

## RAILROAD TRACK MODERNIZATION ACT OF 2001

JUNE 12, 2001.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. YOUNG of Alaska, from the Committee on Transportation and Infrastructure, submitted the following

### R E P O R T

[To accompany H.R. 1020]

[Including cost estimate of the Congressional Budget Office]

The Committee on Transportation and Infrastructure, to whom was referred the bill (H.R. 1020) to authorize the Secretary of Transportation to establish a grant program for the rehabilitation, preservation, or improvement of railroad track, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike all after the enacting clause and insert the following:

#### SECTION. 1. SHORT TITLE.

This Act may be cited as the “Railroad Track Modernization Act of 2001”.

#### SEC. 2. 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.

#### “§ 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, 2001, 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, 2002, 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 2001.

“(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 2001.

“(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, 2003, 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 2002 through 2004 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:

“223. CAPITAL GRANTS FOR RAILROAD TRACK ..... 22301”.

## PURPOSE OF THE LEGISLATION

H.R. 1020 is designed to assist smaller railroads in upgrading their tracks and roadbed. This assistance includes the purpose of accommodating newer, heavier freight cars along their lines. The bill authorizes \$350 million to be appropriated from the general fund in each of the fiscal years, 2002–2004, for capital grants to benefit class II and class III railroads.

## SUMMARY AND SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

The bill establishes a capital grant program for rehabilitation and improvement of tracks and related structures on the small (class II and class III) railroads, to bring the infrastructure up to a level permitting safe and efficient operation, including traffic containing the new heavier 286,000-pound rail cars being adopted as an industry standard by the large railroads. The general fund authorization level is \$350 million per year for FY 2002–2004.

The maximum federal share for carrying out a project shall be 80 percent. The non-Federal contribution can be from any non-Federal source, and may be cash, equipment, supplies, or other contribution approved on a case-by-case basis by DOT. Track to be rehabilitated or improved must have been operated or owned as a class II or class III rail property on date of enactment.

Grant funds must be contractually obligated within three full fiscal years after the award of a grant. Besides direct funding of track rehabilitation and improvement, grants may also be used to supplement TEA 21 rail loans, including paying credit risk premium for loans, lowering rate of interest, or providing principal payment holidays.

Davis-Bacon standards applicable to Amtrak and transit apply to construction work financed by grants. Any rail employee adversely affected by a grant-funded project will receive standard New York Dock labor protection benefits, under current Surface Transportation Board standards. DOT is required to conduct a study of future needs of light-density rail lines for federal infrastructure funding, and report to Congress by March 31, 2003.

## SEC. 1—SHORT TITLE

The act is to be cited as the “Railroad Track Modernization Act of 2001.”

## SEC. 2—CAPITAL GRANTS FOR RAILROAD TRACK

Section 2 redesignates chapter 223 of title 49 U.S.C. as “CAPITAL GRANTS FOR RAILROAD TRACK,” and assigns section 22301 the same name.

New subsection 22301(a) directs the Secretary of Transportation to establish a program of capital grants for the rehabilitation, preservation, or improvement of railroad track, roadbed, and bridges of class II and class III railroads. Grants are to be used to improve track that primarily carries freight, and to a standard that ensures safe and efficient operation along the rail line. Purposes of the grants include rehabilitating, preserving or improving track to handle 286,000-pound rail cars.

Grants under this section are to be provided either directly to a class II or class III railroad, or to a State or local government once

the class II or class III rail carrier has concurred. In addition, class II and class III applicants for these grants are encouraged to utilize the expertise and assistance of State transportation agencies in applying for and administering the grants. Correlatively, State transportation agencies are encouraged to provide this assistance.

To assure timely implementation of this section, the Secretary of Transportation is directed to issue temporary regulations by December 31, 2001. These regulations are exempt from the standard notice and comment procedures under the Administrative Procedure Act. Subsequently, the Secretary is directed to issue final regulations, subject to the normal rulemaking process, by October 1, 2002. The expedited issuance of temporary regulations is intended to ensure that any appropriated funds will be put to use immediately.

New subsection 22301(b) establishes the maximum Federal share for carrying out a project under this section at 80 percent. The non-Federal share may come from any non-Federal source in cash, equipment or supplies. The Secretary of Transportation has the authority to approve other in-kind contributions on a case-by-case basis.

