

HR 1300 IH

110th CONGRESS

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H. R. 1300

To strengthen national security and promote energy independence by reducing the Nation's reliance on foreign oil, improving vehicle technology and efficiency, increasing the distribution of alternative fuels, bolstering rail infrastructure, and expanding access to public transit.

IN THE HOUSE OF REPRESENTATIVES

March 1, 2007

Mr. HOYER (for himself, Mr. CLYBURN, Mr. DINGELL, Mr. OBERSTAR, Mr. SKELTON, Mr. GORDON of Tennessee, Mr. FRANK of Massachusetts, Mr. FILNER, Mr. LANTOS, Mr. REYES, Mr. ABERCROMBIE, Mr. ACKERMAN, Mr. ALLEN, Mr. ALTMIRE, Mr. ARCURI, Ms. BEAN, Ms. BERKLEY, Mr. BERMAN, Mr. BERRY, Mr. BISHOP of Georgia, Mr. BISHOP of New York, Mr. BLUMENAUER, Ms. BORDALLO, Mr. BOUCHER, Ms. CORRINE BROWN of Florida, Mr. CARDOZA, Mr. CARNAHAN, Ms. CARSON, Mr. CLEAVER, Mr. COHEN, Mr. CROWLEY, Mr. CUMMINGS, Mr. DAVIS of Illinois, Mr. LINCOLN DAVIS of Tennessee, Mrs. DAVIS of California, Mr. DEFAZIO, Ms. DEGETTE, Mr. DELAHUNT, Ms. DELAURO, Mr. DOYLE, Mr. ELLISON, Mr. ENGEL, Mr. ETHERIDGE, Mr. FATTAH, Ms. GIFFORDS, Mr. GONZALEZ, Mr. GRIJALVA, Mr. HASTINGS of Florida, Ms. HERSETH, Mr. HIGGINS, Mr. HINCHEY, Mr. HOLT, Mr. HONDA, Mr. ISRAEL, Mr. JOHNSON of Georgia, Mr. KENNEDY, Mr. KILDEE, Ms. KILPATRICK, Mr. KIND, Mr. KUCINICH, Mr. LARSEN of Washington, Mr. LEVIN, Mr. LEWIS of Georgia, Mr. LIPINSKI, Mrs. MALONEY of New York, Ms. MATSUI, Mrs. MCCARTHY of New York, Ms. MCCOLLUM of Minnesota, Mr. MCGOVERN, Mr. MCINTYRE, Mr. MCNERNEY, Mr. MILLER of North Carolina, Mr. MORAN of Virginia, Mrs. NAPOLITANO, Ms. NORTON, Mr. PAYNE, Mr. PERLMUTTER, Mr. POMEROY, Mr. PRICE of North Carolina, Mr. ROSS, Mr. ROTHMAN, Mr. RUPPERSBERGER, Mr. SARBANES, Mr. SCHIFF, Ms. SCHWARTZ, Mr. SCOTT of Georgia, Mr. SCOTT of Virginia, Mr. SERRANO, Mr. SIRES, Mr. SMITH of Washington, Mr. SNYDER, Mr. STUPAK, Ms. SUTTON, Mrs. TAUSCHER, Mr. TIERNEY, Mr. TOWNS, Mr. UDALL of Colorado, Mr. VAN HOLLEN, Mr. WALZ of

Minnesota, Ms. WASSERMAN SCHULTZ, Ms. WATSON, and Mr. WYNN) introduced the following bill; which was referred to the Committee on Energy and Commerce, and in addition to the Committees on Armed Services, Oversight and Government Reform, Rules, Science and Technology, Ways and Means, House Administration, and Transportation and Infrastructure, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To strengthen national security and promote energy independence by reducing the Nation's reliance on foreign oil, improving vehicle technology and efficiency, increasing the distribution of alternative fuels, bolstering rail infrastructure, and expanding access to public transit.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) Short Title- This Act may be cited as the `Program for Real Energy Security Act' or the `PROGRESS Act'.

(b) Table of Contents- The table of contents of this Act is as follows:

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Sec. 521. Capital assistance for intercity passenger rail service; State rail plans.

Sec. 522. State rail plans.

Sec. 523. Rail cooperative research program.

Sec. 524. High-speed intercity rail facility bonds.

Sec. 525. Tax credit to holders of qualified high-speed rail infrastructure bonds.

Subtitle D--Energy Supply and Freight Rail

Sec. 531. Short title.

Sec. 532. Capital grants for railroad track.

Subtitle E--Rail Reliability

Sec. 541. Reliability of railroad transportation of energy supplies.

SEC. 2. FINDINGS.

The Congress finds the following:

(1) The United States dependence on foreign petroleum poses a serious risk to our national security and our economic well-being. The United States must immediately develop a proactive energy strategy that includes the promotion of energy efficiency and the investment in alternative and new energy technologies.

(2) America should achieve energy independence by reducing its reliance on oil from the Middle East and other unstable regions of the world by developing emerging technologies that work in synergy with

the existing energy infrastructure. A sustained investment in research and development is crucial to creating cutting-edge technologies that allow us to develop clean, sustainable energy alternatives and capitalize on America's vast renewable natural resources.

(3) The Federal Government should lead the Nation in an effort to substantially reduce the use of petroleum based fuels by rapidly expanding production and distribution of synthetic and biobased fuels, such as ethanol derived from cellulosic sources, and by deploying new engine technologies for fuel-flexible, hybrid, plug-in hybrid, and biodiesel vehicles.

(4) The Nation will be more secure by making a concerted effort to improve the diversity and reliability of the Nation's energy resources and transportation fuels. We must make greater investments in renewable energy, alternative fuels such as biomass, and efficiency improvements to answer our growing demand for energy.

(5) The Federal Government should undertake a complete review of regulations that may affect supply and bottlenecks that create regional emergencies that threaten the well-being of our economy and the health and safety of our citizens. We must make every effort to use all of our energy sources, making each a cleaner, safer contributor to the Nation's energy resources.

(6) Despite the expenditure of billions of dollars on homeland security since 9/11, the American people are still vulnerable to attack by terrorists at home. Recent natural disasters have also underscored the vulnerability and critical importance of energy supply to the Nation's economic vitality. Our energy facilities, transportation systems, and critical infrastructure must be adequately secured.

(7) Not only must our energy infrastructure be secured, but Americans must feel safe in utilizing mass transit systems. Transit provides an alternative form of commuting, reduces the use of oil and gasoline, and plays a key role in moving Americans and their families in times of emergencies as well. Increasing security for mass transit through additional funding for rail, bus, and subway security is part of the Nation's energy security.

TITLE I--NATIONAL COMMISSION ON ENERGY SECURITY AND TRANSITION TO NEW FUELS

SEC. 101. ESTABLISHMENT.

There is established a commission to be known as the `National Commission on Energy Security and Transition to New Fuels' (in this title referred to as the `Commission').

SEC. 102. DUTIES OF COMMISSION.

The Commission shall make recommendations to the Congress and the President for preserving the national energy security in the event of a terrorist attack or natural disaster, and for reducing United States dependence on foreign oil according to a schedule for national energy independence over the next 5, 10, 15, and 20 years. The Commission shall focus on regional approaches to achieving such goals, taking into account regional differences in energy supply and demand, and shall--

- (1) address fuel supply and infrastructure needs to support the development of wide-scale use of alternative fueled vehicles, including flexible-fuel vehicles, electric hybrid vehicles, advanced diesel engines, and hydrogen fueled vehicles, for passenger cars, commercial fleets, and industrial vehicles;
- (2) identify vulnerabilities in energy infrastructure, such as overreliance on refining capacity concentrated in areas susceptible to hurricane damage, and recommend actions to remedy or mitigate such vulnerabilities;
- (3) propose legislative actions to--
 - (A) promote efficiency and biomass and other alternative resource use, including the development of biofuels, battery, and composite material technologies; and
 - (B) pursue near-term options to reduce transportation fuel demand, such as expanded use of public transit; and
- (4) propose Federal, State, and local fiscal and regulatory changes to accomplish the purposes described in this subsection, and develop uniform codes and other tools for use by governments to accomplish those purposes.

SEC. 103. MEMBERSHIP.

(a) Number and Appointment-

(1) IN GENERAL- The Commission shall consist of--

(A) 6 members appointed by the Speaker of the House of Representatives, including--

(i) 1 appointed in consultation with the chairman of the Committee on Energy and Commerce;

(ii) 1 appointed in consultation with the chairman of the Committee on Transportation and Infrastructure;

(iii) 1 appointed in consultation with the chairman of the Committee on Agriculture;

(iv) 1 appointed in consultation with the chairman of the Committee on Oversight and Government Reform;

(v) 1 appointed in consultation with the chairman of the Committee on Science and Technology; and

(vi) 1 appointed in consultation with the chairman of the Committee on Armed Services;

(B) 6 members appointed by the minority leader of the House of Representatives, including--

(i) 1 appointed in consultation with the ranking minority member of the Committee on Energy and Commerce;

(ii) 1 appointed in consultation with the ranking minority member of the Committee on Transportation and Infrastructure;

(iii) 1 appointed in consultation with the ranking minority member of the Committee on Agriculture;

(iv) 1 appointed in consultation with the ranking minority

member of the Committee on Oversight and Government Reform;

(v) 1 appointed in consultation with the ranking minority member of the Committee on Science and Technology; and

(vi) 1 appointed in consultation with the chairman of the Committee on Armed Services;

(C) 6 members appointed by the majority leader of the Senate, including--

(i) 1 appointed in consultation with the chairman of the Committee on Commerce, Science, and Transportation;

(ii) 1 appointed in consultation with the chairman of the Committee on Energy and Natural Resources;

(iii) 1 appointed in consultation with the chairman of the Committee on Homeland Security and Governmental Affairs; and

(iv) 1 appointed in consultation with the chairman of the Committee on Armed Services;

(D) 6 members appointed by the minority leader of the Senate, including--

(i) 1 appointed in consultation with the ranking minority member of the Committee on Commerce, Science, and Transportation;

(ii) 1 appointed in consultation with the ranking minority member of the Committee on Energy and Natural Resources;

(iii) 1 appointed in consultation with the ranking minority member of the Committee on Homeland Security and Governmental Affairs; and

(iv) 1 appointed in consultation with the chairman of the Committee on Armed Services; and

(E) 12 members appointed by the President, including--

(i) 1 appointed in consultation with the Secretary of Energy;

(ii) 1 appointed in consultation with the Secretary of Transportation;

(iii) 1 appointed in consultation with the Secretary of Commerce;

(iv) 1 appointed in consultation with the Secretary of Agriculture; and

(v) 1 appointed in consultation with the Administrator of the Environmental Protection Agency.

(2) APPOINTMENT PRINCIPLES-

(A) CHAIRMAN- The President shall designate 1 member appointed under paragraph (1)(E) to be Chairman of the Commission.

(B) CONSULTATION- At least 3 of the appointments by the President shall be made in consultation with the bipartisan national associations representing elected State and local governmental officials.

(C) LIMITATION ON PARTY MEMBERSHIP- Not more than 3 of the members appointed by the President under paragraph (1)(E), other than members appointed under clauses (i) through (v) of that subparagraph, shall be members of the same political party as the President.

(D) BALANCE- Each person appointing members of the Commission under paragraph (1) shall seek to achieve a balance of Commission members among representatives of appropriate Federal, State, and local government agencies, industry, academia, and nonprofit stakeholder organizations, and among diverse geographical areas.

(b) Vacancies- Any vacancy occurring before the termination of the Commission shall be filled in the same manner as the original appointment.

(c) Compensation-

(1) IN GENERAL- Except as provided in paragraph (2), members of the Commission shall serve without pay.

(2) TRAVEL EXPENSES- Each member shall receive travel expenses, including per diem in lieu of subsistence, in accordance with applicable provisions under chapter I of chapter 57 of title 5, United States Code.

(d) Recommendations- The Commission may only make recommendations if 75 percent or more of its membership approve those recommendations.

SEC. 104. INITIAL MEETING.

The Commission shall hold its initial meeting not later than 60 days after the date of enactment of this Act.

SEC. 105. ADMINISTRATIVE ASSISTANCE.

(a) In General- The Secretary of Energy shall provide to the Commission any administrative assistance necessary for the Commission to carry out its duties under this title.

(b) Experts and Consultants- The Commission may procure temporary and intermittent services under section 3109(b) of title 5, United States Code.

(c) Staff of Federal Agencies- Upon request of the Commission, the head of any Federal department or agency may detail, on a reimbursable basis, any of the personnel of that department or agency to the Commission to assist it in carrying out its duties under this title.

SEC. 106. POWERS OF COMMISSION.

(a) Hearings and Sessions- The Commission may, for the purpose of carrying out this title, hold hearings, sit and act at times and places, take testimony, and receive evidence as the Commission considers appropriate.

(b) Powers of Members and Agents- Any member or agent of the

Commission may, if authorized by the Commission, take any action which the Commission is authorized to take by this section.

(c) Obtaining Official Data- The Commission may secure directly from any department or agency of the United States information necessary to enable it to carry out this title. Upon request of the Chairperson of the Commission, the head of that department or agency shall furnish that information to the Commission.

(d) Mails- The Commission may use the United States mails in the same manner and under the same conditions as other departments and agencies of the United States.

(e) Subpoena Power-

(1) IN GENERAL- The Commission may issue subpoenas requiring the attendance and testimony of witnesses and the production of any evidence relating to any matter which the Commission is empowered to investigate by this title. The attendance of witnesses and the production of evidence may be required from any place within the United States at any designated place of hearing within the United States.

(2) FAILURE TO OBEY A SUBPOENA- If a person refuses to obey a subpoena issued under paragraph (1), the Commission may apply to a United States district court for an order requiring that person to appear before the Commission to give testimony, produce evidence, or both, relating to the matter under investigation. The application may be made within the judicial district where the hearing is conducted or where that person is found, resides, or transacts business. Any failure to obey the order of the court may be punished by the court as civil contempt.

(3) SERVICE OF SUBPOENAS- The subpoenas of the Commission shall be served in the manner provided for subpoenas issued by a United States district court under the Federal Rules of Civil Procedure for the United States district courts.

(4) SERVICE OF PROCESS- All process of any court to which application is made under paragraph (2) may be served in the judicial district in which the person required to be served resides or may be found.

SEC. 107. REPORTS.

(a) Initial Report- Not later than 3 months after the first meeting of the Commission, the Commission shall transmit to the President and the Congress and initial report containing such recommendations as the Commission has been able to prepare at that time.

(b) Final Report- Not later than 6 months after transmittal of the report under subsection (a), the Commission shall transmit a final report to the President and the Congress. The final report shall contain a detailed statement of the findings and conclusions of the Commission, together with its recommendations.

SEC. 108. ACTION ON REPORT RECOMMENDATIONS.

(a) Presidential Response- Not later than 30 days after receiving a report from the Commission under section 107(a) or (b), the President shall transmit to Congress a response consisting of either approval or disapproval of each of the recommendations contained in the report from the Commission. Such response shall include an explanation for the disapproval of any such recommendation.

