

89TH CONGRESS
1ST SESSION

H. R. 6741

IN THE HOUSE OF REPRESENTATIVES

MARCH 25, 1965

Mr. FOGARTY introduced the following bill; which was referred to the Committee on the Judiciary

A BILL

To encourage the preservation and development of a modern and efficient passenger rail transportation service in the northeastern seaboard area by granting the consent and approval of Congress to the States of Massachusetts, Rhode Island, Connecticut, and New York to negotiate and enter into a compact to create their own Northeast Rail Authority, and by guaranteeing certain loans and other credit to such authority.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 TITLE I—SHORT TITLE AND STATEMENT OF
2 FINDINGS AND DECLARATION OF POLICY

3 SHORT TITLE

4 SEC. 101. This Act may be cited as the “Northeast
5 Rail Authority Act of 1965”.

6 STATEMENT OF FINDINGS AND DECLARATION OF POLICY

7 SEC. 102. The Congress finds that it is necessary to the
8 national defense and to the general welfare of the Nation
9 as well as that of the area involved that passenger rail
10 transportation be preserved and properly maintained within
11 the northeastern seaboard area. The Congress therefore
12 declares that it is the continuing policy and responsibility
13 of the Federal Government to encourage the State govern-
14 ments to enter into a compact to create their own Northeast
15 Rail Authority, to own and operate such a system.

16 TITLE II—NORTHEAST RAIL AUTHORITY

17 COMPACT

18 CONSENT AND APPROVAL OF COMPACT

19 SEC. 201. The consent and approval of Congress is here-
20 by given to the States of Massachusetts, Rhode Island, Con-
21 necticut, New York to negotiate and enter into the Northeast
22 rail authority compact for the purpose of creating a multistate
23 authority to own, lease, or otherwise acquire the right to
24 operate a passenger rail transportation system within the
25 Northeastern States. Such compact shall be as follows:

1 "NORTHEAST RAIL AUTHORITY COMPACT

2 "The states of Massachusetts, Rhode Island, Connecti-
3 cut, and New York, hereinafter collectively referred to as
4 signatories, any one of them being referred to as a signatory,
5 do hereby covenant and agree as follows:

6 "ARTICLE I

7 "There is hereby created the Northeast Rail District,
8 hereinafter referred to as the 'District', which shall embrace
9 Massachusetts, Rhode Island, Connecticut, and New York.

10 "ARTICLE II

11 "The signatories hereby create the Northeast Rail Au-
12 thority, hereinafter referred to as the 'Authority', which shall
13 be a body corporate and politic, having the powers and juris-
14 diction hereinafter enumerated, and such other and additional
15 powers and duties as may be conferred upon it by the legisla-
16 tures of the signatories and concurred in and approved by the
17 Congress. The Authority shall have the right and authority
18 to own, lease, or otherwise acquire the right to operate a pas-
19 senger rail transportation system within the District.

20 "ARTICLE III

21 "1. The Authority shall consist of four Commissioners,
22 one each to be appointed by the Governors of Massachusetts,
23 Rhode Island, Connecticut, and New York. Each Commis-
24 sioner so appointed shall serve for a term of four years.

25 "2. The Authority shall have a Federal representative,

1 if such a representative is appointed by the Secretary of Com-
2 merce pursuant to title III of the Northeast Rail Authority
3 Act of 1965. The function of such representative shall be
4 (a) to have the authority to veto any matter relating to the
5 issue and sale of bonds or other indebtedness guaranteed by
6 the Federal Government pursuant to such title III, and (b)
7 to report to the Secretary of Commerce with respect to the
8 activities of the Authority.

9 "3. No Commissioner shall have financial interest in any
10 corporation or other entity engaged in the business of pro-
11 viding public passenger transportation within the District
12 or engaged in the manufacture or selling of passenger trans-
13 portation facilities.

14 "4. The Authority shall annually elect a chairman from
15 its number and may appoint such other officers as it may
16 require for the performance of its duties, and shall fix and
17 determine their qualifications and duties.

