

# **SUMMARY: National Defense Interstate Rail Act**

**Introduced by Senator Ernest F. Hollings**

**GOAL: To build and maintain an effective national passenger railroad system.**

**ISSUE: A successful national passenger rail system requires Congressional leadership and sustained investment.** Strong federal leadership and funding were essential to the development of the interstate highway system and our nation's aviation system. Since 1971, when Amtrak was created, \$25 billion has been spent on passenger rail. During that same time, \$750 billion was invested in highways and aviation. If passenger rail is to succeed, it must be a real federal priority, and Congress must invest in the development of its infrastructure.

**Hollings bill: The legislation authorizes at total of approximately \$4.6 billion annually for development of passenger rail. The legislation authorizes \$1.4 billion in one-time security improvements and fully funds the existing long-distance Amtrak trains.**

**ISSUE: U.S. needs to develop balanced transportation alternatives.** Passenger rail is effective in other developed countries such as Japan, France and Germany. In the U.S., the Northeast Corridor between Washington, D.C. and Boston relieves the pressures of congestion on highways and at airports, and provides a more balanced system of transportation alternatives. Congress needs to continue to invest in the rail infrastructure in the Northeast AND replicate its success throughout the rest of the country. In the days following September 11, the nation's dependence on the aviation system nearly crippled the economy. Transportation security requires a balanced and competitive system of transportation alternatives.

**Hollings bill: The legislation provides full funding for the capital needs of the Northeast Corridor**

**and authorizes over \$1.5 billion annually for the Department of Transportation to develop other high speed corridors throughout the country.**

**ISSUE: A national passenger rail system requires prioritization and a consistent commitment from Congress.** There is no long term, stable funding source for passenger rail in the U.S., in contrast to aviation, highways and transit. In fiscal year 2001, intercity passenger rail received less than 1 percent of all transportation spending. Since the last authorization for Amtrak in 1997, only \$4.59 billion has been appropriated of the \$8.42 billion authorized over the last 5 years (less than 60%).

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**Hollings bill: The legislation lays out the priorities and vision for the future of passenger rail in**

**the U.S. Ultimately it will be necessary to address funding options which might include the following: general fund revenues, tax-exempt bonds, tax rebates, tax increases, innovative financing, loans, loan guarantees, state participation or financing, creation of a trust fund, etc.**

**ISSUE: A viable, balanced transportation system is essential for economic and national security.** It is in the national interest to extend passenger rail service and maintain Amtrak's solvency. Long-term planning and support for passenger rail will address future passenger growth needs and provide transportation solutions. As evidenced by the events of September 11, 2001, passenger rail will serve our national security by providing an alternative to highway and air travel. Rail development will also have the added benefits of fostering a more fuel-efficient transportation system and reducing our dependence on foreign oil.

**Hollings bill: The legislation gives Amtrak the tools and the funding to operate effectively and eliminates unrealistic mandates -- no passenger railroad system in the world operates without significant capital investment.**

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## **FUNDING SUMMARY: National Defense Interstate Rail Act**

### **FUNDING OVERVIEW:**

- **Security Funds: \$1.3 billion in one-time costs, authorized in FY 2003**
- **Total funds authorized annually for FY 2003 through FY 2007: \$4.6 billion**

### **Security Provisions - \$1.26 billion in FY 2003**

- \$360M for Amtrak security needs, evenly divided between the Northeast Corridor and Non-Northeast Corridor
- \$5M for DOT to perform a security assessment of all rail, including freight needs
- \$895M for life safety upgrades to tunnels in NY, Balt, DC
- \$3M for preliminary design work for the Baltimore tunnels

### **Federal High Speed Corridor Development\***

#### **\$1.55 billion annually**

- \$25M to DOT for Research and Development Activities
- \$25M to DOT for Planning
- \$1.5B to DOT for Implementation/Construction

\*Must be a designated corridor to receive funding. The Northeast Corridor is designated, but not eligible to receive funds under this program if receiving other federal funds.

### **Northeast Corridor (NEC) \$1.310 billion annually**

- Requires any operating profit on the NEC to be reinvested in NEC infrastructure
- \$720M for infrastructure
- \$100M for fleet
- \$70M for stations/facilities
- \$20M for technology upgrades
- \$400M for growth (annual average)

### **Cooperative Research Program - \$5M annually**

- Establishes R & D program at National Academy of Sciences similar to highway and transit cooperative research programs.

### **National Railroad Passenger Corporation**

#### **\$500.5 million annually**

- Requires profits from non-passenger

activities to be invested in growth activities outside the NEC.