(b) Implementation- The appropriate Federal officials shall, unless a joint resolution described in subsection (c) is enacted pursuant to this section, implement all recommendations approved by the President under subsection (a).

(c) Terms of the Resolution- For purposes of subsection (b), the term 'joint resolution' means only a joint resolution which is introduced within the 10-day period beginning on the date on which the President transmits the response to the Congress under subsection (a), and--

(1) which does not have a preamble;

(2) the matter after the resolving clause of which is as follows: 'That Congress disapproves the recommendations of the National Commission on Energy Security and Transition to New Fuels as submitted by the President on **XXXXXX**', the blank space being filled in with the appropriate date; and

(3) the title of which is as follows: 'Joint resolution disapproving the

recommendations of the National Commission on Energy Security and Transition to New Fuels'.

(d) Referral- A resolution described in subsection (c) that is introduced in the House of Representatives shall be referred to the appropriate committees of the House of Representatives. A resolution described in subsection (c) introduced in the Senate shall be referred to the appropriate committees of the Senate.

(e) Discharge- If the committee to which a resolution described in subsection (c) is referred has not reported such resolution (or an identical resolution) by the end of the 20-day period beginning on the date on which the President transmits the response to the Congress under subsection (a), such committee shall be, at the end of such period, discharged from further consideration of such resolution, and such resolution shall be placed on the appropriate calendar of the House involved.

(f) Consideration- (1) On or after the third day after the date on which the committee to which such a resolution is referred has reported, or has been discharged (under subsection (e)) from further consideration of, such a resolution, it is in order (even though a previous motion to the same effect has been disagreed to) for any Member of the respective House to move to proceed to the consideration of the resolution. A Member may make the motion only on the day after the calendar day on which the Member announces to the House concerned the Member's intention to make the motion, except that, in the case of the House of Representatives, the motion may be made without such prior announcement if the motion is made by direction of the committee to which the resolution was referred. All points of order against the resolution (and against consideration of the resolution) are waived. The motion is highly privileged in the House of Representatives and is privileged in the Senate and is not debatable. The motion is not subject to amendment, or to a motion to postpone, or to a motion to proceed to the consideration of other business. A motion to reconsider the vote by which the motion is agreed to or disagreed to shall not be in order. If a motion to proceed to the consideration of the resolution is agreed to, the respective House shall immediately proceed to consideration of the joint resolution without intervening motion, order, or other business, and the resolution shall remain the unfinished business of the respective House until disposed of.

(2) Debate on the resolution, and on all debatable motions and appeals in connection therewith, shall be limited to not more than 2 hours, which shall be divided equally between those favoring and those opposing the

resolution. An amendment to the resolution is not in order. A motion to postpone, or a motion to proceed to the consideration of other business, or a motion to recommit the resolution is not in order. A motion to reconsider the vote by which the resolution is agreed to or disagreed to is not in order.

(3) Immediately following the conclusion of the debate on a resolution described in subsection (c) and a single quorum call at the conclusion of the debate if requested in accordance with the rules of the appropriate House, the vote on final passage of the resolution shall occur.

(4) Appeals from the decisions of the Chair relating to the application of the rules of the Senate or the House of Representatives, as the case may be, to the procedure relating to a resolution described in subsection (c) shall be decided without debate.

(g) Consideration by Other House- (1) If, before the passage by one House of a resolution of that House described in subsection (c), that House receives from the other House a resolution described in subsection (c), then the following procedures shall apply:

(A) The resolution of the other House shall not be referred to a committee and may not be considered in the House receiving it except in the case of final passage as provided in subparagraph (B)(ii).

(B) With respect to a resolution described in subsection (c) of the House receiving the resolution--

(i) the procedure in that House shall be the same as if no resolution had been received from the other House; but

(ii) the vote on final passage shall be on the resolution of the other House.

(2) Upon disposition of the resolution received from the other House, it shall no longer be in order to consider the resolution that originated in the receiving House.

(h) Rules of the Senate and House- This section is enacted by Congress--

(1) as an exercise of the rulemaking power of the Senate and House of Representatives, respectively, and as such it is deemed a part of the rules of each House, respectively, but applicable only with respect to

the procedure to be followed in that House in the case of a resolution described in subsection (c), and it supersedes other rules only to the extent that it is inconsistent with such rules; and

(2) with full recognition of the constitutional right of either House to change the rules (so far as relating to the procedure of that House) at any time, in the same manner, and to the same extent as in the case of any other rule of that House.

SEC. 109. TERMINATION.

The Commission shall terminate 60 days after transmitting its final report pursuant to section 107(b).

TITLE II--NEW MANHATTAN CENTER FOR HIGH EFFICIENCY VEHICLES

SEC. 201. FINDINGS.

The Congress finds that--

(1) private, academic, and government research and development resources need to be focused and coordinated to accomplish the rapid commercialization and deployment of technologies and resources needed to achieve energy independence;

(2) a project similar to the Manhattan Project is needed to bring national attention to the need for energy independence and to move the United States beyond its reliance on oil and gasoline;

(3) an independent entity is needed to identify the areas where scientific breakthroughs and government investment are best focused, in coordination with private and academic efforts, to encourage the commercial development of viable vehicle and fuel technologies in areas such as efficiency, biomass, and hydrogen that could play a role in reducing demand for oil and meeting growing domestic economic needs for fuel;

(4) such an entity could encourage the development of those technologies, help break through private sector risk barriers to their development, and advise Congress and the President on policies needed to foster their use; and

(5) such an effort would improve the Nation's energy and national security by lowering demand for petroleum, increasing domestic fuel supplies, creating jobs, and improving the environment.

SEC. 202. DEFINITIONS.

In this title--

(1) **ADVISORY COUNCIL**- The term `Advisory Council' means the Advisory Council established under section 204.

(2) **CENTER**- The term `Center' means the New Manhattan Center for High Efficiency Vehicles established under section 203(c).

(3) **RESEARCH**- The term `research' includes research on the technologies, materials, and manufacturing processes required for high efficiency vehicles.

SEC. 203. NEW MANHATTAN CENTER FOR HIGH EFFICIENCY VEHICLES.

(a) **Summit**- Not later than 60 days after the date of enactment of this Act, the President shall convene a summit of the principal advisors and directors of all programs in the Federal Government related to the development of vehicle (or related and component parts) technologies and alternative fuels, including ethanol and biofuels, electric drive, and hydrogen. Such summit shall include leading researchers at the Federal laboratories and representatives of private sector partners, and affiliated labor unions, engaged in the production and manufacturing of these vehicle and fuel technologies. The summit shall be for the purpose of--

(1) reviewing the progress and promise for each of these technologies toward increasing fuel economy, the interrelationship of these technologies to each other, and additional funding resources needed to accelerate the progress of these programs toward improving efficiency and economy dramatically in the next decade, including review of technology developed and lessons learned from the Federal Government's initiative known as the Partnership for a New Generation of Vehicles; and

(2) making recommendations as to the organization and structure of the Center described in this section.

(b) Program- The Secretary of Energy, in consultation with the Secretary of Defense, the Secretary of Transportation, and the Administrator of the Environmental Protection Agency, shall carry out a program consisting of a collaborative effort with industry, government, and academia to support research, development, demonstration, and commercial application activities related to high efficiency vehicles. Such program shall include examination of motors, clutches, sensors, controllers, cooling systems, variable combustion engine technologies, flexible fueled and dual fuel fueling systems, hybrid electric flexible fuel vehicles, electric drive accessory components, and advanced batteries in an effort to--

(1) reduce production costs to the lowest possible level, with special emphasis on identifying electric drive components and systems that can be advanced through research and development toward commercialization;

(2) increase fuel economy; and

(3) coordinate related Federal research, development, and commercialization programs in accordance with the recommendations resulting from the summit convened under subsection (a).

(c) Grants- Such program shall consist of grants to--

(1) the Center, made in accordance with the memorandum of understanding entered into under subsection (e);

(2) researchers, including Center participants;

(3) small businesses;

(4) National Laboratories; and

(5) institutions of higher education.

(d) Center- Not later than 90 days after the date of enactment of this Act, the Secretary of Energy shall competitively select a consortium to serve as the New Manhattan Center for High Efficiency Vehicles, which shall consist of participants who are private, for-profit United States firms, open to large and small businesses, that, as a group, are broadly representative of United States high efficiency vehicle research, development, infrastructure, and

manufacturing expertise as a whole.

(e) Memorandum of Understanding- The Secretary of Energy shall enter into a memorandum of understanding with the Center for the purposes of this title. The memorandum of understanding shall require the following:

(1) That the Center shall have--

(A) a charter agreed to by all representatives of the automotive industry that are participating members of the Center; and

(B) an annual operating plan that is developed in the consultation with the Secretary of Energy and the Advisory Council.

(2) That the total amount of funds made available to the Center by Federal, State, and local government agencies for any fiscal year for the support of the research and development activities of the Center under this section may not exceed 50 percent of the total cost of such activities.

(3) That the Center, in conducting research and development activities pursuant to the memorandum of understanding, cooperate with and draw on the expertise of the National Laboratories of the Department of Energy and of colleges and universities in the United States in the field of automotive manufacturing technology.

(4) That an independent, commercial auditor be retained--

(A) to determine the extent to which the funds made available to the Center by the United States for the research and development activities of the Center have been expended in a manner that is consistent with the purposes of this title, the charter of the Center, and the annual operating plan of the Center; and

(B) to submit to the Secretary of Energy, the Center, and the Comptroller General of the United States an annual report containing the findings and determinations of such auditor.

(5) That the Center take all steps necessary to maximize the expeditious and timely transfer of technology developed and owned by the Center to the participants in the Center in accordance with the

agreement between the Center and those participants and for the purpose of improving the high efficiency vehicle manufacturing productivity of United States automotive firms.

(f) Cost Sharing- In carrying out this section, the Secretary of Energy shall require cost sharing in accordance with section 988 of the Energy Policy Act of 2005 (42 U.S.C. 16352).

(g) Rights to Intellectual Property- The Secretary of Energy may require (in accordance with section 202(a)(ii) of title 35, United States Code, section 152 of the Atomic Energy Act of 1954 (42 U.S.C. 2182), and section 9 of the Federal Nonnuclear Energy Research and Development Act of 1974 (42 U.S.C. 5908)) that for any new invention developed under this title--

(1) the Center participants who are active participants in research, development, and demonstration activities related to the high efficiency vehicle technologies that are covered by this section shall be granted the first option to negotiate with the invention owner, at least in the field of high efficiency vehicles, nonexclusive licenses and royalties on terms that are reasonable under the circumstances;

(2) for 1 year after a United States patent is issued for the invention--

(A) the patent holder shall not negotiate any license or royalty with any entity that is not a participant in the Center; and

(B) the patent holder shall negotiate nonexclusive licenses and royalties in good faith with any interested participant in the Center; and

(3) such other terms are applied as the Secretary determines are required to promote accelerated commercialization of inventions made under this section.

(h) National Academy Review- The Secretary of Energy shall enter into an arrangement with the National Academy of Sciences to conduct periodic reviews of the program under this section.

SEC. 204. ADVISORY COUNCIL.

(a) Establishment- There is established the Advisory Council on Federal Participation in the New Manhattan Center for High Efficiency Vehicles.

(b) Functions- (1) The Advisory Council shall advise the Center and the Secretary of Energy on appropriate technology goals for the research and development activities of the Center, and shall develop a plan to achieve those goals. The plan shall provide for the development of high-quality, high-yield high efficiency vehicle manufacturing technologies that meet the national energy security and commercial needs of the United States.

(2) The Advisory Council shall--

(A) conduct an annual review of the activities of the Center for the purpose of determining the extent of the progress made by the Center in carrying out the plan referred to in paragraph (1); and

(B) on the basis of its determinations under subparagraph (A), submit to the Center any recommendations for modification of the plan or the technological goals in the plan considered appropriate by the Advisory Council.

(3) The Advisory Council shall review the research activities of the Center and shall submit to the Secretary of Energy and the Congress an annual report containing a description of the extent to which the Center is achieving its research and development goals.

(c) Membership- The Advisory Council shall be composed of 12 members as follows:

(1) The Under Secretary for Science of the Department of Energy.

(2) The Administrator of the Research and Innovative Technology Administration.

(3) The Director of the National Science Foundation.

(4) The Chairman of the Federal Laboratory Consortium for Technology Transfer.

(5) Eight members appointed by the President as follows:

(A) Three members who are eminent individuals in the automotive technology and manufacturing industry.

(B) Two members who are eminent individuals in the fields of alternative fuels technology.

(C) Two members who represent organized labor in these related manufacturing fields.

(D) One member who represents consumer interests in energy efficiency and conservation.

(d) Terms of Membership- Each member of the Advisory Council appointed under subsection (c)(5) shall be appointed for a term of three years, except that of the members first appointed, two shall be appointed for a term of one year, two shall be appointed for a term of two years, and three shall be appointed for a term of three years, as designated by the President at the time of appointment. A member of the Advisory Council may serve after the expiration of the member's term until a successor has taken office.

(e) Vacancies- A vacancy in the Advisory Council shall not affect its powers but, in the case of a member appointed under subsection (c)(5), shall be filled in the same manner as the original appointment was made. Any member appointed to fill a vacancy for an unexpired term shall be appointed for the remainder of such term.

(f) Quorum- Seven members of the Advisory Council shall constitute a quorum.

(g) Meetings- The Advisory Council shall meet at the call of the Chairman or a majority of its members.

(h) Compensation- (1) Each member of the Advisory Council shall serve without compensation.

(2) While away from their homes or regular places of business in the performance of duties for the Advisory Council, members of the Advisory Council shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for employees of agencies under sections 5702 and 5703 of title 5, United States Code.

(i) Federal Advisory Committee Act- Section 14 of the Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to the Advisory Council.

SEC. 205. RESPONSIBILITIES.

The Comptroller General of the United States shall--

- (1) review the annual reports of the auditor submitted to the Comptroller General in accordance with section 202(d)(4)(B); and
- (2) transmit to the Congress comments of the accuracy and completeness of those reports, and any additional comments on the reports that the Comptroller General considers appropriate.

SEC. 206. EXPORT OF HIGH-EFFICIENCY VEHICLE MANUFACTURING.

Any export of materials, equipment, and technology developed by the Center in whole or in part with financial assistance provided under this title shall be subject to the Export Administration Act of 1979 (50 U.S.C. App. 2401 et seq.), as continued in effect under the International Emergency Economic Powers Act, and shall not be subject to the Arms Export Control Act.

SEC. 207. PROTECTION OF INFORMATION.

(a) Freedom of Information Act- Section 552 of title 5, United States Code, shall not apply to information obtained by the Federal Government on a confidential basis under this title.

