

## H.R. 749—Passenger Rail Reform and Investment Act (PRRIA) of 2015 (Shuster, R-PA)

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**FLOOR SCHEDULE:** [H.R. 749](#) IS EXPECTED TO BE CONSIDERED ON MARCH 3, 2015 UNDER [RULE](#) THAT PROVIDES ONE HOUR OF DEBATE. THE RULE MAKES IN ORDER 7 AMENDMENTS WHICH ARE SUMMARIZED BELOW.

**TOPLINE SUMMARY:** H.R. 749 would reauthorize subsidies for Amtrak through Fiscal Year 2019 and implement some reforms to Amtrak.

**CONSERVATIVE CONCERNS:** Some conservatives believe that Amtrak should not be subsidized by the taxpayers. Amtrak has no incentive to improve its performance if it knows that it will be able to count on the taxpayers for a bailout each year. The House-passed Fiscal Year 2015 budget resolution [called for](#) eliminating Amtrak operating subsidies. The RSC's Fiscal Year 2015 budget resolution also [called for](#) eliminating Amtrak subsidies for operating and capital grants.

Some conservatives may be concerned that the bill does not put Amtrak on a path to sustainability. H.R. 749 would increase yearly subsidy authorization levels for money-losing long-distance routes.

Some conservatives will support the fact that the bill would reduce the authorization levels by about 40 percent from the most recent authorized level in Fiscal Year 2013. However, some conservatives may be concerned that the bill authorizes annual funding that is about \$300 million above the most recently appropriated level.

Some conservatives [may be concerned](#) that the bill does not do enough to end Amtrak's losses on food and beverage services. Many conservatives will be concerned that although several amendments were offered to address this problem, none were made in order by the Rules Committee.

▪ **Expand the Size and Scope of the Federal Government?:** The bill's authorization levels represent a reduction from the most recently authorized amount in Fiscal year 2013, but an increase from the most recently enacted appropriation.

**COST:** The Congressional Budget Office (CBO) [estimates](#) that H.R. 749 would cost \$7 billion over the 2016-2020 period, assuming appropriation of the amounts authorized by the bill.

The bill would authorize appropriations of \$5.31 billion for capital and operating grants, \$625 million to renegotiate and prepay Amtrak's nonfederal debt, \$1.2 billion for grants to states for rail projects, and \$96 million for the Amtrak Inspector general.

CBO estimates that H.R. 749 would impose both intergovernmental and private-sector mandates by requiring states, local governments, and Amtrak to prepare reports on intercity rail systems. However, CBO estimates that the direct costs of the mandates would fall below the annual thresholds established in UMRA for intergovernmental and private-sector mandates.

- **Encroach** into State or Local Authority?: The bill continues federal involvement in state-supported rail programs.
- **Delegate** Any Legislative Authority to the Executive Branch?: **No**
- **Contain** Earmarks/Limited Tax Benefits/Limited Tariff Benefits?: **No**, according to the [committee report](#).

### AMENDMENTS:

1. [McNerney \(D-CA\)](#): Would require Amtrak to issue Request for Proposals seeking “small business concerns owned and controlled by socially and economically disadvantaged individuals” to carry out station development projects.
2. [Fitzpatrick \(R-PA\)](#): Would amend the Socially and Economically Disadvantaged Individuals Participation Study required by the bill to also include veteran-owned small businesses.
3. [Mica \(R-FL\)](#): Would require the Northeast Corridor Advisory Committee to submit a plan to Congress that analyzes the implementation of high-speed rail between Washington and New York and between New York and Boston.
4. [Brownley \(D-CA\)](#): Would require states to develop and implement [highway-rail grade crossing](#) plans. The plans would be required to identify solutions for improving safety at rail crossings.
5. [Perlmutter \(D-CO\)](#): Would require the GAO to submit a report on the rule issued by the Federal Railroad Administration on the use of locomotive horns at rail crossings. “Under the [Train Horn Rule](#) (49 CFR Part 222), locomotive engineers must begin to sound train horns at least 15 seconds, and no more than 20 seconds, in advance of all public grade crossings.”
6. [McClintock \(R-CA\)](#): Would eliminate the operating and capital subsidies for Amtrak authorized by the bill.
7. [Lipinski \(D-IL\)](#): Would require Amtrak to issue a report on improving boarding procedures for passengers with wheelchairs and bicycles.

