—In this sub-  
6           section, the term “the United States” means the  
7           States, territories, and possessions of the United  
8           States and the District of Columbia.

9   **SEC. D35. EMPLOYEE STANDARDS.**

10          (a) CURRENT EMPLOYEE PROTECTIONS.—Nothing  
11         in this Act, or in any amendment made by this Act, shall  
12         affect the level of protection provided to freight railroad  
13         employees, employees of the National Passenger Railroad  
14         Corporation, and mass transportation employees as it ex-  
15         isted on the day before the date of enactment of this Act.

16          (b) EMPLOYEE WAGES.—

17                 (1) PREVAILING WAGES.—The Board of Direc-  
18                 tors of the Rail Infrastructure Finance Corporation  
19                 shall ensure that laborers and mechanics employed  
20                 by contractors and subcontractors in construction  
21                 work financed in any part by a grant made under  
22                 this subtitle are going to be paid wages not less than  
23                 those prevailing on similar construction in the local-  
24                 ity, as determined by the Secretary of Labor under  
25                 the Act of March 3, 1931 (commonly known as the

1 “Davis-Bacon Act”; 40 U.S.C. 276a et seq.). The  
2 Board may make a grant under this subtitle only  
3 after being assured that required labor standards  
4 are going to be maintained on the construction work.

5 (2) WAGE RATES.—Wage rates in a collective  
6 bargaining agreement negotiated under the Railway  
7 Labor Act (45 U.S.C. 151 et seq.) are deemed for  
8 purposes of this subsection to comply with the Act  
9 of March 3, 1931 (commonly known as the “Davis-  
10 Bacon Act”; 40 U.S.C. 276a et seq.).

11 (c) OTHER EMPLOYEE PROTECTIONS.—The Board  
12 of Directors of the Rail Infrastructure Finance Corpora-  
13 tion shall require as a condition for making a grant for  
14 any freight rail infrastructure development project under  
15 this subtitle that the project be conducted in a manner  
16 that provides a fair arrangement at least as protective of  
17 the interests of construction, maintenance, and operating  
18 employees employed on or by the project who are directly  
19 involved with providing freight rail services as the terms  
20 of any such employees performing like services displaced  
21 by the project.

22 (d) OPERATORS DEEMED RAIL CARRIERS AND EM-  
23 PLOYERS FOR CERTAIN PURPOSES.—A person that con-  
24 ducts rail operations over rail infrastructure constructed

1 or improved with funding provided in whole or in part in  
2 a grant made under this subtitle—

3 (1) is deemed to be a rail carrier for purposes  
4 of part A of subtitle IV of title 49, United States  
5 Code, when conducting such operations; and

6 (2) shall be considered an employer for the pur-  
7 poses of the Railroad Retirement Act of 1974 (45  
8 U.S.C. 231 et seq.).

9 (e) REPLACEMENT OF EXISTING INTERCITY PAS-  
10 Senger Rail Service.—

11 (1) COLLECTIVE BARGAINING AGREEMENT FOR  
12 INTERCITY PASSENGER RAIL PROJECTS.—Any entity  
13 providing intercity passenger railroad transportation  
14 that begins operations after the date of enactment of  
15 this Act on a project funded in whole or in part by  
16 grants made under this subtitle and replaces inter-  
17 city rail passenger service that was provided by an-  
18 other entity as of such date shall enter into an  
19 agreement with the authorized bargaining agent or  
20 agents for employees of the predecessor provider  
21 that—

22 (A) gives each qualified employee of the  
23 predecessor provider priority in hiring according  
24 to the employee's seniority on the predecessor  
25 provider for each position with the replacing en-

1           tity that is in the employee's craft or class and  
2           is available within 3 years after the termination  
3           of the service being replaced;

4           (B) establishes a procedure for notifying  
5           such an employee of such positions;

6           (C) establishes a procedure for such an  
7           employee to apply for such positions; and

8           (D) establishes rates of pay, rules, and  
9           working conditions.