18 "5. Each Commissioner shall receive basic compensation
19 at the rate of \$100 per diem, to be paid by the Authority as
20 current expenses. Commissioners shall be reimbursed for
21 actual expenses, including traveling and subsistence expenses
22 incurred by them in the performance of their duties.

23 "6. The Authority shall appoint an Executive Director,
24 who shall be responsible for the day-to-day management
25 of the operations conducted by the Authority. The Execu-

1 tive Director shall receive compensation at the rate of
2 \$30,000 per annum.

3 "7. In addition, the Authority may employ such en-
4 gineering, technical, legal, clerical, and other personnel on
5 a regular, part-time, or consulting basis as in its judgment
6 may be necessary for the discharge of its functions. The
7 Authority shall not be bound by any statute or regulation of
8 any signatory in the employment or discharge of any officer
9 or employee, except as may be contained in this compact.

10 "ARTICLE IV

11 "No action may be taken by the Authority unless a
12 majority of the Commissioners concur therein, but nothing in
13 this Article shall be construed to limit in any respect the
14 power of the Authority to delegate to its officers and em-
15 ployees the administration of such matters as it deems
16 advisable. Three Commissioners shall constitute a quorum of
17 the Authority.

18 "ARTICLE V

19 "Except as otherwise specifically provided in this com-
20 pact, the Authority shall have power to:

21 "(1) adopt, alter, and use a corporate seal, and such
22 seal shall be judicially noticed;

23 "(2) adopt, amend, and repeal its own by-laws, rules,
24 and regulations;

1 “(3) sue and be sued in its corporate name in any court
2 of competent jurisdiction;

3 “(4) make contracts, as authorized in this compact;

4 “(5) accept gifts or donations of property;

5 “(6) acquire, by purchase, lease, condemnation, or in
6 other lawful manner, any property whether real, personal,
7 or mixed, tangible or intangible, and any interest therein;
8 hold, maintain, use, and operate such property; sell, lease
9 or otherwise dispose of the same at such time, in such man-
10 ner, and to the extent deemed necessary or appropriate to
11 carry out its functions;

12 “(7) operate all facilities acquired or constructed by it
13 or enter into agreements with railroad corporations, govern-
14 ment agencies or other persons for the operation of its or
15 their facilities, the use of its or their operating rights, or
16 the provision of passenger transportation services making use
17 of other facilities and operating rights;

18 “(8) determine the character of and the necessity for
19 its obligations and expenditures, and the manner in which
20 they shall be incurred, allowed, and paid;

21 “(9) set fares, tariffs, and other rates and charges to
22 the public for the services rendered by its facilities;

23 “(10) execute, in accordance with its by-laws, rules or
24 regulations all instruments necessary or appropriate in the
25 exercise of any of its powers;

1 “(11) settle and adjust claims held by it against other
2 persons or parties and by other persons or parties against it;
3 and,

4 “(12) take such actions as may be necessary or ap-
5 propriate to carry out the powers and duties specifically
6 conferred upon it by this compact.

7 “ARTICLE VI

8 “Insofar as possible the fares, tariffs, and other rates
9 and charges to the public set by the Authority for the serv-
10 ices rendered by its facilities shall be established at such
11 levels that the revenues of the Authority may be reasonably
12 expected to cover all costs of operating and maintaining
13 the facilities under the administration of the Authority, in-
14 cluding depreciation and payment of interest on its obliga-
15 tions. The Authority is not required, however, to operate
16 any particular portion of its facilities without loss, but may
17 set fares, tariffs or other rates and charges on the basis of
18 all of its facilities considered as a whole. When, in the
19 opinion of the Authority, it is in the best interest of the
20 Authority not to charge fares, tariffs, or other rates and
21 charges for a particular facility, it shall not be required to
22 levy such charge. The Authority may enter into agree-
23 ments with railroad corporations, government agencies or
24 other persons or entities for the establishment of joint or
25 combination fares.