New subsection 22301(c) provides that only projects conducted on track owned or operated by a class II or class III railroad as of the date of enactment of this Act are eligible for grants under this section.

New subsection 22301(d) requires that grant recipients under this section obligate their grant money within three fiscal years of receiving the grant. Funds held beyond three years will be returned to the Secretary of Transportation for redistribution.

New subsection 22301(e) allows the Secretary of Transportation to use the funds authorized in this Act to make grants to supplement direct loans or loan guarantees made under Title V of the Railroad Revitalization and Regulatory Reform Act of 1976 (also known as the Railroad Infrastructure Loan Program) for projects that primarily benefit class II and class III railroads. Such grants may be used for paying credit risk premiums, lowering interest rates, or providing for a holiday on principal payments.

New subsection 22301(f) extends employee protection under section 11326(a) of Title 49, commonly known as New York Dock labor protection, to employees adversely affected by projects funded with grants under this section.

New subsection 22301(g) extends prevailing wage protections established in the Davis-Bacon Act for laborers and mechanics employed in construction work financed by a grant made under this section.

New subsection 22301(h) directs the Secretary of Transportation to conduct a study of the projects carried out with grant assistance under this section to determine the public interest benefits associated with the shortline rail network. The Secretary is directed to report to Congress no later than March 31, 2003.

New subsection 22301(i) authorizes general fund appropriations of \$350 million for each of the fiscal years 2002 through 2004 for grants under this section.

## BACKGROUND ON THE LEGISLATION

Smaller railroads are generally labeled class II or class III rail carriers, using Surface Transportation Board (formerly Interstate Commerce Commission (ICC)) size thresholds based on total annual revenues. Class III carriers each have \$20.8 million or less in annual revenues, while the limit for class II carriers is \$259.4 million. Although some smaller railroads have existed for decades, hundreds of new short-line and regional railroads were created following the enactment of the Staggers Rail Act of 1980.

Prior to the Staggers Act reforms that permitted large (class I) railroads to abandon unproductive lines more easily, deterioration of the rail network, especially on light-density lines serving smaller towns and rural areas, was widespread. The generally higher operating costs of the class I carriers, combined with low traffic levels, made most light-density lines money-losing enterprises for the large railroads. Prior to 1980, most such lines were shed by class I carriers (which the ICC regulatory process permitted) through outright abandonment—removing the lines permanently from the rail network.

After 1980, ICC policies and regulations were revised to permit easier sale or lease of marginal lines by class I railroads to start-up operations. This led to a boom in the formation of class II and class III railroads, which include both union and non-union carriers. At the Subcommittee's April 25, 2001 railroad infrastructure policy hearing, both labor and management witnesses agreed that, the larger and more prosperous the smaller railroads become, the more extensive the degree of union representation.

Some smaller railroads have succeeded financially, while others have not. In the vast majority of cases, the track, roadbed, and other infrastructure acquired by the new smaller operators was already severely deteriorated by class I standards, but still sufficiently sound to allow low-density (and often low-speed) freight operations. Besides attracting sufficient revenue, a secondary struggle by the smaller freight railroads involved acquiring sufficient capital to maintain and possibly upgrade the quality of the infrastructure inherited from the former owners of these lines.

In the last several years, a new burden to the marginal infrastructure of smaller railroads has appeared. Class I railroads have begun to add large numbers of more efficient, but far heavier, 286,000-pound cars to their fleets. The heavier fleets increase the operating stresses and wear and tear on smaller railroads' track systems, and depending on the level of deterioration, could entirely prevent operation of "286" cars on certain light-density lines. If such physical embargos were to become widespread, it could result in a non-interoperable rail network; i.e., a rail system where the same fleet of cars cannot operate in all locations on the system. Smaller railroads provide approximately 10 percent of the freight traffic of the major class I carriers. A recent study funded in part by the Federal Railroad Administration which was conducted under contract to the American Short Line and Regional Railroad Association and discussed at the Subcommittee's April 25 hearing, concluded that the entire class II/class III rail network would require about \$6.8 billion in infrastructure upgrades to deal with the heavier rail cars.