10          (2) IMMEDIATE REPLACEMENT SERVICE.—

11           (A) NEGOTIATIONS.—If the replacement of  
12           preexisting intercity rail passenger service oc-  
13           curs concurrent with or within a reasonable  
14           time before the commencement of the replacing  
15           entity's rail passenger service, the replacing en-  
16           tity shall give written notice of its plan to re-  
17           place existing rail passenger service to the au-  
18           thorized collective bargaining agent or agents  
19           for the employees of the predecessor provider at  
20           least 90 days before the date on which it plans  
21           to commence service. Within 5 days after the  
22           date of receipt of such written notice, negotia-  
23           tions between the replacing entity and the col-  
24           lective bargaining agent or agents for the em-  
25           ployees of the predecessor provider shall com-

1 mence for the purpose of reaching agreement  
2 with respect to all matters set forth in subpara-  
3 graphs (A) through (D) of paragraph (1). The  
4 negotiations shall continue for 30 days or until  
5 an agreement is reached, whichever is sooner. If  
6 at the end of 30 days the parties have not en-  
7 tered into an agreement with respect to all such  
8 matters, the unresolved issues shall be sub-  
9 mitted for arbitration in accordance with the  
10 procedure set forth in subparagraph (B).

11 (B) ARBITRATION.—If an agreement has  
12 not been entered into with respect to all mat-  
13 ters set forth in subparagraphs (A) through (D)  
14 of paragraph (1) as described in subparagraph  
15 (A) of this paragraph, the parties shall select  
16 an arbitrator. If the parties are unable to agree  
17 upon the selection of such arbitrator within 5  
18 days, either or both parties shall notify the Na-  
19 tional Mediation Board, which shall provide a  
20 list of seven arbitrators with experience in arbi-  
21 trating rail labor protection disputes. Within 5  
22 days after such notification, the parties shall al-  
23 ternately strike names from the list until only  
24 1 name remains, and that person shall serve as  
25 the neutral arbitrator. Within 45 days after se-

1           lection of the arbitrator, the arbitrator shall  
2           conduct a hearing on the dispute and shall  
3           render a decision with respect to the unresolved  
4           issues among the matters set forth in subpara-  
5           graphs (A) through (D) of paragraph (1). This  
6           decision shall be final, binding, and conclusive  
7           upon the parties. The salary and expenses of  
8           the arbitrator shall be borne equally by the par-  
9           ties; all other expenses shall be paid by the  
10          party incurring them.

11          (3) SERVICE COMMENCEMENT.—A replacing  
12          entity under this subsection shall commence service  
13          only after an agreement is entered into with respect  
14          to the matters set forth in subparagraphs (A)  
15          through (D) of paragraph (1) or the decision of the  
16          arbitrator has been rendered.

17          (4) SUBSEQUENT REPLACEMENT OF SERV-  
18          ICE.—If the replacement of existing rail passenger  
19          service takes place within 3 years after the replacing  
20          entity commences intercity passenger rail service,  
21          the replacing entity and the collective bargaining  
22          agent or agents for the employees of the predecessor  
23          provider shall enter into an agreement with respect  
24          to the matters set forth in subparagraphs (A)  
25          through (D) of paragraph (1). If the parties have

1 not entered into an agreement with respect to all  
2 such matters within 60 days after the date on which  
3 the replacing entity replaces the predecessor pro-  
4 vider, the parties shall select an arbitrator using the  
5 procedures set forth in paragraph (2)(B), who shall,  
6 within 20 days after the commencement of the arbi-  
7 tration, conduct a hearing and decide all unresolved  
8 issues. This decision shall be final, binding, and con-  
9 clusive upon the parties.

10 (g) INAPPLICABILITY TO CERTAIN RAIL OPER-  
11 ATIONS.—Nothing in this section applies to—

12 (1) commuter rail passenger transportation (as  
13 defined in section 24102(4) of title 49, United  
14 States Code) operations of a State or local govern-  
15 ment authority (as those terms are defined in sec-  
16 tion 5302(11) and (6), respectively, of that title) eli-  
17 gible to receive financial assistance under section  
18 5307 of that title, or to its contractor performing  
19 services in connection with commuter rail passenger  
20 operations (as so defined); or

21 (2) the Alaska Railroad or its contractors.