1 "ARTICLE VII

2 "1. The Authority shall annually submit to each of
3 the signatories a budget of requirements for the next ensu-
4 ing year. To the extent that revenues from operation as
5 conducted by the Authority are inadequate to meet the
6 expenses of the Authority, such expenses shall be borne
7 by each of the signatories in the percentage which the pas-
8 senger miles travelled on the railroads owned, leased, or
9 otherwise operated by the Authority within such State's
10 boundaries bears to the total passenger miles travelled on
11 railroads owned, leased, or otherwise operated by the Au-
12 thority within the District. The percentages of such ex-
13 penses to be borne by each of the signatories shall be set
14 forth in such budget and shall be subject to the approval
15 of the chief executive officer or officers of such signatory.

16 "2. At such time as the revenues per annum of the
17 Authority may exceed the expenses (including payment of
18 indebtedness) per annum of the Authority, the Commis-
19 sioners at their discretion may make partial reimbursement
20 to the signatories of the payments made in accordance with
21 Article VII, Par. 1, of this compact, such reimbursement to
22 be made at a prudent rate and in the same ratio as is set
23 forth in Article VII, Par. 1 of this compact.

24 "3. The signatories agree to appropriate for the ex-
25 penses of the Authority their proportion of the budget deter-

1 mined in the manner set forth herein and to pay such
2 appropriation to the Authority.

3 "4. The Authority shall keep accurate books of account.
4 showing in full its receipts and disbursements, and said books
5 of account shall be open at any reasonable time for inspection
6 by such representatives of the respective signatories as may
7 be duly constituted for that purpose.

8 "ARTICLE VIII

9 "1. The Authority is authorized to issue and sell bonds,
10 notes, and other evidences of indebtedness, hereinafter col-
11 lectively referred to as 'bonds', in an amount not exceeding
12 \$500,000,000 outstanding at any time to assist in financing
13 its operations pursuant to the powers granted by this com-
14 pact. The Authority is authorized to enter into binding cov-
15 enants with the holders of bonds, and with the trustee, if any,
16 under any indenture, resolution, or other agreement entered
17 into in connection with the issuance thereof.

18 "2. Bonds issued by the Authority shall be negotiable
19 instruments unless otherwise specified therein, shall be in
20 such forms and denominations, shall be sold at such times
21 and in such amounts, shall mature at such time or times, shall
22 be sold at such prices, shall bear such rates of interest, may
23 be redeemable before maturity at the option of the Authority
24 in such manner and at such times and redemption premiums,

1 may be entitled to such relative priorities with respect to
2 principal and interest payments, and shall be subject to such
3 other terms and conditions, as the Authority may determine.

4 "3. Bonds issued by the Authority pursuant to this
5 compact shall be legal investments under the laws of each
6 of the signatories for all State and municipal officers and
7 bodies, all banks, bankers, trust companies, savings banks,
8 savings and loan associations, investment companies and
9 other persons carrying on a banking business, all insurance
10 companies, insurance associations and other persons carrying
11 on an insurance business, and all administrators, executors,
12 guardians, trustees and other fiduciaries, and such persons
13 and entities may properly and legally invest any funds,
14 including capital, within their control; and said bonds shall
15 be securities which may properly and legally be deposited
16 with and shall be received by any State or municipal officer
17 or agency for any purpose which the deposit of bonds or
18 other obligations of the signatories are now or may hereafter
19 be authorized.

20 "4. The bonds shall at all times be free from taxation
21 by any signatory. The Authority shall be regarded as the
22 instrumentality of the several signatories for the purpose of
23 operating and developing passenger rail transportation and
24 effectuating the pledge of the signatories in this compact,
25 but it shall have no power to pledge the credit of any signa-

1 tory or to impose any obligation upon any signatory, except
2 as expressly provided in this compact.