(b) Information- Notwithstanding any other provision of law, intellectual property, trade secrets, and technical data owned and developed by the Center or any of the participants in the Center may not be disclosed by any officer or employee of the Department of Energy except as provided in the provision included in the memorandum of understanding pursuant to section 202(d).

SEC. 208. AUTHORIZATION ON APPROPRIATIONS.

There are authorized to be appropriated to the Secretary of Energy for carrying out this title \$500,000,000 for each of the fiscal years 2008 through 2017.

SEC. 209. ADVANCED BATTERY LOAN GUARANTEE PROGRAM.

(a) Establishment of Program- The Secretary of Energy shall establish a program to provide guarantees of loans by private institutions for the construction of facilities for the manufacture of advanced vehicle batteries that are developed and produced in the United States, including advanced lithium ion batteries.

(b) Requirements- The Secretary may provide a loan guarantee under subsection (a) to an applicant if--

(1) without a loan guarantee, credit is not available to the applicant under reasonable terms or conditions sufficient to finance the construction of a facility described in subsection (a);

(2) the prospective earning power of the applicant and the character and value of the security pledged provide a reasonable assurance of repayment of the loan to be guaranteed in accordance with the terms of the loan; and

(3) the loan bears interest at a rate determined by the Secretary to be reasonable, taking into account the current average yield on outstanding obligations of the United States with remaining periods of maturity comparable to the maturity of the loan.

(c) Criteria- In selecting recipients of loan guarantees from among applicants, the Secretary shall give preference to proposals that--

(1) meet all applicable Federal and State permitting requirements;

(2) are most likely to be successful; and

(3) are located in local markets that have the greatest need for the facility.

(d) Maturity- A loan guaranteed under subsection (a) shall have a maturity of not more than 20 years.

(e) Terms and Conditions- The loan agreement for a loan guaranteed under subsection (a) shall provide that no provision of the loan agreement may be amended or waived without the consent of the Secretary.

(f) Assurance of Repayment- The Secretary shall require that an applicant for a loan guarantee under subsection (a) provide an assurance of

repayment in the form of a performance bond, insurance, collateral, or other means acceptable to the Secretary in an amount equal to not less than 20 percent of the amount of the loan.

(g) **Guarantee Fee-** The recipient of a loan guarantee under subsection (a) shall pay the Secretary an amount determined by the Secretary to be sufficient to cover the administrative costs of the Secretary relating to the loan guarantee.

(h) **Full Faith and Credit-** The full faith and credit of the United States is pledged to the payment of all guarantees made under this section. Any such guarantee made by the Secretary shall be conclusive evidence of the eligibility of the loan for the guarantee with respect to principal and interest. The validity of the guarantee shall be incontestable in the hands of a holder of the guaranteed loan.

(i) **Reports-** Until each guaranteed loan under this section has been repaid in full, the Secretary shall annually submit to Congress a report on the activities of the Secretary under this section.

(j) **Authorization of Appropriations-** There are authorized to be appropriated such sums as are necessary to carry out this section.

(k) **Termination of Authority-** The authority of the Secretary to issue a loan guarantee under subsection (a) terminates on the date that is 10 years after the date of enactment of this Act.

SEC. 210. DOMESTIC MANUFACTURING CONVERSION GRANT PROGRAM.

Section 712 of the Energy Policy Act of 2005 (42 U.S.C. 16062) is amended--

(1) in subsection (a)--

(A) by inserting ` and components thereof, including vehicles and components derived from the activities of the New Manhattan Center for High Efficiency Vehicles' after ` sales of efficient hybrid and advanced diesel vehicles';

(B) by inserting ` , plug-in electric hybrid, flexible-fuel,' after ` production of efficient hybrid'; and

(C) by adding at the end the following: ` Priority shall be given to the refurbishment or retooling of manufacturing facilities that have recently ceased operation or will cease operation in the near future.'; and

(2) by striking subsection (b) and inserting the following:

` (b) Coordination With State and Local Programs- The Secretary may coordinate implementation of this section with State and local programs designed to accomplish similar goals, including the retention and retraining of skilled workers from the such manufacturing facilities, including by establishing matching grant arrangements.

` (c) Authorization of Appropriations- There are authorized to be appropriated to the Secretary for carrying out this section--

` (1) \$200,000,000 for each of the fiscal years 2008 through 2012; and

` (2) such sums as may be necessary for each of the fiscal years 2013 through 2016.'.

TITLE III--BIOFUELS INFRASTRUCTURE DEVELOPMENT

SEC. 301. BIOFUELS INFRASTRUCTURE DEVELOPMENT.

(a) Grant Program- The Secretary of Energy shall establish a program for making grants for providing assistance to retail and wholesale motor fuel dealers or other entities for the installation, replacement, or conversion of motor fuel storage and dispensing infrastructure to be used exclusively to store and dispense biobased fuel (as defined in section 303(2) of the Biomass Research and Development Act of 2000 (7 U.S.C. 8101 note)), including E-85 gasoline, biodiesel, or biodiesel blended fuel. Such infrastructure may include equipment used in the blending, distribution, and transport of such fuels.

(b) Retail Technical and Marketing Assistance- The Secretary of Energy shall enter into contracts with entities with demonstrated experience in assisting retail fueling stations in installing refueling systems and marketing alternative fuels nationally, for the provision of technical and marketing assistance to recipients of grants under this section. Such assistance shall include--

(1) technical advice for compliance with applicable Federal and State environmental requirements;

(2) help in identifying supply sources and securing long-term contracts; and

(3) provision of public outreach, education, and labeling materials.

(c) Allocation- Grants under this section shall be made to applicants based upon criteria that will maximize the availability and use of the alternative fuel, and that will ensure that alternative fuels are available across the country, such as population, number of vehicles that can operate on E-85, number of diesel powered vehicles, number of retail fuel outlets, and saturation of vehicles capable of operating on the fuels described in subsection (a). The Secretary of Energy may also reserve funds appropriated for carrying out this section to support biofuels infrastructure development projects with a cost of greater than \$1,000,000, that are of national significance. The Secretary shall reserve funds appropriated for the biofuels infrastructure development grant program for technical and marketing assistance described in subsection (b). Grants shall be prioritized based on criteria that include--

(1) the public demand for each alternative fuel in a particular geographic area based on State registration records showing the number of automobiles that can be operated with alternative fuel; and

(2) the opportunity to create or expand corridors of alternative fuel stations along interstate or State highways.

(d) Combined Applications- States and local government entities and nonprofit entities may apply for assistance under this section on behalf of a group of retailers within a certain geographic area, or to carry out regional or multistate deployment projects. Any such application shall certify the availability and details of a program to match the Federal grant as required under subsection (e) and list the retail locations that would receive the funds.

(e) Limitations- Assistance provided under this section shall not exceed--

(1) 33 percent of the estimated cost of the installation, replacement, or conversion of motor fuel storage and dispensing infrastructure; or

(2) \$180,000 for a combination of equipment at any one retail outlet.

(f) Operation of Alternative Fuel Stations- The Secretary shall establish rules that set forth requirements for grant recipients under this section that include providing to the public the alternative fuel, establishing a marketing plan that informs consumers of the price and availability of the alternative fuel, clearly labeling the dispensers and related equipment, and providing periodic reports on the status of the alternative fuel sales, the type and amount of the alternative fuel dispensed at each location, and the average price of such fuel.

(g) Notification Requirements- Not later than the date on which each alternative fuel station begins to offer alternative fuel to the public, the grant recipient that used grant funds to construct or upgrade such station shall notify the Secretary of Energy of such opening. The Secretary of Energy shall add each new alternative fuel station to the alternative fuel station locator on its Website when it receives notification under this subsection.

(h) Ineligibility- No person may receive assistance under this section and receive a credit under section 30C of the Internal Revenue Code of 1986.

(i) Authorization of Appropriations- There are authorized to be appropriated to the Secretary of Energy for carrying out this section \$200,000,000 for each of the fiscal years 2008 through 2012, and such sums as may be necessary thereafter.

TITLE IV--GOVERNMENT USE AND DIVERSITY OF SUPPLY

SEC. 401. RENEWABLE FUEL REGULATIONS.

The Secretary of Energy shall issue regulations under section 212 of the Clean Air Act (as added by section 1511 of the Energy Policy Act of 2005) to provide for cellulosic ethanol production loan guarantees and issue a request for proposals under subsection (b) of such section 212 within 90 days after the enactment of this Act.

SEC. 402. GRANTS FOR CELLULOSIC ETHANOL PRODUCTION.

Subsection (s) of section 211 of the Clean Air Act is redesignated as subsection (t) and subsection (r) of such section 211 (as added by section 1512 of the Energy Policy Act of 2005), relating to conversion assistance for cellulosic biomass, waste-derived ethanol, and approved renewable fuels, is

redesignated as subsection (s) and amended as follows:

(1) By adding the following new subparagraphs at the end of paragraph (3):

^ (D) \$500,000,000 for fiscal year 2009.

^ (E) \$500,000,000 for fiscal year 2010.'.

(2) By adding the following new paragraph at the end thereof:

^ (5) GEOGRAPHICAL DISPERSION- The grants under this subsection shall be made to recipients distributed regionally across the country in such manner that an eligible production facility is constructed in each PADD (and each of the subpads in PADD 1) throughout the country with each such facility using, to the extent possible, a different feedstock material.'.

SEC. 403. STANDARD SPECIFICATIONS FOR BIODIESEL.

Section 211 of the Clean Air Act is amended by adding the following new subsection at the end thereof:

^ (u) Standard Specifications for Biodiesel- Not later than 180 days after the enactment of this subsection, the Administrator shall promulgate regulations establishing a series of uniform per gallon fuel standards for categories of biodiesel fuel and designate an identification number for fuel meeting each the standard in each such category so that vehicle manufacturers are able to design engines to use biodiesel fuel meeting one or more of such standards.'.

SEC. 404. REQUIREMENT FOR GREATER USE OF ALTERNATIVE FUELS IN FEDERAL FLEET.

Section 400AA(a)(3)(E) of the Energy Policy and Conservation Act (42 U.S.C. 6374(a)(3)(E)) is amended by adding at the end the following new clauses:

^ (iii) The report under clause (ii) also shall include an identification of the geographic areas where the alternative fuel required to be used in dual fueled vehicles acquired pursuant to this section is not reasonably available, as certified under clause (i)(I), and a list of such areas where it would be

most beneficial, in order of priority, to install a pump for dispensing a fuel known as E-85 or biodiesel fuel for such vehicles.

(iv) The Secretary may not grant a waiver under clause (i) in any fiscal year following a fiscal year in which the report under clause (ii) is not filed. In the case of an agency that receives a waiver under clause (i) for 2 successive fiscal years, the agency shall submit to the Secretary and Congress recommendations for solving the problems causing the need for the waiver.'

SEC. 405. REQUIREMENT FOR INSPECTOR GENERAL INVESTIGATIONS RELATING TO ALTERNATIVE FUEL USE AND SUPPLY IN FEDERAL AGENCIES AND REGULATIONS.

(a) Requirement- The Inspector General of each department or agency shall conduct a comprehensive investigation into alternative fuel use and supply within the department or agency to identify the reasons why alternative fuels are not being used in all dual fueled vehicles operated by the department or agency.

(b) Matters Covered- At a minimum, the investigation required under subsection (a) shall cover the following:

(1) The location of the dual fueled vehicles operated by the department or agency and the location of the nearest alternative fuel pumps.

(2) Whether dual fueled vehicles operated by the department or agency would make better use of alternative fuel if the vehicles were redeployed to other geographic areas.

(3) The steps undertaken by the head of the department or agency to ensure that the dual fueled vehicles use alternative fuel, including--

(A) whether such use is a priority for the department or agency; and

(B) whether and how often waivers are sought and obtained under section 400AA(a)(3)(E) of the Energy Policy and Conservation Act (42 U.S.C. 6374(a)(3)(E)).

(4) The manner in which use of alternative fuel is kept track of in vehicles leased by the department or agency.

(c) Report- The Inspector General of each department or agency shall submit to Congress a report on the investigation conducted under subsection (a) not later than January 3, 2008. The report shall include the results of the investigation and recommendations by the Inspector General for increased use of alternative fuels in the dual fueled vehicles operated by the department or agency.

SEC. 406. REPORT ON VEHICLES AND INFRASTRUCTURE FOR ALTERNATIVE FUEL USE.

Not later than 90 days after the date of the enactment of this Act, the Secretary of Defense shall submit to Congress a report that identifies, across the Armed Forces, the locations and concentrations of flex-fuel vehicles in the current and planned inventory of the Department of Defense, as well as the diesel engine vehicles and equipment, so as to prioritize the location and placement of new alternative fuel infrastructure to maximize the use of alternative fuels (such as E-85 and biodiesel) in vehicles acquired under the requirements of the Energy Policy Act of 1992. The report shall also identify the locations that are currently served by contract or commercial availability, and contain recommendations for future coordination and use of commercial outlets of alternative fuels.

SEC. 407. FUNDS SET ASIDE FOR ALTERNATIVE FUEL INFRASTRUCTURE.

(a) Percentage Required- Of the amounts appropriated or otherwise made available for a fiscal year for activities of the Defense Energy Support Center of the Defense Logistics Agency for noncombat fuel infrastructure, not less than 5 percent shall be available only for alternative fuel (such as E-85 and biodiesel) infrastructure.

(b) Termination- The requirement of subsection (a) terminates as of the date on which the Secretary of Defense submits to Congress the Secretary's certification that the Department of Defense can run all noncombat flex-fuel vehicles in the inventory of the Department on alternative fuels (such as E-85 and biodiesel).

SEC. 408. AUTHORITY FOR DEPARTMENT OF DEFENSE TO ENTER INTO

LONG-TERM CONTRACTS TO PROCURE BIOBASED FUEL AND UNCONVENTIONAL FUEL.

Section 2922d of title 10, United States Code, is amended--

(1) in subsection (b), by inserting after 'covered fuel' the following: ', biobased fuel, or coal-to-liquid fuel';

(2) in subsection (d)--

(A) by inserting after 'covered fuel' the following: ', biobased fuel, or coal-to-liquid fuel'; and

(B) by striking '1 or more years' and inserting 'up to 25 years'; and

(3) by adding at the end the following new subsection:

(f) Definitions- In this section:

(1) The term 'biobased fuel' has the meaning provided in section 303 (2) of the Biomass Research and Development Act of 2000 (7 U.S.C. 8101 note)), including E-85 gasoline, biodiesel, or biodiesel blended fuel.

(2) The term 'coal-to-liquid fuel' means a fuel produced from a coal-to-liquid process or technology in a coal-to-liquid facility.

(3) The term 'coal-to-liquid' means--

(A) with respect to a process or technology, the use of the coal resources of the United States, using the class of chemical reactions known as Fischer-Tropsch, to produce synthetic fuel suitable for transportation; and

(B) with respect to a facility, the portion of a facility related to the Fischer-Tropsch process, or related to Fischer-Tropsch finished fuel production, that ensures the capture, transportation, and sequestration of byproducts of the use of coal at the facility, including carbon emissions.'