22 **SEC. D36. GRANT PROGRAM FUNDING.**

23 (a) ANNUAL RESERVATION OF FUNDS.—Each fiscal  
24 year, the Board of directors of the Rail Infrastructure Fi-  
25 nance Corporation Board shall reserve for grants to States

1 under each of the grant programs authorized under sec-  
2 tions D31, D32, and D33 the amount determined by mul-  
3 tiplying the percent applicable to the program under sub-  
4 section (b) times the amount of the net spendable proceeds  
5 (as defined under section C27(e)(6)) that is available for  
6 such fiscal year.

7 (b) APPLICABLE PERCENT.—The percent applicable  
8 to a grant program under subsection (a) is as follows:

9 (1) INTERCITY PASSENGER RAIL DEVELOPMENT  
10 GRANT PROGRAM.—For the intercity passenger rail  
11 development grant program under section D31, 40  
12 percent.

13 (2) FREIGHT INFRASTRUCTURE DEVELOPMENT  
14 GRANT PROGRAM.—For the freight infrastructure  
15 development grant program under section D32, 40  
16 percent.

17 (3) HIGH PRIORITY PROJECTS GRANT PRO-  
18 GRAM.—For the high priority projects grant pro-  
19 gram under section D33, 20 percent.

20 **Subtitle E—RAIL INFRASTRUC-**  
21 **TURE TAX CREDIT BONDS.**

22 **SEC. E41. CREDIT TO HOLDERS OF QUALIFIED RAIL INFRA-**  
23 **STRUCTURE BONDS.**

24 (a) IN GENERAL.—Part IV of subchapter A of chap-  
25 ter 1 of the Internal Revenue Code of 1986 (relating to

1 credits against tax) is amended by adding at the end the  
2 following new subpart:

3 **“Subpart H—Nonrefundable Credit for Holders of**  
4 **Qualified Rail Infrastructure Bonds**

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

5 **“SEC. 54. CREDIT TO HOLDERS OF QUALIFIED RAIL INFRA-**  
6 **STRUCTURE BONDS.**

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

15 “(b) AMOUNT OF CREDIT.—

16 “(1) IN GENERAL.—The amount of the credit  
17 determined under this subsection with respect to any  
18 credit allowance date for a qualified rail infrastruc-  
19 ture bond is 25 percent of the annual credit deter-  
20 mined with respect to such bond.

21 “(2) ANNUAL CREDIT.—The annual credit de-  
22 termined with respect to any qualified rail infra-  
23 structure bond is the product of—

1                   “(A) the applicable credit rate, multiplied  
2                   by

3                   “(B) the outstanding face amount of the  
4                   bond.

5                   “(3) APPLICABLE CREDIT RATE.—For purposes  
6                   of paragraph (2), the applicable credit rate with re-  
7                   spect to an issue is the rate equal to an average  
8                   market yield (as of the day before the date of sale  
9                   of the issue) on outstanding long-term corporate  
10                  debt obligations (determined under regulations pre-  
11                  scribed by the Secretary).

12                  “(4) CREDIT ALLOWANCE DATE.—For purposes  
13                  of this section, the term ‘credit allowance date’  
14                  means—

15                         “(A) March 15,

16                         “(B) June 15,

17                         “(C) September 15, and

18                         “(D) December 15.

19                  Such term includes the last day on which the bond  
20                  is outstanding.

21                  “(5) SPECIAL RULE FOR ISSUANCE AND RE-  
22                  DEMPTION.—In the case of a bond which is issued  
23                  during the 3-month period ending on a credit allow-  
24                  ance date, the amount of the credit determined  
25                  under this subsection with respect to such credit al-

1 lowance date shall be a ratable portion of the credit  
2 otherwise determined based on the portion of the 3-  
3 month period during which the bond is outstanding.  
4 A similar rule shall apply when the bond is re-  
5 deemed.

6 “(c) LIMITATION BASED ON AMOUNT OF TAX.—

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

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

13 “(B) the sum of the credits allowable  
14 under this part (other than this subpart and  
15 subpart C).