3 "ARTICLE IX

4 "The Authority is authorized to make payments to State
5 and local governments in lieu of property taxes upon prop-
6 erty within the District which was subject to State and local
7 taxation before acquisition by the Authority, except that
8 such payments will not be required in years when the annual
9 budget as submitted to the signatories indicates that revenues
10 will be less than expenses. Such payments shall be in the
11 amounts, at the times, and upon such terms as the Authority
12 in its discretion determines to be appropriate. No payment
13 shall be made in excess of the taxes which would have been
14 payable for such property except where special burdens are
15 placed upon the State or local government by the activities
16 of the Authority or its agents.

17 "ARTICLE X

18 "In the acquisition of any transportation facilities in the
19 District the Authority shall make arrangements to protect
20 the interests of employees affected by such acquisition. Such
21 arrangements shall include, without being limited to, such
22 provisions as may be necessary for (a) the preservation of
23 rights, privileges, and benefits (including continuation of
24 pension rights and benefits) under existing collective bar-
25 gaining agreements or otherwise; (b) the continuation of

1 collective bargaining rights; (c) the protection of individual
2 employees against a worsening of their positions with respect
3 to their employment; (d) assurances of employment to em-
4 ployees of acquired railroad companies and priority of reem-
5 ployment of employees terminated or laid off; and (e) paid
6 training or retraining programs. Such arrangements shall
7 include provisions protecting individual employees against a
8 worsening of their positions with respect to their employment
9 which shall in no event provide benefits less than those estab-
10 lished pursuant to section 5 (2) (f) of the Act of February 4,
11 1887 (24 Stat. 379), as amended. The contract for the
12 granting of any such assistance shall specify the terms and
13 conditions of the protective arrangements.

14 "ARTICLE XI

15 "This compact shall become effective ninety (90) days
16 after the date of adoption thereof by the last signatory to
17 adopt such compact.

18 "ARTICLE XII

19 "This compact may be amended from time to time with
20 the consent of all of the signatories and the Congress of the
21 United States.

22 "ARTICLE XIII

23 "Each of the signatories pledges to each of the other
24 signatories faithful cooperation in the promotion of passenger
25 rail transportation within the District and, in furtherance

1 thereof, agrees to enact any necessary legislation to achieve
2 the objectives of this compact.

3 "ARTICLE XIV

4 "1. If any part or provision of this compact or the
5 application thereof to any person or circumstances be ad-
6 judged invalid by any court of competent jurisdiction, such
7 judgment shall be confined in its operation to the part, pro-
8 vision or application directly involved in the controversy
9 in which such judgment shall have been rendered and shall
10 not affect or impair the validity of the remainder of this
11 compact or the application thereof to other persons or cir-
12 cumstances and the signatories hereby declare that they
13 would have entered into this compact or the remainder
14 thereof had the invalidity of such provision or application
15 thereof been apparent.

16 "2. In accordance with the ordinary rules for construc-
17 tion of interstate compacts, this compact shall be liberally
18 construed to eliminate the evils described therein and to
19 effectuate the purposes thereof.

20 "ARTICLE XV

21 "Other States may join this compact on the same terms
22 and under the same obligations as set forth in the preceding
23 articles of this compact with the consent of all of the signa-
24 tories and the Congress of the United States."

1 TITLE III—FEDERAL BOND GUARANTY

2 DEFINITIONS

3 SEC. 301. For the purposes of this title—

4 (1) The term “Secretary” means the Secretary of
5 Commerce.6 (2) The term “Commission” means the Interstate
7 Commerce Commission.8 (3) The term “authority” means the Northeast Rail
9 Authority established pursuant to the Northeast Rail Auth-
10 ority compact.11 (4) The term “additions and betterments or other
12 capital expenditures” means expenditures for the acquisition
13 or construction of property used in transportation service,
14 chargeable to the road, property, or equipment investment
15 accounts, in the uniform system of accounts prescribed by the
16 Commission.17 (5) The term “expenditures for maintenance of prop-
18 erty” means expenditures for labor, materials, and other
19 costs incurred in maintaining, repairing, modernizing, or
20 renewing equipment, road, or property used in transporta-
21 tion service chargeable to operating expenses in accordance
22 with the uniform system of accounts prescribed by the Com-
23 mission.