SEC. 409. FEDERAL SUPPORT FOR PLUG-IN HYBRID ELECTRIC VEHICLES.

(a) Amendment- Section 301 of the Energy Policy Act of 1992 (42 U.S.C. 13211) is amended--

(1) in paragraph (8)--

(A) by striking `or' at the end of subparagraph (A);

(B) by inserting `or' at the end of subparagraph (B); and

(C) by adding after subparagraph (B) the following new subparagraph:

`(C) a hybrid electric vehicle;';

(2) by redesignating paragraphs (11), (12), (13), and (14) as paragraphs (12), (13), (14), and (16) respectively;

(3) by inserting after paragraph (10) the following new paragraph:

`(11) the term `hybrid electric vehicle' means a vehicle that--

(A) can operate on either liquid combustible fuel or electric power provided by an onboard battery; and

(B) utilizes regenerative power capture technology to recover energy expended in braking the vehicle for use in recharging the battery;';

(4) in paragraph (14), as so redesignated by paragraph (2) of this subsection, by striking `and' at the end; and

(5) by inserting after paragraph (14), as so redesignated by paragraph (2) of this subsection, the following new paragraph:

`(15) the term `plug-in hybrid electric vehicle' means a hybrid electric vehicle that can operate solely on electric power for a minimum of 20 miles under city driving conditions, and that is capable of recharging its battery from an offboard electricity source; and'.

(b) Plug-in Hybrid Electric Vehicle Matching Grants-

(1) ESTABLISHMENT- The Secretary of Energy shall establish a competitive grant program to provide not more than 25 grants annually to State governments, local governments, metropolitan transportation authorities, or combinations thereof for the purposes of procuring and testing plug-in hybrid electric vehicles.

(2) APPLICATIONS-

(A) REQUIREMENTS- The Secretary shall issue requirements for applying for grants under the program. The Secretary shall require that applications, at a minimum, include a description of how data will be--

(i) collected on the--

(I) performance of the vehicle or vehicles and the components, including the battery, energy management, and charging systems, under various driving speeds, trip ranges, traffic, and other driving conditions;

(II) costs of the vehicle or vehicles, including acquisition, operating, and maintenance costs, and how the project or projects will be self-sustaining after Federal assistance is completed; and

(III) emissions of the vehicle or vehicles, including greenhouse gases, and the amount of petroleum displaced as a result of the project or projects; and

(ii) summarized for dissemination to the Department of Energy, other grantees, and the public.

(B) PARTNERS- An applicant under subparagraph (A) may carry out a project or projects in partnership with one or more private entities.

(C) RESTRICTIONS- The Secretary shall award grants under this subsection with geographic diversity such that there is at least

one recipient government partner in every PADD, and in every Sub-PADD in the case of PADD 1.

(c) Report- The Secretary of Energy shall report to Congress on the potential for Federal Government procurement and acquisition of plug-in electric hybrid vehicles, including a proposed schedule for the acquisition of such vehicles, and including possible participation in commitment programs such as the National Plug-in Partners Campaign.

SEC. 410. CONGRESSIONAL ALTERNATIVE FUEL USE IN VEHICLES.

(a) Findings- The Congress finds that--

(1) Members of Congress should follow their own example of setting forth legislation that encourages the use of alternatively fueled vehicles;

(2) in 2005, the total cost of automobile leases for Members of Congress surpassed \$1,000,000, and a collective switch to alternative fuel vehicles, hybrid vehicles, or vehicles powered by biofuels could potentially save American taxpayers thousands of dollars annually; and

(3) the General Services Administration has already purchased over 68,000 alternative fueled vehicles for the use of Federal customers, more than any other organization in the United States.

(b) Study- Not later than 6 months after the date of enactment of this Act, the Comptroller General shall transmit to the Congress the results of a study, along with recommendations, as to how best to enable Members of Congress to procure alternative fuel vehicles for official use.

(c) Leasing Advice- The Chief Administrative Officer of the House of Representatives and the Secretary of the Senate shall advise Members of their respective bodies as to the available options to lease alternative fuel vehicles, including vehicles treated as alternative fuels vehicles by the Administrator of General Services under standards established by the Administrator, any other vehicles powered by alternative fuel or synthetic fuel, and any other vehicles powered in whole or in part by flexible-fuel operating systems, biofuel operating systems, electrical operating systems, or hybrid-electrical operating systems.

TITLE V--TRANSIT PROMOTION AND RAIL INFRASTRUCTURE DEVELOPMENT

Subtitle A--Transit

SEC. 501. INCREASE AND EXPANSION OF EMPLOYER-PROVIDED MASS TRANSIT FRINGE BENEFITS.

(a) Equalization of Limitation for Employer-Provided Mass Transit Fringe Benefit With Limitation for Employer-Provided Parking Fringe Benefit-

(1) IN GENERAL- Subparagraph (A) of section 132(f)(2) of the Internal Revenue Code of 1986 is amended by striking ` \$100' and inserting ` \$175'.

(2) INFLATION ADJUSTMENT- Subparagraph (A) of section 132(f)(6) of such Code is amended by striking the last sentence thereof.

(b) Extension of Transportation Fringe Benefit to Bicycle Commuters-

(1) IN GENERAL- Paragraph (1) of section 132(f) of the Internal Revenue Code of 1986 (relating to general rule for qualified transportation fringe) is amended by adding at the end the following:

` (D) Bicycle commuting allowance.'.

(2) BICYCLE COMMUTING ALLOWANCE DEFINED- Paragraph (5) of section 132(f) of such Code (relating to definitions) is amended by adding at the end the following:

` (F) BICYCLE COMMUTING ALLOWANCE- The term ` bicycle commuting allowance' means an amount provided to an employee for transportation on a bicycle if such transportation is in connection with travel between the employee's residence and place of employment.'.

(3) LIMITATION ON EXCLUSION- Subparagraph (A) of section 132(f)(2) of such Code is amended by striking ` subparagraphs (A) and (B)' and inserting ` subparagraphs (A), (B), and (D)'.

(c) Effective Date- The amendments made by this section shall apply to taxable years beginning after December 31, 2006.

SEC. 502. GRANTS TO IMPROVE PUBLIC TRANSPORTATION SERVICES.

(a) Authorizations of Appropriations-

(1) URBANIZED AREA FORMULA GRANTS- In addition to other amounts authorized or made available, there is authorized to be appropriated \$2,000,000,000 for fiscal year 2008 to carry out section 5307 of title 49, United States Code.

(2) FORMULA GRANTS FOR OTHER THAN URBANIZED AREAS- In addition to other amounts authorized or made available, there is authorized to be appropriated \$200,000,000 for fiscal year 2008 to carry out section 5311 of such title.

(b) Use of Funds-

(1) IN GENERAL- Funds appropriated pursuant to this section shall be used for projects that will expand or improve public transportation services provided by existing public transportation systems, as determined by the Secretary of Transportation.

(2) PRIORITY- In awarding grants using funds appropriated pursuant to subsection (a)(2), the Secretary shall give priority to projects involving vehicles that use clean fuels or are powered by biofuels.

(c) Matching Share-

(1) DEFERRAL- In awarding a grant for a project using funds appropriated pursuant to subsection (a), the Secretary may permit the recipient of the grant to defer payment of the non-Federal share of cost of the project for a period not to exceed 2 fiscal years.

(2) LIMITATION- The Secretary may permit such a deferral only if the Secretary determines that the deferral will not result in a decrease in the aggregate amount of funds provided by the recipient in a fiscal year for projects under section 5307 or 5311 of such title, as appropriate, as compared to the preceding fiscal year.

(d) Availability of Funds- Funds appropriated pursuant to this section shall remain available until expended.

SEC. 503. STUDY OF FUEL SAVINGS FROM INTELLIGENT TRANSPORTATION SYSTEMS.

Not later than 2 years after the date of enactment of this Act, the Secretary of Energy shall, in consultation with the Secretary of Transportation, report to Congress on the potential fuel savings from intelligent transportation systems that help businesses and consumers to plan their travel and avoid delays. These systems may include web-based real-time transit information systems, congestion information systems, carpool information systems, parking information systems, freight route management, and traffic management systems. The report shall include analysis of fuel savings, analysis of system costs, assessment of local, State, and regional differences in applicability, and evaluation of case studies, best practices, and emerging technologies from both the private and public sector.

Subtitle B--Secure Access for Commuter Rail

SEC. 511. SHORT TITLE.

This subtitle may be cited as the `Transit Rail Accommodation Improvement and Needs Act'.

SEC. 512. FINDINGS.

The Congress finds that--

- (1) modern and efficient fixed guideway transportation is important to the viability and well-being of metropolitan areas and to the energy conservation and self-sufficiency goals of the United States;
- (2) public convenience and necessity require the development of fixed guideway transportation systems in metropolitan areas presently without such service, and the expansion of existing systems in metropolitan areas already receiving such service; and
- (3) use of existing railroad trackage and rights-of-way in and around metropolitan areas provides a unique and valuable opportunity for the development and expansion of fixed guideway transportation facilities with a minimum of disruption to the environment and the surrounding community.

SEC. 513. RAIL TRANSIT ACCESS.

(a) Amendment- Part E of subtitle V of title 49, United States Code, is amended by adding at the end the following new chapter:

CHAPTER 285--RAIL TRANSIT ACCESS

Sec.

28501. Definitions.

28502. Shared use of rail carrier trackage by mass transportation authorities.

28503. Shared use of rail rights-of-way by mass transportation authorities.

28504. Applicability of other laws.

28505. Standards for Board action.

Sec. 28501. Definitions

In this chapter--

(1) the term 'Board' means the Surface Transportation Board;

(2) the term 'capital work' means maintenance, restoration, reconstruction, capacity enhancement, or rehabilitation work on trackage that would be treated, in accordance with generally accepted accounting principles, as a capital item rather than an expense;

(3) the term 'fixed guideway transportation' means mass transportation (as defined in section 5302(a)(7)) provided on, by, or using a fixed guideway (as defined in section 5302(a)(4));

(4) the term 'mass transportation authority' means a local governmental authority (as defined in section 5302(a)(6)) established to provide, or make a contract providing for, fixed guideway transportation;

` (5) the term `rail carrier' means a person, other than a governmental authority, providing common carrier railroad transportation for compensation subject to the jurisdiction of the Board under chapter 105;

` (6) the term `segregated fixed guideway facility' means a fixed guideway facility constructed within the railroad right-of-way of a rail carrier but physically separate from trackage, including relocated trackage, within the right-of-way used by a rail carrier for freight transportation purposes; and

` (7) the term `trackage' means a railroad line of a rail carrier, including a spur, industrial, team, switching, side, yard, or station track, and a facility of a rail carrier.

` Sec. 28502. Shared use of rail carrier trackage by mass transportation authorities

` (a) Authority- If, after a reasonable period of negotiation, a mass transportation authority cannot reach agreement with a rail carrier to use trackage of, and have related services provided by, the rail carrier for purposes of fixed guideway transportation, the Board shall, upon application of the mass transportation authority or the rail carrier, and if the Board finds it necessary or useful to carry out this chapter--

` (1) order that the trackage be made available and the related services be provided to the mass transportation authority; and

` (2) prescribe reasonable terms and compensation for use of the trackage and provision of the related services, including the performance of capital work if the mass transportation authority has demonstrated that such capital work is required for efficient and reliable passenger operations on the trackage to be used.

` (b) Standard for Compensation; Quality of Service- When prescribing reasonable compensation under subsection (a)(2), the Board shall consider alternative cost allocation principles, including incremental cost and fully allocated cost, under rules promulgated by the Board within 6 months after the date of the enactment of the Transit Rail Accommodation Improvement and Needs Act. The Board shall consider quality of service by the rail carrier as a major factor when determining compensation for the use of the trackage and providing the related services.

` (c) Terms of Operation- When prescribing reasonable terms under subsection (a)(2), the Board may prescribe the number of trains that may be operated by or for the mass transportation authority, the speeds at which such trains may be operated, and the trackage maintenance levels to be provided by the rail carrier.

` (d) Additional Trains- When a rail carrier and a mass transportation authority cannot agree to terms for the operation of additional trains by or for a mass transportation authority over a rail line of the carrier, the mass transportation authority or the rail carrier may apply to the Board for an order establishing such terms. If the Board finds it reasonable to carry out this chapter, the Board shall order the rail carrier to allow operation of the requested additional trains on such terms as the Board finds reasonable under the circumstances.

` (e) Trackage Maintenance- If a mass transportation authority believes that maintenance or related capital work of trackage operated by or for the mass transportation authority has fallen below a necessary level to maintain reliable service at speeds necessary to provide convenient and efficient mass transportation service, the mass transportation authority may, after notice to the rail carrier and a sufficient period for maintenance or related capital work improvements, apply to the Board for an order requiring the rail carrier to provide increased or improved maintenance or related capital work on the trackage. If the Board finds it reasonable to carry out this part, the Board shall order the rail carrier to provide such increased or improved maintenance or related capital work as the Board finds reasonable under the circumstances. The remedy available under this subsection shall be in addition to any contract rights that a mass transportation authority may possess with respect to trackage maintenance or related capital work.

` (f) Accelerated Speeds- If a rail carrier refuses to allow accelerated speeds for trains operated by or for a mass transportation authority, the mass transportation authority may apply to the Board for an order requiring the rail carrier to allow the accelerated speeds and related capital work required to permit operation at the accelerated speeds. The Board shall decide whether accelerated speeds are practicable and which capital work would be required to make accelerated speeds practicable. The Board shall establish the maximum allowable speeds for trains operated by or for a mass transportation authority on terms the Board decides are reasonable.

` (g) Preference Over Freight Transportation- Except in an emergency, and consistent with subtitle E of title V of the PROGRESS Act and regulations issued thereunder, fixed guideway transportation provided by or for a mass

transportation authority pursuant to an order issued under subsection (a) has preference over freight transportation in using a rail line, junction, or crossing unless the Board orders otherwise under this chapter. A rail carrier affected by this subsection may apply to the Board for relief. If the Board decides that preference for fixed guideway transportation materially will lessen the quality of freight transportation provided to shippers, the Board shall establish the rights of the rail carrier and the mass transportation authority on reasonable terms.

^ (h) Final Determination- The Board shall make a determination under this section not later than 120 days after a mass transportation authority or a rail carrier submits an application to the Board.

^ Sec. 28503. Shared use of rail rights-of-way by mass transportation authorities

^ (a) General Authority- If, after a reasonable period of negotiation, a mass transportation authority cannot reach agreement with a rail carrier to acquire an interest in a railroad right-of-way for the construction and operation of a segregated fixed guideway facility, the mass transportation authority may apply to the Board for an order requiring the rail carrier to convey an interest to the authority. The Board, not later than 120 days after receiving the application, shall order the interest conveyed if--

^ (1) the mass transportation authority assumes a reasonable allocation of costs associated with any necessary relocation of a rail carrier's trackage within the right-of-way; and

^ (2) the fixed guideway transportation purpose of the proposed segregated fixed guideway facility cannot be met adequately at a reasonable cost by acquiring an interest in other property.