Many conservatives will be concerned that the Rules Committee failed to make in order several common sense amendments that would have [prohibited federal funds from being used to provide free alcohol on Amtrak](#), [prohibited federal funds from being used to provide free food to Amtrak employees](#), [required Amtrak to take into account the labor costs of its food and beverage services](#), or [prohibited federal funds from subsidizing Amtrak’s food and beverage services after one year](#).

**DETAILED SUMMARY AND ANALYSIS:** According to [CRS](#), Amtrak is “a quasi-governmental entity, a corporation whose stock is almost entirely owned by the federal government. It runs a deficit each year. Congressional appropriations cover about half of Amtrak’s total loss, and represent essentially all of its funding for capital maintenance and improvements.” Amtrak is projected to run an operating loss of [\\$289.6 million](#) in FY15.

**Lines of Business:** The bill would split authorization levels by Amtrak lines of business. Previous authorizations provided funding in an operating grants account and a capital and debt service grants account.

Instead, H.R. 749 would create a new Northeast Corridor Improvement Fund for capital grants and debt service related to the Northeastern Corridor as well as a new National Network account for operating and capital grants for long-distance routes and state-supported routes.

The Northeast Corridor routes between Boston and Washington are profitable for Amtrak on an operational basis, while the other routes are not. The committee believes that separating funding by lines of business will increase transparency and allow profits in the Northeast Corridor to be reinvested there instead of being diverted into unprofitable routes. Analysis of the ridership and profitability of different routes can be found [here](#).

Amtrak is given authority to transfer funds between the two accounts, but only if it reports to the Amtrak Board of Directors and Congress.

**Authorization of Appropriation of Subsidies:** The bill would authorize between \$1.7 and \$1.8 billion per year for Amtrak over the Fiscal Year 2016- 2019 period. Amtrak was [last authorized](#) in FY 2013 for \$2.256 billion. The [FY 2015 Omnibus](#) appropriated \$1.39 billion in subsidies for Amtrak.

	FY 2016	FY 2017	FY 2018	FY 2019	FY 16-19
<b>Northeast Corridor Capital Subsidies</b>	\$439 million	\$464 million	\$480 million	\$498 million	\$1.881 billion
<b>National Network Operating and Capital Subsidies</b>	\$973 million	\$974 million	\$985 million	\$997 million	\$3.929 billion
<b>Intercity Rail Capital Grants</b>	\$300 million	\$300 million	\$300 million	\$300 million	\$1.2 billion
<b>Amtrak Inspector General</b>	\$23 million	\$24 million	\$24 million	\$25 million	\$96 million
<b>Total Authorization</b>	\$1.737 billion	\$1.764 billion	\$1.79 billion	\$1.82 billion	\$7.111 billion

**Grants for Northeast Corridor Projects:** The bill would include a grant program to finance projects such as tunnels and bridges in the Northeast Corridor. Eligible grantees would include states, interstate compacts, and other public agencies.

**Railroad Rehabilitation and Infrastructure Financing:** The bill would expedite approvals for the Railroad Rehabilitation and Infrastructure Financing program, which provides loans and loan guarantees for railroad improvements. The bill would also require that 40 percent of financing under the program go towards the Northeast Corridor.

**Food and Beverage Services:** The bill would require Amtrak to develop a plan to eliminate operating losses on its food and beverage services within five years. After five years, no federal funds are permitted to cover any operating losses on food and beverage service. The rail service has managed to lose \$388 million on its food and beverage service from Fiscal Years 2010 through–2014.

The bill would require that no employee is allowed to lose a job due to Amtrak’s efforts to end these operating losses. The losses in food and beverage service are in large part due to labor costs. On-board Amtrak employees [cost \\$41.19 per hour](#) including benefits, compared to dining service employees that earn \$7.75 to

\$13 an hour on state-run trains that use private contractors. In 2012, Rep. Mica [calculated](#) the per-employee loss on food service to be \$68,476.