24 GUARANTY AUTHORITY

25 SEC. 302. (a) In order to carry out the purposes de-

1 cleared in section 201 of this Act, the Secretary may, after
2 consultation with and consideration of the views and recom-
3 mendations of the Commission and upon terms and conditions
4 prescribed by him and consistent with the provisions of this
5 title, guarantee any bonds (including other evidences of in-
6 debtedness) which are issued by the authority for the pur-
7 pose of financing or refinancing (1) additions and better-
8 ments or other capital expenditures, or to reimburse the
9 authority for expenditures made from its own funds for such
10 additions and betterments or other capital expenditures, or
11 (2) expenditures for the maintenance of property.

12 (b) The aggregate principal amount of all guaranties
13 pursuant to this title shall not exceed \$500,000,000.

14 LIMITATIONS

15 SEC. 303. No guaranty shall be made pursuant to this
16 title—

17 (1) if in the judgment of the Secretary the bonds
18 involved are at a rate of interest which is unreasonably
19 high; or

20 (2) if the terms of such bonds permit redemption
21 more than fifteen years after the date thereof.

22 MODIFICATION AUTHORITY

23 SEC. 304. The Secretary may consent to the modification
24 of the provisions as to rate of interest, time of payment of
25 interest or principal, security, if any, or other terms and

1 conditions of any bonds which he has guaranteed pursuant
2 to this title, or the renewal or extension of any such bonds,
3 whenever the Secretary shall determine it to be equitable to
4 do so.

5

PAYMENT ON GUARANTY

6 SEC. 305. (a) Any payment required to be made as a
7 consequence of any guaranty pursuant to this title shall be
8 made by the Secretary of the Treasury from funds hereby
9 authorized to be appropriated in such amounts as may be
10 necessary for the purpose of carrying out the provisions of
11 this title.

12 (b) In the event of any default on any bonds guar-
13 anteed pursuant to this title, and payment in accordance
14 with the guaranty by the United States, the Attorney
15 General shall take such action as may be appropriate to
16 recover the amount of such payment, with interest, from the
17 authority.

18

GUARANTY FEE

19 SEC. 306. The Secretary shall prescribe and collect a
20 guaranty fee in connection with any guaranty pursuant to
21 this title. Such fees shall not exceed such amounts as the
22 Secretary estimates to be necessary to cover the administra-
23 tive costs of carrying out the provisions of this title. Sums
24 realized from such fees shall be deposited in the Treasury
25 as miscellaneous receipts.

1 FEDERAL REPRESENTATIVE ON AUTHORITY AND OTHER
2 ASSISTANCE FOR SECRETARY

3 SEC. 307. (a) In order to more effectively carry out his
4 functions pursuant to this title, the Secretary may appoint a
5 Federal representative to the authority as authorized in
6 article III of the northeast rail authority compact.

7 (b) To permit the Secretary to make use of such other
8 expert advice and services as he may require in carrying out
9 the provisions of this title, he may use available services
10 and facilities of other departments, agencies, and instrumen-
11 talities of the Government, with their consent and on a
12 reimbursable basis where necessary.

13 (c) Departments, agencies, and instrumentalities of the
14 Government shall exercise their powers, duties, and functions
15 in such manner as will assist in carrying out the objectives
16 of this Act.

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A BILL

To encourage the preservation and development of a modern and efficient passenger rail transportation service in the northeastern seaboard area by granting the consent and approval of Congress to the States of Massachusetts, Rhode Island, Connecticut, and New York to negotiate and enter into a compact to create their own Northeast Rail Authority, and by guaranteeing certain loans and other credit to such authority.

By Mr. FOGARTY

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