^ (b) Compensation and Terms- A conveyance ordered by the Board under this section shall be subject to the payment of just compensation and to such other reasonable terms as the Board may prescribe.

^ Sec. 28504. Applicability of other laws

^ (a) Board Review or Approval- Operations or conveyances undertaken pursuant to an order issued under section 28502 or 28503 are not subject to Board review or approval under subtitle IV of this title unless the Board, on a case-by-case basis, has determined that the mass transportation authority has assumed rights or obligations under such order to provide transportation

subject to the jurisdiction of the Board under chapter 105.

` (b) Contractual Obligations for Claims- Nothing in this chapter shall be construed to limit a rail transportation provider's right under section 28103 (b) to enter into contracts that allocate financial responsibility for claims.

Sec. 28505. Standards for Board action

` In proceedings under sections 28502 and 28503 the Board shall utilize, to the extent relevant and feasible, the principles, standards, and precedents utilized in proceedings under sections 24308 and 24311(c) involving the National Railroad Passenger Corporation.'

(b) Conforming Amendments-

(1) LIMITATIONS ON RAIL PASSENGER TRANSPORTATION LIABILITY- Section 28103(a) of title 49, United States Code, is amended by inserting `or other fixed guideway transportation' after `commuter'.

(2) TABLE OF CHAPTERS- The table of chapters of subtitle V of title 49, United States Code, is amended by adding after the item relating to chapter 283 the following new item:

28501'.

SEC. 514. RAIL TRANSPORTATION POLICY.

Section 10101 of title 49, United States Code, is amended--

(1) by striking `and' at the end of paragraph (14);

(2) by striking the period at the end of paragraph (15) and inserting ` ; and'; and

(3) by adding at the end the following new paragraph:

` (16) to encourage and promote the operation of safe, efficient, and reliable commuter rail passenger service and other fixed guideway transportation systems, including operations where the service will share lines, corridors, or other facilities with freight railroads or with intercity rail passenger service.'

Subtitle C--Intercity Passenger Rail and Rail Bond Program

SEC. 521. CAPITAL ASSISTANCE FOR INTERCITY PASSENGER RAIL SERVICE; STATE RAIL PLANS.

(a) In General- Part C of subtitle V of title 49, United States Code, is amended by inserting the following after chapter 243:

CHAPTER 244--INTERCITY PASSENGER RAIL SERVICE CORRIDOR CAPITAL ASSISTANCE

Sec.

24401. Definitions.

24402. Capital investment grants to support intercity passenger rail service.

24403. Project management oversight.

24404. Use of capital grants to finance first-dollar liability of grant project.

24405. Grant conditions.

24406. Authorization of appropriations.

Sec. 24401. Definitions

In this chapter:

(1) APPLICANT- The term 'applicant' means a State (including the District of Columbia), a group of States, an Interstate Compact, or a public agency established by one or more States and having responsibility for providing intercity passenger rail service.

(2) CAPITAL PROJECT- The term 'capital project' means a project or program in a State rail plan developed under chapter 225 of this title for--

` (A) acquiring, constructing, improving, or inspecting equipment or a facility for use in or for the primary benefit of intercity passenger rail service, expenses incidental to the acquisition or construction (including designing, engineering, location surveying, mapping, environmental studies, and acquiring rights-of-way), payments for the capital portions of rail trackage rights agreements, highway-rail grade crossing improvements related to intercity passenger rail service, security, mitigating environmental impacts, communication and signalization improvements, relocation assistance, acquiring replacement housing sites, and acquiring, constructing, relocating, and rehabilitating replacement housing;

` (B) rehabilitating, remanufacturing or overhauling rail rolling stock and facilities used primarily in intercity passenger rail service;

` (C) costs associated with developing State rail plans; and

` (D) the first-dollar liability costs for insurance related to the provision of intercity passenger rail service under section 24404.

` (3) INTERCITY PASSENGER RAIL SERVICE- The term `intercity passenger rail service' means transportation services with the primary purpose of passenger transportation between towns, cities and metropolitan areas by rail, including high-speed rail, as defined in section 24102.

` Sec. 24402. Capital investment grants to support intercity passenger rail service

` (a) General Authority-

` (1) The Secretary of Transportation may make grants under this section to an applicant to assist in financing the capital costs of facilities and equipment necessary to provide or improve intercity passenger rail transportation.

` (2) The Secretary shall require that a grant under this section be subject to the terms, conditions, requirements, and provisions the Secretary decides are necessary or appropriate for the purposes of this section, including requirements for the disposition of net increases in value of real property resulting from the project assisted under this

section and shall prescribe procedures and schedules for the awarding of grants under this chapter, including application and qualification procedures and a record of decision on applicant eligibility. The Secretary shall issue a final rule establishing such procedures not later than 90 days after the date of enactment of this chapter.

˘ (b) Project as Part of State Rail Plan-

˘ (1) The Secretary may not approve a grant for a project under this section unless the Secretary finds that the project is part of a State rail plan developed under chapter 225 of this title and that the applicant or recipient has or will have the legal, financial, and technical capacity to carry out the project, satisfactory continuing control over the use of the equipment or facilities, and the capability and willingness to maintain the equipment or facilities.

˘ (2) An applicant shall provide sufficient information upon which the Secretary can make the findings required by this subsection.

˘ (3) If an applicant has not selected the proposed operator of its service competitively, the applicant shall provide written justification to the Secretary showing why the proposed operator is the best, taking into account price and other factors, and that use of the proposed operator will not unnecessarily increase the cost of the project.

˘ (c) Project Selection Criteria- The Secretary, in selecting the recipients of financial assistance to be provided under subsection (a), shall--

˘ (1) require that each proposed project meet all safety and security requirements that are applicable to the project under law;

˘ (2) give preference to projects with high levels of estimated ridership, increased on-time performance, reduced trip time, additional service frequency, or other significant service enhancements;

˘ (3) encourage intermodal connectivity through projects that provide direct connections between train stations, airports, bus terminals, subway stations, ferry ports, and other modes of transportation;

˘ (4) ensure that each project is compatible with, and is operated in conformance with--

- ˘ (A) plans developed pursuant to the requirements of section 135 of title 23, United States Code; and

- ˘ (B) the national rail plan (if it is available); and

- ˘ (5) favor the following kinds of projects:

- ˘ (A) Projects that are expected to have a significant favorable impact on air or highway traffic congestion, capacity, or safety.

- ˘ (B) Projects that also improve freight or commuter rail operations.

- ˘ (C) Projects that have significant environmental benefits.

- ˘ (D) Projects that are--

- ˘ (i) at a stage of preparation that all pre-commencement compliance with environmental protection requirements has already been completed; and

- ˘ (ii) ready to be commenced.

- ˘ (E) Projects with positive economic and employment impacts.

- ˘ (F) Projects that encourage the use of positive train control technologies.

- ˘ (G) Projects that have commitments of funding from non-Federal Government sources in a total amount that exceeds the minimum amount of the non-Federal contribution required for the project.

- ˘ (H) Projects that involve donated property interests or services.

- ˘ (I) Projects that are identified by the Surface Transportation Board as necessary to improve the on time performance and reliability of intercity passenger rail under section 24308(f).

- ˘ (d) Amtrak Eligibility- To receive a grant under this section, the National Railroad Passenger Corporation may enter into a cooperative agreement

with 1 or more States to carry out 1 or more projects on a State rail plan's ranked list of rail capital projects developed under section 22504(a)(5) of this title.

^ (e) Letters of Intent, Full Funding Grant Agreements, and Early Systems Work Agreements-

^ (1) The Secretary may issue a letter of intent to an applicant announcing an intention to obligate, for a major capital project under this section, an amount from future available budget authority specified in law that is not more than the amount stipulated as the financial participation of the Secretary in the project.

^ (2) The Secretary may make a full funding grant agreement with an applicant. The agreement shall--

^ (A) establish the terms of participation by the United States Government in a project under this section;

^ (B) establish the maximum amount of Government financial assistance for the project;

^ (C) cover the period of time for completing the project, including a period extending beyond the period of an authorization; and

^ (D) make timely and efficient management of the project easier according to the law of the United States.

^ (3) The total estimated amount of future obligations of the Government and contingent commitments to incur obligations covered by all outstanding letters of intent, full funding grant agreements, and early systems work agreements may be not more than the amount authorized under section 24406, less an amount the Secretary reasonably estimates is necessary for grants under this section not covered by a letter. The total amount covered by new letters and contingent commitments included in full funding grant agreements and early systems work agreements may be not more than a limitation specified in law.

^ (f) Federal Share of Net Project Cost-

^ (1)(A) Based on engineering studies, studies of economic feasibility, and information on the expected use of equipment or facilities, the Secretary shall estimate the net project cost.

^ (B) A grant for the project shall not exceed 80 percent of the project net capital cost.

^ (C) The Secretary shall give priority in allocating future obligations and contingent commitments to incur obligations to grant requests seeking a lower Federal share of the project net capital cost.

^ (2) 50 percent of the average amounts expended by a State or group of States (including the District of Columbia) for capital projects to benefit intercity passenger rail service in fiscal years 2006 and 2007 shall be credited towards the matching requirements for grants awarded under this section. The Secretary may require such information as necessary to verify such expenditures.

^ (3) 50 percent of the average amounts expended by a State or group of States (including the District of Columbia) in a fiscal year beginning in 2008 for capital projects to benefit intercity passenger rail service or for the operating costs of such service above the average of expenditures made for such service in fiscal years 2006 and 2007 shall be credited towards the matching requirements for grants awarded under this section. The Secretary may require such information as necessary to verify such expenditures.

^ (g) Undertaking Projects in Advance-

^ (1) The Secretary may pay the Federal share of the net capital project cost to an applicant that carries out any part of a project described in this section according to all applicable procedures and requirements if--

^ (A) the applicant applies for the payment;

^ (B) the Secretary approves the payment; and

^ (C) before carrying out the part of the project, the Secretary approves the plans and specifications for the part in the same way as other projects under this section.

` (2) The cost of carrying out part of a project includes the amount of interest earned and payable on bonds issued by the applicant to the extent proceeds of the bonds are expended in carrying out the part. However, the amount of interest under this paragraph may not be more than the most favorable interest terms reasonably available for the project at the time of borrowing. The applicant shall certify, in a manner satisfactory to the Secretary, that the applicant has shown reasonable diligence in seeking the most favorable financial terms.

` (3) The Secretary shall consider changes in capital project cost indices when determining the estimated cost under paragraph (2) of this subsection.

` (h) 2-Year Availability- Funds appropriated under this section shall remain available until expended. If any amount provided as a grant under this section is not obligated or expended for the purposes described in subsection (a) within 2 years after the date on which the State received the grant, such sums shall be returned to the Secretary for other intercity passenger rail development projects under this section at the discretion of the Secretary.

` (i) Public-Private Partnerships-

` (1) IN GENERAL- A metropolitan planning organization, State transportation department, or other project sponsor may enter into an agreement with any public, private, or nonprofit entity to cooperatively implement any project funded with a grant under this chapter.

` (2) FORMS OF PARTICIPATION- Participation by an entity under paragraph (1) may consist of--

` (A) ownership or operation of any land, facility, locomotive, rail car, vehicle, or other physical asset associated with the project;

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

` (C) carrying out administration, construction management, project management, project operation, or any other management or operational duty associated with the project; and

` (D) any other form of participation approved by the Secretary.

` (3) SUBALLOCATION- A State may allocate funds under this section to any entity described in paragraph (1).

` (j) Special Transportation Circumstances- In carrying out this section, the Secretary shall allocate an appropriate portion of the amounts available under this section to provide grants to States in which there is no intercity passenger rail service for the purpose of funding freight rail capital projects that are on a State rail plan developed under chapter 225 of this title that provide public benefits (as defined in chapter 225) as determined by the Secretary.

` Sec. 24403. Project management oversight

` (a) Project Management Plan Requirements- To receive Federal financial assistance for a major capital project under this chapter, an applicant must prepare and carry out a project management plan approved by the Secretary of Transportation.

` (b) Secretarial Oversight-

` (1) The Secretary may use no more than 0.5 percent of amounts made available in a fiscal year for capital projects under this chapter to enter into contracts to oversee the construction of such projects.

` (2) The Secretary may use amounts available under paragraph (1) of this subsection to make contracts for safety, procurement, management, and financial compliance reviews and audits of a recipient of amounts under paragraph (1).

` (3) The Federal Government shall pay the entire cost of carrying out a contract under this subsection.

` (c) Access to Sites and Records- Each recipient of assistance under this chapter shall provide the Secretary and a contractor the Secretary chooses under subsection (b) of this section with access to the construction sites and records of the recipient when reasonably necessary.

` Sec. 24404. Use of capital grants to finance first-dollar liability of grant project

` Notwithstanding the requirements of section 24402 of this chapter, the Secretary of Transportation may approve the use of capital assistance under this chapter to fund self-insured retention of risk for the first tier of liability

insurance coverage for rail passenger service associated with the capital assistance grant, but the coverage may not exceed \$20,000,000 per occurrence or \$20,000,000 in aggregate per year.

Sec. 24405. Grant conditions

(a) Domestic Buying Preference-

(1) REQUIREMENT-

(A) IN GENERAL- In carrying out a project funded in whole or in part with a grant under this chapter, the grant recipient shall purchase only--

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

(ii) manufactured articles, material, and supplies manufactured in the United States substantially from articles, material, and supplies mined, produced, or manufactured in the United States.

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

(2) EXEMPTIONS- On application of a recipient, the Secretary may exempt a recipient from the requirements of this subsection if the Secretary decides that, for particular articles, material, or supplies--

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

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

(C) the articles, material, or supplies, or the articles, material, or supplies from which they are manufactured, are not mined, produced, or manufactured in the United States in sufficient and reasonably available commercial quantities and are not of a satisfactory quality.

(3) UNITED STATES DEFINED- In this subsection, the term 'the United States' means the States, territories, and possessions of the United States and the District of Columbia.

` (b) Operators Deemed Rail Carriers and Employers for Certain Purposes- A person that conducts rail operations over rail infrastructure constructed or improved with funding provided in whole or in part in a grant made under this chapter--

` (1) shall be considered an employer for purposes of the Railroad Retirement Act of 1974 (45 U.S.C. 231 et seq.); and

` (2) shall be considered a carrier for purposes of the Railway Labor Act (43 U.S.C. 151 et seq.).