16 “(2) CARRYOVER OF UNUSED CREDIT.—If the  
17 credit allowable under subsection (a) exceeds the  
18 limitation imposed by paragraph (1) for such taxable  
19 year, such excess shall be carried to the succeeding  
20 taxable year and added to the credit allowable under  
21 subsection (a) for such taxable year.

22 “(d) CREDIT INCLUDED IN GROSS INCOME.—Gross  
23 income includes the amount of the credit allowed to the  
24 taxpayer under this section (determined without regard to

1 subsection (c)) and the amount so included shall be treat-  
2 ed as interest income.

3 “(e) QUALIFIED RAIL INFRASTRUCTURE BOND.—

4 For purposes of this part, the term ‘qualified rail infra-  
5 structure bond’ means any bond issued as part of an issue  
6 if—

7 “(1) the bond is issued by the Rail Infrastructu-  
8 re Finance Corporation and is in registered form,

9 “(2) the term of each bond which is part of  
10 such issue does not exceed 20 years,

11 “(3) the payment of principal with respect to  
12 such bond is the obligation of the Rail Infrastructu-  
13 re Finance Corporation and not an obligation of  
14 the United States,

15 “(4) all proceeds from the sale of the issue are  
16 used for the purposes set forth in section C27(e)(5)  
17 of the ARRIVE–21 Act, and

18 “(5) 95 percent or more of the net spendable  
19 proceeds from the sale of such issue are to be used  
20 for expenditures incurred after the date of enact-  
21 ment of this section for any project described in sec-  
22 tion D31, D32, or D33 of the ARRIVE–21 Act.

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

24 “(1) IN GENERAL.—Subject to paragraph (2),  
25 an issue shall be treated as meeting the require-

1       ments of this subsection if, as of the date of  
2       issuance, the issuer reasonably expects—

3               “(A) to award grants under sections D31,  
4               D32, and D33 of the ARRIVE–21 Act in a  
5               total amount that is at least 95 percent of the  
6               net spendable proceeds of the issue for 1 or  
7               more qualified projects within the 3-year period  
8               beginning on such date,

9               “(B) to incur a binding commitment with  
10              a third party—

11              “(i) to spend at least 10 percent of  
12              the net spendable proceeds of the issue, or  
13              to commence construction, with respect to  
14              such projects within the 6-month period  
15              beginning on such date, and

16              “(ii) to proceed with due diligence to  
17              complete such projects, and

18              “(C) to expend the total amount of the net  
19              spendable proceeds of the issue.

20              “(2) RULES REGARDING CONTINUING COMPLI-  
21              ANCE AFTER 3-YEAR DETERMINATION.—If at least  
22              95 percent of the net spendable proceeds of the issue  
23              is not awarded as grants to be expended for 1 or  
24              more qualified projects within the 3-year period be-  
25              ginning on the date of issuance, but the require-

1       ments of paragraph (1) are otherwise met, an issue  
2       shall be treated as continuing to meet the require-  
3       ments of paragraph (1) if either the requirement  
4       under subparagraph (A) or the requirements under  
5       subparagraph (B) are met, as follows:

6               “(A) The issuer uses all unspent proceeds  
7               from the sale of the issue to redeem bonds of  
8               the issue within 90 days after the end of such  
9               3-year period and disburses any remaining net  
10              spendable proceeds to the Secretary of Trans-  
11              portation within 30 days after the end of such  
12              3-year period.

13             “(B) The issuer—

14               “(i) awards in grants under sections  
15               D31, D32, and D33 of the ARRIVE-21  
16               Act at least 75 percent of the net spend-  
17               able proceeds of the issue for 1 or more  
18               qualified projects within the 3-year period  
19               beginning on the date of issuance, and

20               “(ii) either—

21               “(I) awards in grants under sec-  
22               tions D31, D32, and D33 of the AR-  
23               RIVE-21 Act at least 95 percent of  
24               the net spendable proceeds of the  
25               issue for 1 or more qualified projects

1 within the 4-year period beginning on  
2 the date of issuance, or

3 “(II) pays to the Federal Govern-  
4 ment any earnings on the proceeds  
5 from the sale of the issue that accrue  
6 after the end of the 3-year period be-  
7 ginning on the date of issuance and  
8 uses all unspent proceeds from the  
9 sale of the issue to redeem bonds of  
10 the issue within 90 days after the end  
11 of the 4-year period beginning on the  
12 date of issuance.