- \$160M (est.) for mandatory excess Railroad Retirement Payments
- \$267M for debt payments (avg.)
- \$30M for environmental compliance
- \$43M for ADA compliance
- \$.5M for DOT auditing of Amtrak

**Long-Distance Trains - \$580 million annually**

- \$360M for operating
- \$120M for fleet
- \$80M for infrastructure
- \$10M for stations/facilities
- \$10M for technology

**Short Distance & State-supported Routes**

**\$270 million annually**

- \$190M annually for infrastructure
- \$50M annually for fleet
- \$10M annually for stations
- \$20M annually for technology

**Financing for Railroad Projects**

Expansion of the DOT's Railroad Rehabilitation and Improvement Financing Program

- \$35B authorization for DOT to provide loans and loan guarantees (estimated 10% credit risk premium funded annually)

**Total: \$350M annually (federal costs to issue loan guarantees)**

**National Defense Interstate Rail Act**

**BENEFITS TO NORTHEAST CORRIDOR (NEC) STATES**

This legislation will:

- require Amtrak to reinvest any NEC operating profit back into NEC infrastructure. This will speed up investment on the backlog of capital infrastructure needs.
- authorize 5-year annual appropriations of **\$1.310 billion** for the remaining backlog of capital infrastructure needs, ongoing capital needs, and future growth needs of the NEC, including-
  - < **\$720 million** for infrastructure improvements such as renewal of the South End electric traction system, improvements on bridges and tunnels, and interlocking and signal system renewal.
  - < **\$100 million** for fleet improvements to bring the existing fleet to a state-of-goodrepair and maintain regular maintenance schedules.
  - < **\$70 million** for stations and facility improvements, including those to the Penn Station facility and platform. Ongoing needs such as providing for regular upgrades to stations to meet current service needs.
  - < **\$20 million** for technology upgrades for reservation, distribution, financial, and operating systems.
  - < **\$400 million** for corridor growth to increase capacity/speeds on the NEC.

- authorize **\$178 million** for security upgrades to protect NEC infrastructure, including the hiring of additional Amtrak police officers.
- authorize **\$895 million** for onetime life safety improvements in NEC tunnels (NY, Baltimore, Washington). The Secretary of Transportation may seek contribution from other rail carrier tunnel users, though contribution would not be mandatory.
- authorize **\$3 million** for the preliminary design of options for a new tunnel on a different alignment to augment the capacity of the existing Baltimore tunnels.
- authorize **\$1.525 billion** in funding for the development of other high-speed corridors. Eligible corridors include the Keystone Corridor (Philadelphia to Harrisburg to Pittsburgh, PA); Empire Corridor (New York City to Albany to Buffalo, NY); New England Corridor (Boston, MA, to Portland, ME, to Auburn, ME, and from Boston, MA, to Concord, NH, to Montpelier, VT, to Montreal, Quebec, CAN); and NEC branch from New Haven, CT, to Springfield, MA.
- authorize **\$10 million** for NEC operations to meet environmental requirements.
- authorize **\$10 million** for compliance with the Americans with Disabilities Act at NEC facilities.

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## National Defense Interstate Rail Act

### **BENEFITS TO STATES OUTSIDE OF THE NORTHEAST CORRIDOR (NEC)**

This legislation is a blueprint for the future of intercity passenger rail service in the U.S. It provides for the development of high-speed rail corridors, which are the building blocks of a national rail system. The NEC is an important first building block and its success must be replicated in other regions. To that end, this legislation:

- Authorizes over **\$1.5 billion** annually for five years for development of new high speed corridors. This development program will be administered through the Department of Transportation and allocates the funding to designated high speed corridors under the following conditions:
  - < 100% federal funding -- there are no state matching requirements.
  - < eligible activities include planning, development, construction, purchase of right-of-way, equipment, and other capital and operating needs.
  - < 10% of implementation funds are set aside for highway-rail grade crossing elimination or improvement.
  - < priority is given to projects with dedicated passenger right-of-way and speeds which average 125 mph or greater.
  - < Eligible corridors exist in and through: CA, IL, MI, MN, WI, KC, MO, KY, IN, OH, NY, FL, TX, LA, MS, AL, GA, PA, DC, MD, DE, CT, RI, NJ, MA, ME, NH, VT, OR, WA, AR, OK, VA, NC, SC, NV.
- Authorizes **\$580 million** annually for Amtrak's long-distance trains. This includes fully funding operating costs, fleet and infrastructure improvements.
- Authorizes **\$270 million** annually for Amtrak's short-distance and state-supported routes, including infrastructure upgrades to support higher speed services.
- Prevents cross-subsidization of routes, by:
  - < Requiring increased transparency in the amounts authorized for Amtrak.
  - < Requiring an independent audit of Amtrak's finances through, to be reported back to Congress by the DOT IG.
  - < Requiring that non-passenger revenues be reinvested into growth outside the NEC.
- Authorizes **\$360 million** for Amtrak's security needs and requires that at least 50% of the

infrastructure, operating and equipment security funds be spent outside the NEC.

- Authorizes **\$53 million** for ADA and environmental compliance outside of the NEC.

- Authorizes **\$5 million** for research through the National Academy of Sciences' Transportation Research Board, similar to the cooperative research programs for highways and transit.

- Evenly applies labor protections to all rail operators receiving funding under this legislation to foster fair competition for services.

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