` (c) Grant Conditions- The Secretary shall require as a condition of making any grant under this chapter that includes the improvement or use of rights-of-way owned by a railroad that--

` (1) a written agreement exist between the applicant and the railroad regarding such use and ownership, including--

` (A) any compensation for such use;

` (B) assurances regarding the adequacy of infrastructure capacity to accommodate both existing and future freight and passenger operations; and

` (C) an assurance by the railroad that collective bargaining agreements with the railroad's employees (including terms regulating the contracting of work) will remain in full force and effect according to their terms for work performed by the railroad on the railroad transportation corridor; and

` (2) the applicant agrees to comply with--

` (A) the standards of section 24312 of this title, as such section was in effect on September 1, 2003, with respect to the project in the same manner that the National Railroad Passenger Corporation is required to comply with those standards for construction work financed under an agreement made under section 24308(a) of this title; and

` (B) the protective arrangements established under section 504 of the Railroad Revitalization and Regulatory Reform Act of 1976

(45 U.S.C. 836) with respect to employees affected by actions taken in connection with the project to be financed in whole or in part by grants under this chapter.

^ (d) Replacement of Existing Intercity Passenger Rail Service-

^ (1) COLLECTIVE BARGAINING AGREEMENT FOR INTERCITY PASSENGER RAIL PROJECTS- Any entity providing intercity passenger railroad transportation that begins operations after the date of enactment of this Act on a project funded in whole or in part by grants made under this chapter and replaces intercity rail passenger service that was provided by Amtrak, unless such service was provided solely by Amtrak to another entity, as of such date shall enter into an agreement with the authorized bargaining agent or agents for adversely affected employees of the predecessor provider that--

^ (A) gives each such qualified employee of the predecessor provider priority in hiring according to the employee's seniority on the predecessor provider for each position with the replacing entity that is in the employee's craft or class and is available within 3 years after the termination of the service being replaced;

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

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

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

^ (2) IMMEDIATE REPLACEMENT SERVICE-

^ (A) NEGOTIATIONS- If the replacement of preexisting intercity rail passenger service occurs concurrent with or within a reasonable time before the commencement of the replacing entity's rail passenger service, the replacing entity shall give written notice of its plan to replace existing rail passenger service to the authorized collective bargaining agent or agents for the potentially adversely affected employees of the predecessor provider at least 90 days before the date on which it plans to commence service. Within 5 days after the date of receipt of such written notice, negotiations between the replacing entity and the

collective bargaining agent or agents for the employees of the predecessor provider shall commence for the purpose of reaching agreement with respect to all matters set forth in subparagraphs (A) through (D) of paragraph (1). The negotiations shall continue for 30 days or until an agreement is reached, whichever is sooner. If at the end of 30 days the parties have not entered into an agreement with respect to all such matters, the unresolved issues shall be submitted for arbitration in accordance with the procedure set forth in subparagraph (B).

^ (B) ARBITRATION- If an agreement has not been entered into with respect to all matters set forth in subparagraphs (A) through (D) of paragraph (1) as described in subparagraph (A) of this paragraph, the parties shall select an arbitrator. If the parties are unable to agree upon the selection of such arbitrator within 5 days, either or both parties shall notify the National Mediation Board, which shall provide a list of seven arbitrators with experience in arbitrating rail labor protection disputes. Within 5 days after such notification, the parties shall alternately strike names from the list until only 1 name remains, and that person shall serve as the neutral arbitrator. Within 45 days after selection of the arbitrator, the arbitrator shall conduct a hearing on the dispute and shall render a decision with respect to the unresolved issues among the matters set forth in subparagraphs (A) through (D) of paragraph (1). This decision shall be final, binding, and conclusive upon the parties. The salary and expenses of the arbitrator shall be borne equally by the parties; all other expenses shall be paid by the party incurring them.

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

^ (4) SUBSEQUENT REPLACEMENT OF SERVICE- If the replacement of existing rail passenger service takes place within 3 years after the replacing entity commences intercity passenger rail service, the replacing entity and the collective bargaining agent or agents for the adversely affected employees of the predecessor provider shall enter into an agreement with respect to the matters set forth in subparagraphs (A) through (D) of paragraph (1). If the parties have not entered into an agreement with respect to all such matters within

60 days after the date on which the replacing entity replaces the predecessor provider, the parties shall select an arbitrator using the procedures set forth in paragraph (2)(B), who shall, within 20 days after the commencement of the arbitration, conduct a hearing and decide all unresolved issues. This decision shall be final, binding, and conclusive upon the parties.

^ (e) Inapplicability to Certain Rail Operations- Nothing in this section applies to--

^ (1) commuter rail passenger transportation (as defined in section 24102(4) of this title) operations of a State or local government authority (as those terms are defined in section 5302(11) and (6), respectively, of this title) eligible to receive financial assistance under section 5307 of this title, or to its contractor performing services in connection with commuter rail passenger operations (as so defined); or

^ (2) the National Railroad Passenger Corporation's access rights to railroad rights of way and facilities under current law for projects funded under this chapter where train operating speeds do not exceed 79 miles per hour.

^ **Sec. 24406. Authorization of appropriations.**

^ There are authorized to be appropriated to the Secretary of Transportation for carrying out this chapter \$200,000,000 for each of the fiscal years 2008 through 2012.'

(b) Conforming Amendments- The table of chapters for subtitle V of title 49, United States Code, is amended by inserting the following after the item relating to chapter 243:

24401'.

SEC. 522. STATE RAIL PLANS.

(a) In General- Part B of subtitle V of title 49, United States Code, is amended by adding at the end the following:

^ **CHAPTER 225--STATE RAIL PLANS AND HIGH PRIORITY PROJECTS**

` Sec.

` 22501. Definitions.

` 22502. Authority.

` 22503. Purposes.

` 22504. Transparency; coordination; review.

` 22505. Content.

` 22506. Review.

` Sec. 22501. Definitions

` In this subchapter:

` (1) PRIVATE BENEFIT-

` (A) IN GENERAL- The term ` private benefit'--

` (i) means a benefit accrued to a person or private entity, other than the National Railroad Passenger Corporation, that directly improves the economic and competitive condition of that person or entity through improved assets, cost reductions, service improvements, or any other means as defined by the Secretary; and

` (ii) shall be determined on a project-by-project basis, based upon an agreement between the parties.

` (B) CONSULTATION- The Secretary may seek the advice of the States and rail carriers in further defining this term.

` (2) PUBLIC BENEFIT-

` (A) IN GENERAL- The term ` public benefit'--

` (i) means a benefit accrued to the public in the form of enhanced mobility of people or goods, environmental

protection or enhancement, congestion mitigation, enhanced trade and economic development, improved air quality or land use, more efficient energy use, enhanced public safety or security, reduction of public expenditures due to improved transportation efficiency or infrastructure preservation, and any other positive community effects as defined by the Secretary; and

` (ii) shall be determined on a project-by-project basis, based upon an agreement between the parties.

` (B) CONSULTATION- The Secretary may seek the advice of the States and rail carriers in further defining this term.

` (3) STATE- The term ` State' means any of the 50 States and the District of Columbia.

` (4) STATE RAIL TRANSPORTATION AUTHORITY- The term ` State rail transportation authority' means the State agency or official responsible under the direction of the Governor of the State or a State law for preparation, maintenance, coordination, and administration of the State rail plan.

` Sec. 22502. Authority

` (a) In General- Each State may prepare and maintain a State rail plan in accordance with the provisions of this subchapter.

` (b) Requirements- For the preparation and periodic revision of a State rail plan, a State shall--

` (1) establish or designate a State rail transportation authority to prepare, maintain, coordinate, and administer the plan;

` (2) establish or designate a State rail plan approval authority to approve the plan;

` (3) submit the State's approved plan to the Secretary of Transportation for review; and

` (4) revise and resubmit a State-approved plan no less frequently than once every 5 years for reapproval by the Secretary.

Sec. 22503. Purposes

- ^ (a) Purposes- The purposes of a State rail plan are as follows:
 - ^ (1) To set forth State policy involving freight and passenger rail transportation, including commuter rail operations, in the State.
 - ^ (2) To establish the period covered by the State rail plan.
 - ^ (3) To present priorities and strategies to enhance rail service in the State that benefits the public.
 - ^ (4) To serve as the basis for Federal and State rail investments within the State.
- ^ (b) Coordination- A State rail plan shall be coordinated with other State transportation planning goals and programs and set forth rail transportation's role within the State transportation system.

Sec. 22504. Transparency; coordination; review

- ^ (a) Preparation- A State shall provide adequate and reasonable notice and opportunity for comment and other input to the public, rail carriers, commuter and transit authorities operating in, or affected by rail operations within the State, units of local government, and other interested parties in the preparation and review of its State rail plan.
- ^ (b) Intergovernmental Coordination- A State shall review the freight and passenger rail service activities and initiatives by regional planning agencies, regional transportation authorities, and municipalities within the State, or in the region in which the State is located, while preparing the plan, and shall include any recommendations made by such agencies, authorities, and municipalities as deemed appropriate by the State.

Sec. 22505. Content

- ^ (a) In General- Each State rail plan shall contain the following:
 - ^ (1) An inventory of the existing overall rail transportation system and rail services and facilities within the State and an analysis of the role of

rail transportation within the State's surface transportation system.

- ˘ (2) A review of all rail lines within the State, including proposed high speed rail corridors and significant rail line segments not currently in service.
- ˘ (3) A statement of the State's passenger rail service objectives, including minimum service levels, for rail transportation routes in the State.
- ˘ (4) A general analysis of rail's transportation, economic, and environmental impacts in the State, including congestion mitigation, trade and economic development, air quality, land-use, energy-use, and community impacts.
- ˘ (5) A long-range rail investment program for current and future freight and passenger infrastructure in the State that meets the requirements of subsection (b).
- ˘ (6) A statement of public financing issues for rail projects and service in the State, including a list of current and prospective public capital and operating funding resources, public subsidies, State taxation, and other financial policies relating to rail infrastructure development.
- ˘ (7) An identification of rail infrastructure issues within the State that reflects consultation with all relevant stake holders.
- ˘ (8) A review of major passenger and freight intermodal rail connections and facilities within the State, including seaports, and prioritized options to maximize service integration and efficiency between rail and other modes of transportation within the State.
- ˘ (9) A review of publicly funded projects within the State to improve rail transportation safety and security, including all major projects funded under section 130 of title 23.
- ˘ (10) A performance evaluation of passenger rail services operating in the State, including possible improvements in those services, and a description of strategies to achieve those improvements.
- ˘ (11) A compilation of studies and reports on high-speed rail corridor development within the State not included in a previous plan under

this subchapter, and a plan for funding any recommended development of such corridors in the State.

^ (12) A statement that the State is in compliance with the requirements of section 22102.

^ (b) Long-Range Service and Investment Program-

^ (1) PROGRAM CONTENT- A long-range rail investment program included in a State rail plan under subsection (a)(5) shall include the following matters:

^ (A) A list of any rail capital projects expected to be undertaken or supported in whole or in part by the State.

^ (B) A detailed funding plan for those projects.

^ (2) PROJECT LIST CONTENT- The list of rail capital projects shall contain--

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

^ (B) a statement of the correlation between--

^ (i) public funding contributions for the projects; and

^ (ii) the public benefits.

^ (3) CONSIDERATIONS FOR PROJECT LIST- In preparing the list of freight and intercity passenger rail capital projects, a State rail transportation authority should take into consideration the following matters:

^ (A) Contributions made by non-Federal and non-State sources through user fees, matching funds, or other private capital involvement.

^ (B) Rail capacity and congestion effects.

^ (C) Effects to highway, aviation, and maritime capacity,

congestion, or safety.

` (D) Regional balance.

` (E) Environmental impact.

` (F) Economic and employment impacts.

` (G) Projected ridership and other service measures for passenger rail projects.

` **Sec. 22506. Review**

` The Secretary shall prescribe procedures for States to submit State rail plans for review under this title, including standardized format and data requirements.'

(b) Conforming Amendment- The table of chapters for subtitle V of title 49, United States Code, is amended by inserting the following after the item relating to chapter 223:

22501'.

SEC. 523. RAIL COOPERATIVE RESEARCH PROGRAM.

(a) Establishment and Content- Chapter 249 of title 49, United States Code, is amended by adding at the end the following:

` **Sec. 24910. Rail cooperative research program**

` (a) In General- The Secretary shall establish and carry out a rail cooperative research program. The program shall--

` (1) address, among other matters, intercity rail passenger and freight rail services, including existing rail passenger and freight technologies and speeds, incrementally enhanced rail systems and infrastructure, and new high-speed wheel-on-rail systems and rail security;

` (2) address ways to expand the transportation of international trade traffic by rail, enhance the efficiency of intermodal interchange at ports and other intermodal terminals, and increase capacity and availability

of rail service for seasonal freight needs;

ˆ (3) consider research on the interconnectedness of commuter rail, passenger rail, freight rail, and other rail networks; and

ˆ (4) give consideration to regional concerns regarding rail passenger and freight transportation, including meeting research needs common to designated high-speed corridors, long-distance rail services, and regional intercity rail corridors, projects, and entities.

ˆ (b) Content- The program to be carried out under this section shall include research designed--

ˆ (1) to identify the unique aspects and attributes of rail passenger and freight service;

ˆ (2) to develop more accurate models for evaluating the impact of rail passenger and freight service, including the effects on highway and airport and airway congestion, environmental quality, and energy consumption;

ˆ (3) to develop a better understanding of modal choice as it affects rail passenger and freight transportation, including development of better models to predict utilization;

ˆ (4) to recommend priorities for technology demonstration and development;

ˆ (5) to meet additional priorities as determined by the advisory board established under subsection (c), including any recommendations made by the National Research Council;

ˆ (6) to explore improvements in management, financing, and institutional structures;

ˆ (7) to address rail capacity constraints that affect passenger and freight rail service through a wide variety of options, ranging from operating improvements to dedicated new infrastructure, taking into account the impact of such options on operations;

ˆ (8) to improve maintenance, operations, customer service, or other aspects of intercity rail passenger and freight service;

` (9) to recommend objective methodologies for determining intercity passenger rail routes and services, including the establishment of new routes, the elimination of existing routes, and the contraction or expansion of services or frequencies over such routes;

` (10) to review the impact of equipment and operational safety standards on the further development of high speed passenger rail operations connected to or integrated with non-high speed freight or passenger rail operations; and

` (11) to recommend any legislative or regulatory changes necessary to foster further development and implementation of high speed passenger rail operations while ensuring the safety of such operations that are connected to or integrated with non-high speed freight or passenger rail operations.

` (c) Advisory Board-

` (1) ESTABLISHMENT- In consultation with the heads of appropriate Federal departments and agencies, the Secretary shall establish an advisory board to recommend research, technology, and technology transfer activities related to rail passenger and freight transportation.

` (2) MEMBERSHIP- The advisory board shall include--

` (A) representatives of State transportation agencies;

` (B) transportation and environmental economists, scientists, and engineers; and

` (C) representatives of Amtrak, the Alaska Railroad, freight railroads, transit operating agencies, intercity rail passenger agencies, railway labor organizations, and environmental organizations.

` (d) National Academy of Sciences- The Secretary may make grants to, and enter into cooperative agreements with, the National Academy of Sciences to carry out such activities relating to the research, technology, and technology transfer activities described in subsection (b) as the Secretary deems appropriate.'