13 “(g) RECAPTURE OF PORTION OF CREDIT WHERE  
14 CESSATION OF COMPLIANCE.—

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

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

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

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

18          “(3) SPECIAL RULES.—

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

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

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

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

9 “(ii) the amount of the tax imposed  
10 by section 55(19).

11 “(h) RAIL INFRASTRUCTURE FINANCE TRUST.—

12 “(1) IN GENERAL.—The following amounts  
13 shall be held in a trust account by the Rail Infra-  
14 structure Finance Corporation:

15 “(A) An amount of the proceeds from the  
16 sale of all bonds designated for purposes of this  
17 section that, when combined with amounts de-  
18 scribed in subparagraphs (B), (C), and (D), is  
19 sufficient—

20 “(i) to ensure the Corporation’s abil-  
21 ity to redeem all bonds upon maturity; and

22 “(ii) to pay the administrative ex-  
23 penses of the Corporation and the Rail In-  
24 frastructure Finance Trust.

1           “(B) The amount of any non-Federal con-  
2 tributions required under section C24(a) of the  
3 ARRIVE–21 Act.

4           “(C) The temporary period investment  
5 earnings on proceeds from the sale of such  
6 bonds.

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

9           “(2) USE OF FUNDS.—Amounts in the trust ac-  
10 count may be used only for investment purposes to  
11 generate sufficient funds to redeem qualified rail in-  
12 frastructure bonds at maturity and pay the adminis-  
13 trative expenses of the Corporation and the Trust.

14           “(3) USE OF REMAINING FUNDS IN TRUST AC-  
15 COUNT.—If the Corporation determines that the  
16 amount in the trust account exceeds the amount re-  
17 quired to comply with paragraph (2), the Corpora-  
18 tion may transfer the excess to the Rail Infrastruc-  
19 ture Investment Account to be available for award-  
20 ing grants as provided for in section C27(e)(5)(B) of  
21 the ARRIVE–21 Act.

22           “(i) OTHER DEFINITIONS AND SPECIAL RULES.—  
23 For purposes of this section—

24           “(1) BOND.—The term ‘bond’ includes any ob-  
25 ligation.

1           “(2) NET SPENDABLE PROCEEDS.—The term  
2           ‘net spendable proceeds’ has the meaning give such  
3           term in section C27(c)(6) of the ARRIVE–21 Act.

4           “(3) QUALIFIED PROJECT.—The term ‘qualified  
5           project’ means any project that is eligible for grant  
6           funding under section D31, D32, or D33 of the AR-  
7           RIVE–21 Act.

8           “(4) PARTNERSHIP; S CORPORATION; AND  
9           OTHER PASS-THRU ENTITIES.—Under regulations  
10          prescribed by the Secretary, in the case of a partner-  
11          ship, trust, S corporation, or other pass-thru entity,  
12          rules similar to the rules of section 41(g) shall apply  
13          with respect to the credit allowable under subsection  
14          (a).

15          “(5) BONDS HELD BY REGULATED INVEST-  
16          MENT COMPANIES.—If any qualified rail infrastruc-  
17          ture bond is held by a regulated investment com-  
18          pany, the credit determined under subsection (a)  
19          shall be allowed to shareholders of such company  
20          under procedures prescribed by the Secretary.

21          “(6) REPORTING.—Issuers of qualified rail in-  
22          frastructure bonds shall submit reports similar to  
23          the reports required under section 149(e).”.