Amtrak also provides [free wine and champagne](#) on some routes.

According to [Heritage Foundation analyst Emily Goff](#), H.R. 749 is “unlikely to end Amtrak’s habit of losing taxpayer money selling food.”

**Competition Pilot Project:** The bill would require the Federal Railroad Administration to establish a pilot program to allow rail carriers other than Amtrak to provide passenger rail service and be eligible for operating subsidies. The subsidies would be limited to 90 percent of Amtrak’s cost.

**Business Analysis of Rolling Stock Purchases:** The bill would require Amtrak to submit a business case analysis to Congress prior to making any rolling stock purchase over \$100,000.

**Debt Restructuring:** The bill would reauthorize the authority of the Secretary of the Treasury to negotiate to prepay Amtrak’s nonfederal debt to reduce debt serving costs. According to the committee, this has allowed Amtrak to reduce its debt by \$1.4 billion over the last six years.

**Five Year Capital and Operating Plan:** The bill would require the Amtrak Board of Directors to submit to Congress a five-year operating plan for both the Northeast Corridor and National Network accounts. The plan would require an assessment of the financial stability of Amtrak. The financial projections in the plan are required to be based on the authorization levels.

**State Supported Route Advisory Commission:** The bill would establish a new State Supported Route Advisory Commission to establish a nationwide standard for allocating the costs of intercity rail service on state supported routes. The commission would be made up of Amtrak, the Department of transportation, and seven states that operate state-supported routes that would be selected by the Federal Railroad Administration. The commission would submit monthly invoices to states that sponsor state-supported rail routes.

**Evaluation of Routes and Services:** The bill would require Amtrak to hire an independent consulting firm to develop and recommend methodologies for Amtrak to evaluate what long-distance routes and services it should provide.

**Station Enhancements:** The bill requires Amtrak to submit a report to Congress on options to enhance economic development around Amtrak stations, including options for Amtrak to capture new revenue streams.

**Socially and Economically Disadvantaged Individuals Participation Study:** The bill requires the Secretary of Transportation to conduct a study on the participation of small businesses controlled by [socially](#) and [economically](#) disadvantaged individual in publically funded intercity rail passenger transportation.

**Restoration of Orlando to New Orleans Rail Service:** The bill establishes a working group to evaluate the restoration of a passenger rail service route from Orlando to New Orleans. A previous study of restoring this route [found](#) that annual losses would run from \$4.8 million to \$18.4 million.

**OUTSIDE GROUPS:** Several conservative groups have previously supported ending subsidies for Amtrak, including [Americans for Prosperity](#), [Americans for Tax Reform](#), [Cato](#), [Citizens Against Government Waste](#), [FreedomWorks](#), [Heritage Action](#), and [National Taxpayers Union](#).

**COMMITTEE ACTION:** H.R. 749 was introduced on February 5, 2015, and referred to the House Transportation and Infrastructure Committee. The Committee marked up and reported the bill on [February 12, 2015](#), by a voice vote. The Committee Report can be found [here](#).

In the 113<sup>th</sup> Congress, the Committee marked up and approved similar legislation, H.R. 5449, the [Passenger Rail Reform and Investment Act of 2014](#), on [September 17, 2014](#). However, the House did not take up this measure.

**ADMINISTRATION POSITION:** According to the [statement of administration](#) policy, “The Administration supports House passage of H.R. 749, which aligns with the Administration's goals of driving improved performance at Amtrak through accountability and encouraging States' participation in planning and funding improvements to passenger rail corridors.”

**CONSTITUTIONAL AUTHORITY:** “Congress has the power to enact this legislation pursuant to the following: Article I, Section 8 of the United States Constitution, specifically Clause 3 (related to regulation of Commerce among the several States).”

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**NOTE:** *RSC Legislative Bulletins are for informational purposes only and should not be taken as statements of support or opposition from the Republican Study Committee.*

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