(b) Clerical Amendment- The chapter analysis for chapter 249 is amended by adding at the end the following:

^ 24910. Rail cooperative research program.'.

SEC. 524. HIGH-SPEED INTERCITY RAIL FACILITY BONDS.

(a) Amendment- Chapter 261 of title 49, United States Code, is amended by adding at the end the following new section:

^ Sec. 26106. High-speed rail infrastructure bonds

^ (a) Designation- The Secretary may designate bonds for purposes of subsection (f) or section 54A of the Internal Revenue Code of 1986 if--

^ (1) the bonds are to be issued by--

^ (A) a State, if the entire railroad passenger transportation corridor containing the infrastructure project to be financed is within the State;

^ (B) 1 or more of the States that have entered into an agreement or an interstate compact consented to by Congress under section 410(a) of Public Law 105-134 (49 U.S.C. 24101 nt); or

^ (C) an agreement or an interstate compact described in subparagraph (B);

^ (2) the bonds are for the purpose of financing--

^ (A) projects that make a substantial contribution to providing the infrastructure and equipment required to complete a high-speed rail transportation corridor (including projects for the acquisition, financing, or refinancing of equipment and other capital improvements, including the introduction of new high-speed technologies such as magnetic levitation systems, track or signal improvements, the elimination of grade crossings, development of intermodal facilities, improvement of train speeds or safety, or both, and station rehabilitation or construction), but only if the Secretary determines that the projects are part of a viable and comprehensive high-speed rail

transportation corridor design for intercity passenger service, including a design for minimally operable segments of a corridor designated under section 104(d)(2) of title 23, United States Code; or

` (B) projects for the Alaska Railroad;

` (3) for a railroad passenger transportation corridor design that includes the use of rights-of-way owned by a freight railroad, a written agreement exists between the applicant and the freight railroad regarding such use and ownership, including compensation for such use and assurances regarding the adequacy of infrastructure capacity to accommodate both existing and future freight and passenger operations, and including an assurance by the freight railroad that collective bargaining agreements with the freight railroad's employees (including terms regulating the contracting of work) shall remain in full force and effect according to their terms for work performed by the freight railroad on such railroad passenger transportation corridor;

` (4) the corridor design eliminates existing railway-highway grade crossings that the Secretary determines would impede high-speed rail operations;

` (5) the applicant agrees to comply with--

` (A) the standards of section 24312, as in effect on September 1, 2002, with respect to the project in the same manner that the National Railroad Passenger Corporation is required to comply with such standards for construction work financed under an agreement made under section 24308(a); and

` (B) the protective arrangements established under section 504 of the Railroad Revitalization and Regulatory Reform Act of 1976 (45 U.S.C. 836) with respect to employees affected by actions taken in connection with the project to be financed by the bond; and

` (6) the applicant agrees not to pay the principal or interest on the bonds using funds derived directly or indirectly from the Highway Trust Fund, except as permitted by law as of the date of the enactment of this section.

` (b) Bond Amount Limitation-

` (1) IN GENERAL- The amount of bonds designated under this section may not exceed--

` (A) in the case of subsection (f) bonds, \$1,200,000,000 for each of the fiscal years 2008 through 2017; and

` (B) in the case of section 54A bonds, \$1,200,000,000 for each of the fiscal years 2008 through 2017.

` (2) CARRYOVER OF UNUSED LIMITATION- If for any fiscal year the limitation amount under subparagraph (A) or (B) of paragraph (1) exceeds--

` (A) with respect to subparagraph (A) of paragraph (1), the amount of subsection (f) bonds issued during such year; or

` (B) with respect to subparagraph (B) of paragraph (1), the amount of section 54A bonds issued during such year,

the limitation amount under subparagraph (A) or (B) of paragraph (1), as the case may be, for the following fiscal year (through fiscal year 2021) shall be increased by the amount of such excess.

` (c) Preference- The Secretary shall give preference to the designation under this section of bonds for projects--

` (1) to be funded through a combination of subsection (f) bonds and section 54A bonds;

` (2) which propose to link rail passenger service with other modes of transportation;

` (3) expected to have a significant impact on air traffic congestion;

` (4) expected to also improve commuter rail operations;

` (5) where all environmental work has already been completed and the project is ready to commence; or

` (6) that have received financial commitments and other support of State and local governments.

` (d) Timely Disposition of Application- The Secretary shall grant or deny a requested designation within 9 months after receipt of an application.

` (e) Annual Reports-

` (1) FROM ISSUER OF BONDS- The issuer of bonds designated under subsection (a) shall report annually to the Secretary regarding the terms of outstanding designated bonds and the progress made with respect to the project financed by the bonds.

` (2) FROM SECRETARY- The Secretary, in consultation with the Secretary of the Treasury, shall transmit to the Congress an annual report which includes--

` (A) reports received under paragraph (1); and

` (B) an assessment of the progress made toward completion of high-speed rail transportation corridors resulting from projects financed by bonds designated under subsection (a).

` (f) Tax Treatment of Subsection (f) Bonds-

` (1) EXCLUSION FROM GROSS INCOME- The interest on a bond designated by the Secretary under subsection (a) for purposes of this subsection shall be excluded from gross income under section 103 of the Internal Revenue Code of 1986, notwithstanding section 149(c) of such Code.

` (2) EXEMPTION FROM VOLUME CAP- For purposes of section 146 of such Code, a bond designated by the Secretary under subsection (a) for purposes of this subsection shall be considered to be exempt from the volume cap of the issuing authority in the same manner as bonds listed in subsection (g) of such section 146.

` (g) Refinancing Rules- Bonds designated by the Secretary under subsection (a) may be issued for refinancing projects only if the indebtedness being refinanced (including any obligation directly or indirectly refinanced by such indebtedness) was originally incurred by the issuer--

- ˘ (1) after the date of the enactment of this section;
- ˘ (2) for a term of not more than 3 years;
- ˘ (3) to finance projects described in subsection (a)(2); and
- ˘ (4) in anticipation of being refinanced with proceeds of a bond designated under subsection (a).

˘ (h) Provisions Regarding High-Speed Rail Service-

˘ (1) STATUS AS EMPLOYER OR CARRIER- Any entity providing railroad transportation (within the meaning of section 20102) that begins operations after the date of the enactment of this section and that uses property acquired pursuant to this section (except as provided in subsection (a)(2)(B)), shall be considered an employer for purposes of the Railroad Retirement Act of 1974 (45 U.S.C. 231 et seq.) and considered a carrier for purposes of the Railway Labor Act (45 U.S.C. 151 et seq.).

˘ (2) COLLECTIVE BARGAINING AGREEMENT- Any entity providing high-speed intercity passenger railroad transportation (within the meaning of section 20102) that begins operations after the date of enactment of this section on a project funded in whole or in part by bonds designated under subsection (a), and replaces intercity rail passenger service that was provided by another entity as of the date of enactment of this section, shall enter into an agreement with the authorized bargaining agent or agents for employees of the predecessor provider that--

˘ (A) gives each employee of the predecessor provider priority in hiring according to the employee's seniority on the predecessor provider for each position with the replacing entity that is in the employee's craft or class and is available within three years after the termination of the service being replaced;

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

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

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

` (3) IMMEDIATE REPLACEMENT OF EXISTING RAIL PASSENGER SERVICE-

` (A) NEGOTIATIONS- If the replacement of preexisting intercity rail passenger service occurs concurrent with or within a reasonable amount of time before the commencement of the replacing entity's high-speed rail passenger service, the replacing entity shall give written notice of its plan to replace existing rail passenger service to the authorized collective bargaining agent or agents for the employees of the predecessor provider at least 90 days prior to the date it plans to commence service. Within 5 days after the date of receipt of such written notice, negotiations between the replacing entity and the collective bargaining agent or agents for the employees of the predecessor provider shall commence for the purpose of reaching agreement with respect to all matters set forth in paragraph (2) (A)-(D). The negotiations shall continue for 30 days or until an agreement is reached, whichever is sooner. If at the end of 30 days the parties have not entered into an agreement with respect to all such matters, the unresolved issues shall be submitted for arbitration in accordance with the procedure set forth in subparagraph (B).

` (B) ARBITRATION- If an agreement has not been entered into with respect to all matters set forth in paragraph (2) (A)-(D) as provided in subparagraph (A) of this paragraph, the parties shall select an arbitrator. If the parties are unable to agree upon the selection of such arbitrator within 5 days, either or both parties shall notify the National Mediation Board, which shall provide a list of seven arbitrators with experience in arbitrating rail labor protection disputes. Within 5 days after such notification, the parties shall alternately strike names from the list until only one name remains, and that person shall serve as the neutral arbitrator. Within 45 days after selection of the arbitrator, the arbitrator shall conduct a hearing on the dispute and shall render a decision with respect to the unresolved issues set forth in paragraph (2) (A)-(D). This decision shall be final, binding, and conclusive upon the parties. The salary and expenses of the arbitrator shall be borne equally by the parties; all other expenses shall be paid by the party incurring them.

` (C) SERVICE COMMENCEMENT- A replacing entity under this

paragraph shall commence service only after an agreement is entered into with respect to the matters set forth in paragraph (2) (A)-(D) or the decision of the arbitrator has been rendered.

` (4) SUBSEQUENT REPLACEMENT OF EXISTING RAIL PASSENGER SERVICE- If the replacement of existing rail passenger service takes place within 3 years after the replacing entity commences high-speed rail passenger service, the replacing entity and the collective bargaining agent or agents for the employees of the predecessor provider shall enter into an agreement with respect to the matters set forth in paragraph (2) (A)-(D). If the parties have not entered into an agreement with respect to all such matters within 60 days after the date on which the replacing entity replaces the predecessor provider, the parties shall select an arbitrator using the procedures set forth in paragraph (3)(B), who shall, within 20 days after the commencement of the arbitration, conduct a hearing and decide all unresolved issues. This decision shall be final, binding, and conclusive upon the parties.

` (i) Issuance of Regulations- Not later than 6 months after the date of the enactment of this section, the Secretary shall issue regulations for carrying out this section.

` (j) Definitions- For purposes of this section--

` (1) SUBSECTION (f) BOND- The term `subsection (f) bond' means a bond designated by the Secretary under subsection (a) for purposes of subsection (f).

` (2) SECTION 54A BOND- The term `section 54A bond' means a bond designated by the Secretary under subsection (a) for purposes of section 54A of the Internal Revenue Code of 1986 (relating to credit to holders of qualified high-speed rail infrastructure bonds).'

(b) Table of Sections Amendment- The table of sections of chapter 261 of title 49, United States Code, is amended by adding after the item relating to section 26105 the following new item:

` 26106. High-speed rail infrastructure bonds.'

SEC. 525. TAX CREDIT TO HOLDERS OF QUALIFIED HIGH-SPEED RAIL INFRASTRUCTURE BONDS.

(a) In General- Subpart H of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to credits against tax) is amended by adding at the end the following new section:

SEC. 54A. CREDIT TO HOLDERS OF QUALIFIED HIGH-SPEED RAIL INFRASTRUCTURE BONDS.

(a) Allowance of Credit- If a taxpayer holds a qualified high-speed rail infrastructure bond on one or more credit allowance dates of the bond occurring during any taxable year, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the sum of the credits determined under subsection (b) with respect to such dates.

(b) Amount of Credit-

(1) IN GENERAL- The amount of the credit determined under this subsection with respect to any credit allowance date for a qualified high-speed rail infrastructure bond is 25 percent of the annual credit determined with respect to such bond.

(2) ANNUAL CREDIT- The annual credit determined with respect to any qualified high-speed rail infrastructure bond is the product of--

(A) the credit rate determined by the Secretary under paragraph (3) for the day on which such bond was sold, multiplied by

(B) the outstanding face amount of the bond.

(3) DETERMINATION- For purposes of paragraph (2), with respect to any qualified high-speed rail infrastructure bond, the Secretary shall determine daily or cause to be determined daily a credit rate which shall apply to the first day on which there is a binding, written contract for the sale or exchange of the bond. The credit rate for any day is the credit rate which the Secretary or the Secretary's designee estimates will permit the issuance of qualified high-speed rail infrastructure bonds with a specified maturity or redemption date without discount and without interest cost to the qualified issuer.

(4) CREDIT ALLOWANCE DATE- For purposes of this section, the term 'credit allowance date' means--

- ˘ (A) March 15,
- ˘ (B) June 15,
- ˘ (C) September 15, and
- ˘ (D) December 15.

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

˘ (5) SPECIAL RULE FOR ISSUANCE AND REDEMPTION- In the case of a bond which is issued during the 3-month period ending on a credit allowance date, the amount of the credit determined under this subsection with respect to such credit allowance date shall be a ratable portion of the credit otherwise determined based on the portion of the 3-month period during which the bond is outstanding. A similar rule shall apply when the bond is redeemed.

˘ (c) Limitation Based on Amount of Tax-

˘ (1) IN GENERAL- The credit allowed under subsection (a) for any taxable year shall not exceed the excess of--

- ˘ (A) the sum of the regular tax liability (as defined in section 26 (b)) plus the tax imposed by section 55, over
- ˘ (B) the sum of the credits allowable under this part (other than subpart C, sections 1400N(I) and 54, and this section).

˘ (2) CARRYOVER OF UNUSED CREDIT- If the credit allowable under subsection (a) exceeds the limitation imposed by paragraph (1) for such taxable year, such excess shall be carried to the succeeding taxable year and added to the credit allowable under subsection (a) for such taxable year.

˘ (d) Credit Included in Gross Income- Gross income includes the amount of the credit allowed to the taxpayer under this section (determined without regard to subsection (c)) and the amount so included shall be treated as interest income.

` (e) Qualified High-Speed Rail Infrastructure Bond- For purposes of this part, the term `qualified high-speed rail infrastructure bond' means any bond issued as part of an issue if--

` (1) the issuer certifies that the Secretary of Transportation has designated the bond for purposes of this section under section 26106 (a) of title 49, United States Code, as in effect on the date of the enactment of this section,

` (2) 95 percent or more of the proceeds from the sale of such issue are to be used for expenditures incurred after the date of the enactment of this section for any project described in section 26106(a) (2) of title 49, United States Code,

` (3) the term of each bond which is part of such issue does not exceed 20 years,

` (4) the payment of principal with respect to such bond is the obligation solely of the issuer, and

` (5) the issue meets the requirements of subsection (f) (relating to arbitration).

` (f) Special Rules Relating to Arbitrage-

` (1) IN GENERAL- Subject to paragraph (2), an issue shall be treated as meeting the requirements of this subsection if as of the date of issuance, the issuer reasonably expects--

` (A) to spend at least 95 percent of the proceeds from the sale of the issue for 1 or more qualified projects within the 3-year period beginning on such date,

` (B) to incur a binding commitment with a third party to spend at least 10 percent of the proceeds from the sale of the issue, or to commence construction, with respect to such projects within the 6-month period beginning on such date, and

` (C) to proceed with due diligence to complete such projects and to spend the proceeds from the sale of the issue.