24          (b) AMENDMENTS TO OTHER CODE SECTIONS.—

1           (1) REPORTING.—Subsection (d) of section  
2           6049 of the Internal Revenue Code of 1986 (relating  
3           to returns regarding payments of interest) is amend-  
4           ed by adding at the end the following new para-  
5           graph:

6           “(8) REPORTING OF CREDIT ON QUALIFIED  
7           RAIL INFRASTRUCTURE BONDS.—

8           “(A) IN GENERAL.—For purposes of sub-  
9           section (a), the term ‘interest’ includes amounts  
10          includible in gross income under section 54(d)  
11          and such amounts shall be treated as paid on  
12          the credit allowance date (as defined in section  
13          54(b)(4)).

14          “(B) REPORTING TO CORPORATIONS,  
15          ETC.—Except as otherwise provided in regula-  
16          tions, in the case of any interest described in  
17          subparagraph (A), subsection (b)(4) shall be  
18          applied without regard to subparagraphs (A),  
19          (H), (I), (J), (K), and (L)(i) of such subsection.

20          “(C) REGULATORY AUTHORITY.—The Sec-  
21          retary may prescribe such regulations as are  
22          necessary or appropriate to carry out the pur-  
23          poses of this paragraph, including regulations  
24          which require more frequent or more detailed  
25          reporting.”.

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

3           (A) INDIVIDUAL.—Section 6654 of such  
4           Code (relating to failure by individual to pay es-  
5           timated income tax) is amended by redesign-  
6           nating subsection (m) as subsection (n) and by  
7           inserting after subsection (l) the following new  
8           subsection:

9           “(m) SPECIAL RULE FOR HOLDERS OF QUALIFIED  
10          RAIL INFRASTRUCTURE BONDS.—For purposes of this  
11          section, the credit allowed by section 54 to a taxpayer by  
12          reason of holding a qualified rail infrastructure bond on  
13          a credit allowance date shall be treated as if it were a  
14          payment of estimated tax made by the taxpayer on such  
15          date.”.

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

21          “(5) SPECIAL RULE FOR HOLDERS OF QUALI-  
22          FIED RAIL INFRASTRUCTURE BONDS.—For purposes  
23          of this section, the credit allowed by section 54 to  
24          a taxpayer by reason of holding a qualified rail in-  
25          frastructure bond on a credit allowance date shall

1 be treated as if it were a payment of estimated tax  
2 made by the taxpayer on such date.”.

3 (c) CLERICAL AMENDMENTS.—

4 (1) The table of subparts for part IV of sub-  
5 chapter A of chapter 1 is amended by adding at the  
6 end the following new item:

“Subpart H. Nonrefundable Credit for Holders of Qualified Rail  
Infrastructure Bonds.”.

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

9 **SEC. E42. ANNUAL REPORT BY TREASURY ON RAIL INFRA-**  
10 **STRUCTURE TRUST ACCOUNT.**

11 The Secretary of the Treasury shall annually report  
12 to Congress as to whether the amount deposited in the  
13 trust account established by the Rail Infrastructure Fi-  
14 nance Corporation under section 54(i) of the Internal Rev-  
15 enue Code of 1986, as added by section E41, is sufficient  
16 to fully repay at maturity the principal of any outstanding  
17 qualified rail infrastructure bonds issued pursuant to sec-  
18 tion 54 of such Code (as so added), together with amounts  
19 expected to be deposited into such account, as certified  
20 by the Rail Infrastructure Finance Corporation in accord-  
21 ance with procedures prescribed by the Secretary of the  
22 Treasury.

1 **SEC. E43. ISSUANCE OF REGULATIONS.**

2       The Secretary of the Treasury shall issue regulations  
3 required under section 54 of the Internal Revenue Code  
4 of 1986 (as added by this section E41) not later than 90  
5 days after the date of the enactment of this Act.

6 **SEC. E44. EFFECTIVE DATE.**

7       The amendments made by section E41 shall apply to  
8 obligations issued after the date of enactment of this Act.

9                   **Subtitle F—Authorization of**  
10                   **Appropriations**

11 **SEC. F51. AUTHORIZATION OF APPROPRIATIONS.**

12       There is authorized to be appropriated for fiscal year  
13 2004 such sums as may be necessary for the establishment  
14 and payment of the initial administrative costs of the Rail  
15 Infrastructure Finance Corporation, including the Rail In-  
16 frastructure Finance Trust.