` (2) RULES REGARDING CONTINUING COMPLIANCE AFTER 3-YEAR

DETERMINATION- If at least 95 percent of the proceeds from the sale of the issue is not expended for 1 or more qualified projects within the 3-year period beginning on the date of issuance, but the requirements of paragraph (1) are otherwise met, an issue shall be treated as continuing to meet the requirements of this subsection if either--

` (A) the issuer uses all unspent proceeds from the sale of the issue to redeem bonds of the issue within 90 days after the end of such 3-year period, or

` (B) the following requirements are met:

` (i) The issuer spends at least 75 percent of the proceeds from the sale of the issue for 1 or more qualified projects within the 3-year period beginning on the date of issuance.

` (ii) Either--

` (I) the issuer spends at least 95 percent of the proceeds from the sale of the issue for 1 or more qualified projects within the 4-year period beginning on the date of issuance, or

` (II) the issuer pays to the Federal Government any earnings on the proceeds from the sale of the issue that accrue after the end of the 3-year period beginning on the date of issuance and uses all unspent proceeds from the sale of the issue to redeem bonds of the issue within 90 days after the end of the 4-year period beginning on the date of issuance.

` (g) Recapture of Portion of Credit Where Cessation of Compliance-

` (1) IN GENERAL- If any bond which when issued purported to be a qualified high-speed rail infrastructure bond ceases to be such a qualified bond, the issuer shall pay to the United States (at the time required by the Secretary) an amount equal to the sum of--

` (A) the aggregate of the credits allowable under this section with respect to such bond (determined without regard to subsection (c)) for taxable years ending during the calendar year

in which such cessation occurs and the 2 preceding calendar years, and

` (B) interest at the underpayment rate under section 6621 on the amount determined under subparagraph (A) for each calendar year for the period beginning on the first day of such calendar year.

` (2) FAILURE TO PAY- If the issuer fails to timely pay the amount required by paragraph (1) with respect to such bond, the tax imposed by this chapter on each holder of any such bond which is part of such issue shall be increased (for the taxable year of the holder in which such cessation occurs) by the aggregate decrease in the credits allowed under this section to such holder for taxable years beginning in such 3 calendar years which would have resulted solely from denying any credit under this section with respect to such issue for such taxable years.

` (3) SPECIAL RULES-

` (A) TAX BENEFIT RULE- The tax for the taxable year shall be increased under paragraph (2) only with respect to credits allowed by reason of this section which were used to reduce tax liability. In the case of credits not so used to reduce tax liability, the carryforwards under subsection (c) shall be appropriately adjusted.

` (B) NO CREDITS AGAINST TAX- Any increase in tax under paragraph (2) shall not be treated as a tax imposed by this chapter for purposes of determining--

` (i) the amount of any credit allowable under this part, or

` (ii) the amount of the tax imposed by section 55.

` (h) Other Definitions and Special Rules- For purposes of this section--

` (1) BOND- The term `bond' includes any obligation.

` (2) QUALIFIED PROJECT- The term `qualified project' means any project described in section 26106(a)(2) of title 49, United States Code.

` (3) TREATMENT OF CHANGES IN USE- For purposes of subsection (e) (2), the proceeds from the sale of an issue shall not be treated as used for a qualified project to the extent that the issuer takes any action within its control which causes such proceeds not to be used for a qualified project. The Secretary shall prescribe regulations specifying remedial actions that may be taken (including conditions to taking such remedial actions) to prevent an action described in the preceding sentence from causing a bond to fail to be a qualified high-speed rail infrastructure bond.

` (4) PARTNERSHIP; S CORPORATION; AND OTHER PASS-THRU ENTITIES- Under regulations prescribed by the Secretary, in the case of a partnership, trust, S corporation, or other pass-thru entity, rules similar to the rules of section 41(g) shall apply with respect to the credit allowable under subsection (a).

` (5) BONDS HELD BY REGULATED INVESTMENT COMPANIES- If any qualified high-speed rail infrastructure bond is held by a regulated investment company, the credit determined under subsection (a) shall be allowed to shareholders of such company under procedures prescribed by the Secretary.

` (6) REPORTING- Issuers of qualified high-speed rail infrastructure bonds shall submit reports similar to the reports required under section 149(e).'

(b) Reporting-

(1) IN GENERAL- Subparagraph (A) of section 6049(d)(8) of the Internal Revenue Code of 1986 is amended--

(A) by inserting ` , 54A(d),' after ` 54(g)', and

(B) by inserting ` , 54A(b)(4),' after ` 54(b)(4)'.

(2) CONFORMING AMENDMENT- The heading of section 6049(d)(8) of such Code is amended by striking ` CLEAN RENEWABLE ENERGY BONDS' and inserting ` CERTAIN TAX CREDIT BONDS'.

(c) Clerical Amendment- The table of subparts for subpart H of part IV of subchapter A of chapter 1 of such Code is amended by adding at the end the following new item:

Sec. 54A. Credit to holders of qualified high-speed rail infrastructure bonds.'

(d) Issuance of Regulations- Not later than 6 months after the date of the enactment of this section, the Secretary of the Treasury shall issue regulations for carrying out this section and the amendments made by this section.

(e) High-Speed Intercity Rail Facilities-

(1) REQUIREMENT TO MEET TITLE 49 REQUIREMENTS- Section 142(i) of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph:

(4) ADDITIONAL REQUIREMENTS- A bond issued as part of an issue described in subsection (a)(11) shall not be considered an exempt facility bond unless the requirements of paragraphs (1) through (6) of section 26106(a) of title 49, United States Code, are met.'

(2) REVISION OF SPEED REQUIREMENT- Section 142(i)(1) of such Code is amended by striking '150 miles per hour' and inserting '110 miles per hour'.

(f) Effective Date- The amendments made by this section shall apply to obligations issued after the date of the enactment of this Act.

Subtitle D--Energy Supply and Freight Rail

SEC. 531. SHORT TITLE.

This subtitle may be cited as the 'Railroad Track Modernization Act of 2007'.

SEC. 532. CAPITAL GRANTS FOR RAILROAD TRACK.

(a) Amendment- Chapter 223 of title 49, United States Code, is amended to read as follows:

CHAPTER 223--CAPITAL GRANTS FOR RAILROAD TRACK

Sec.

22301. Capital grants for railroad track.

Sec. 22301. Capital grants for railroad track

(a) Establishment of Program-

(1) ESTABLISHMENT- The Secretary of Transportation shall establish a program of capital grants for the rehabilitation, preservation, or improvement of railroad track (including roadbed, bridges, and related track structures) of class II and class III railroads. Such grants shall be for rehabilitating, preserving, or improving track used primarily for freight transportation to a standard ensuring that the track can be operated safely and efficiently, including grants for rehabilitating, preserving, or improving track to handle 286,000 pound rail cars. Grants may be provided under this chapter--

(A) directly to the class II or class III railroad; or

(B) with the concurrence of the class II or class III railroad, to a State or local government.

(2) STATE COOPERATION- Class II and class III railroad applicants for a grant under this chapter are encouraged to utilize the expertise and assistance of State transportation agencies in applying for and administering such grants. State transportation agencies are encouraged to provide such expertise and assistance to such railroads.

(3) INTERIM REGULATIONS- Not later than December 31, 2007, the Secretary shall issue temporary regulations to implement the program under this section. Subchapter II of chapter 5 of title 5 does not apply to a temporary regulation issued under this paragraph or to an amendment to such a temporary regulation.

(4) FINAL REGULATIONS- Not later than October 1, 2008, the Secretary shall issue final regulations to implement the program under this section.

(b) Maximum Federal Share- The maximum Federal share for carrying out a project under this section shall be 80 percent of the project cost. The non-Federal share may be provided by any non-Federal source in cash, equipment, or supplies. Other in-kind contributions may be approved by the

Secretary on a case by case basis consistent with this chapter.

˘ (c) Project Eligibility- For a project to be eligible for assistance under this section the track must have been operated or owned by a class II or class III railroad as of the date of the enactment of the Railroad Track Modernization Act of 2007.

˘ (d) Use of Funds- Grants provided under this section shall be used to implement track capital projects as soon as possible. In no event shall grant funds be contractually obligated for a project later than the end of the third Federal fiscal year following the year in which the grant was awarded. Any funds not so obligated by the end of such fiscal year shall be returned to the Secretary for reallocation.

˘ (e) Additional Purpose- In addition to making grants for projects as provided in subsection (a), the Secretary may also make grants to supplement direct loans or loan guarantees made under title V of the Railroad Revitalization and Regulatory Reform Act of 1976 (45 U.S.C. 822 (d)), for projects described in the last sentence of section 502(d) of such title. Grants made under this subsection may be used, in whole or in part, for paying credit risk premiums, lowering rates of interest, or providing for a holiday on principal payments.

˘ (f) Employee Protection- The Secretary shall require as a condition of any grant made under this section that the recipient railroad provide a fair arrangement at least as protective of the interests of employees who are affected by the project to be funded with the grant as the terms imposed under section 11326(a), as in effect on the date of the enactment of the Railroad Track Modernization Act of 2007.

˘ (g) Labor Standards-

˘ (1) PREVAILING WAGES- The Secretary shall ensure that laborers and mechanics employed by contractors and subcontractors in construction work financed by a grant made under this section will be paid wages not less than those prevailing on similar construction in the locality, as determined by the Secretary of Labor under the Act of March 3, 1931 (known as the Davis-Bacon Act; 40 U.S.C. 276a et seq.). The Secretary shall make a grant under this section only after being assured that required labor standards will be maintained on the construction work.

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

^ (h) Study- The Secretary shall conduct a study of the projects carried out with grant assistance under this section to determine the public interest benefits associated with the light density railroad networks in the States and their contribution to a multimodal transportation system. Not later than March 31, 2009, the Secretary shall report to Congress any recommendations the Secretary considers appropriate regarding the eligibility of light density rail networks for Federal infrastructure financing.

^ (i) Authorization of Appropriations- There are authorized to be appropriated to the Secretary of Transportation \$350,000,000 for each of the fiscal years 2008 through 2010 for carrying out this section.'

(b) Conforming Amendment- The item relating to chapter 223 in the table of chapters of subtitle V of title 49, United States Code, is amended to read as follows:

22301'.

Subtitle E--Rail Reliability

SEC. 541. RELIABILITY OF RAILROAD TRANSPORTATION OF ENERGY SUPPLIES.

(a) Finding- The Congress finds that the Nation's rail system is a critical part of national security, and that the Surface Transportation Board has the obligation and authority to ensure that the Nation's rail infrastructure is adequate to enable safe, efficient, and reliable delivery of passengers, energy supplies, and other goods and services, and that the Nation's rail carriers meet their common carrier obligations to deliver products and maintain infrastructure at a level which provides for the safe, efficient, and reliable delivery of passengers, energy supplies, and other goods and services.

(b) Reliability Requirements- Not later than 180 days after the date of enactment of this Act, the Surface Transportation Board, after consultation with the Secretary of Transportation, the Secretary of Energy, the Secretary

of Commerce, the Secretary of Agriculture, the Secretary of Defense, and the Chairman of the Federal Energy Regulatory Commission, shall issue regulations requiring implementation of the reliability standards approved under this section.

(c) Definition- For purposes of this section, the term `reliability standard' means a requirement, approved by the Surface Transportation Board under this section, to provide for reliable and timely operation of railroad transportation of passengers, energy supplies, and other goods and services. The term shall include a requirement for operation and maintenance of the railroad system as well as for efficient transfer of freight cars and train sets between different railroads.

(d) Advisory Panel- Not later than 90 days after the date of enactment of this Act, the Surface Transportation Board shall establish an advisory panel, consisting of representatives of the rail carrier industry, energy supply companies, and industrial and individual consumers of energy and rail transportation services. Such advisory panel shall ensure its independence of the users, owners, and operators of the railroad system while ensuring fair stakeholder representation in the selection of its directors, ensure balanced decisionmaking in any committee or organizational structure, and provide for reasonable notice and opportunity for public comment, due process, openness, and balance of interests in developing reliability standards and otherwise exercising its duties. Such advisory panel shall, after obtaining all relevant stakeholder comments, make recommendations for the establishment of standards for rail operations to ensure the timely and efficient transportation of fuels and energy feedstocks, especially during times of energy or fuel supply emergencies. The first such recommendations shall be transmitted to the Surface Transportation Board not later than 270 days after the date of enactment of this Act. These recommendations may include suggestions for expanded rail infrastructure to expand, connect new, or bolster existing points within the current rail line network.

(e) Surface Transportation Board Approval-

(1) IN GENERAL- The Surface Transportation Board may approve, by rule or order, a proposed reliability standard or modification to a reliability standard if it determines that the standard is just, reasonable, not unduly discriminatory or preferential, and in the public interest. The Surface Transportation Board shall use the recommendations developed by the advisory panel under subsection (d) with respect to the content of a proposed standard or modification to a reliability standard. A proposed standard or modification shall take

effect upon approval by the Surface Transportation Board. The Surface Transportation Board shall approve or disapprove the first recommended standards transmitted by the advisory panel not later than 1 year after receiving such transmittal.

(2) REMAND- The Surface Transportation Board shall remand to the advisory panel for further consideration a proposed reliability standard or a modification to a reliability standard that the Surface Transportation Board disapproves in whole or in part.

(3) SURFACE TRANSPORTATION BOARD INITIATED STANDARDS- The Surface Transportation Board, upon its own motion or upon complaint, may request the advisory panel to submit to the Surface Transportation Board a recommendation for a proposed reliability standard or modification to a reliability standard that addresses a specific matter if the Surface Transportation Board considers such a new or modified reliability standard appropriate to carry out this section. If the advisory panel fails to submit a proposed or modified standard within 1 year after such a request from the Surface Transportation Board, the Board may implement its own standard to carry out this section.

(4) CONFLICT- A final rule adopted under this section shall include fair processes for the identification and timely resolution of any conflict between a reliability standard and any function, rule, order, tariff, rate schedule, or agreement accepted, approved, or ordered by the Surface Transportation Board applicable to a rail carrier. Such rail carrier shall continue to comply with such function, rule, order, tariff, rate schedule, or agreement accepted approved, or ordered by the Surface Transportation Board until--

(A) the Surface Transportation Board finds a conflict exists between a reliability standard and any such provision;

(B) the Surface Transportation Board orders a change to such provision; and

(C) the ordered change becomes effective.

If the Surface Transportation Board determines that a reliability standard needs to be changed as a result of such a conflict, it shall order the advisory panel to develop and recommend to the Surface

Transportation Board a modified reliability standard.

(5) PENALTIES- On its own motion or upon complaint, the Surface Transportation Board may order compliance with a reliability standard and may impose a penalty against a rail carrier or other entity if the Surface Transportation Board finds, after notice and opportunity for a hearing, that the rail carrier or other entity has engaged or is about to engage in any acts or practices that constitute or will constitute a violation of a reliability standard.

END