## HEARINGS, LEGISLATIVE HISTORY AND COMMITTEE CONSIDERATION

H.R. 1020 was discussed extensively at the Subcommittee's April 25, 2001 hearing on railroad infrastructure policies. Among those testifying in support of the bill were the Association of American Railroads, the American Short Line and Regional Railroad Association, the Brotherhood of Maintenance of Way Employees, and the United Transportation Union.

On March 14, 2001, Chairman Quinn introduced H.R. 1020, with the original cosponsorship of Subcommittee Ranking Member Clement and Mr. Bachus, a Subcommittee Member. On May 9, 2001, the Subcommittee on Railroads met in open session and favorably reported H.R. 1020 as amended. On May 16, 2001, the Committee on Transportation and Infrastructure met in open session and favorably reported H.R. 1020 as amended.

## ROLLCALL VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires each committee report to include the total number of votes cast for and against on each rollcall vote on a motion to report and on any amendment offered to the measure or matter, and the names of those members voting for and against. There were no rollcall votes on this legislation.

## COMMITTEE OVERSIGHT FINDINGS

With respect to the requirements of clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee's oversight findings and recommendations are reflected in this report.

## COST OF LEGISLATION

Clause 3(c)(2) of rule XIII of the Rules of the House of Representatives does not apply where a cost estimate and comparison prepared by the Director of the Congressional Budget Office under section 402 of the Congressional Budget Act of 1974 has been timely submitted prior to the filing of the report and is included in the report. Such a cost estimate is included in this report.

## COMPLIANCE WITH HOUSE RULE XIII

With respect to the requirement of clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, and 308(a) of the Congressional Budget Act of 1974, the Committee references the report of the Congressional Budget Office included below.

1. With respect to the requirement of clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, and 308(a) of the Congressional Budget Act of 1974, the Committee references the report of the Congressional Budget Office included below.

2. With respect to the requirement of clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the performance goals and objectives of this legislation are to assist smaller railroads in upgrading their marginal tracks and roadbed in order to promote interoperability on our national rail network.

3. With respect to the requirement of clause 3(c)(3) of rule XIII of the Rules of the House of Representatives and section

402 of the Congressional Budget Act of 1974, the Committee has received the following cost estimate for H.R. 1020 from the Director of the Congressional Budget Office.

U.S. CONGRESS,  
CONGRESSIONAL BUDGET OFFICE,  
*Washington, DC, June 6, 2001.*

Hon. DON YOUNG,  
*Chairman, Committee on Transportation and Infrastructure,  
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 1020, Railroad Track Modernization Act of 2001.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Rachel Milberg.

Sincerely,

BARRY B. ANDERSON  
(For Dan L. Crippen, Director).

Enclosure.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

*H.R. 1020—Railroad Track Modernization Act of 2001*

Summary: H.R. 1020 authorizes the Secretary of Transportation to provide grants to states and to class II and class III railroads for improving railroad track. These grants also could be used to pay the credit risk premium, lower interest rates, and cover principal payments for loans provided under the Railroad Rehabilitation and Improvement Financing (RRIF) program. (Under the RRIF program the Secretary of Transportation is authorized to provide direct loans and loan guarantees to railroads for capital improvements. Borrowers may pay a credit risk premium to cover the subsidy cost of the loans or loan guarantees in lieu of federal appropriations.)

H.R. 1020 would authorize the appropriation of \$350 million each year over the 2002–2004 period. CBO estimates that implementing H.R. 1020 would cost \$840 million over the 2002–2006 period, and another \$210 million after 2006. H.R. 1020 would not affect direct spending or receipts; therefore, pay-as-you-go procedures would not apply.

H.R. 1020 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). Any costs to state or local governments that receive grants under this bill would be incurred voluntarily.

Estimated cost to the Federal Government: The estimated budgetary impact of H.R. 1020 is shown in the following table. The costs of this legislation fall within budget function 400 (transportation).

	By fiscal year, in millions of dollars—					
	2001	2002	2003	2004	2005	2006
SPENDING SUBJECT TO APPROPRIATION						
Spending Under Current Law for Railroad Capital Improvement Grants:						
Budget Authority .....	0	0	0	0	0	0
Estimated Outlays <sup>1</sup> .....	2	0	0	0	0	0

	By fiscal year, in millions of dollars—					
	2001	2002	2003	2004	2005	2006
Proposed Changes:						
Authorization Level .....	0	350	350	350	0	0
Estimated Outlays .....	0	35	175	210	210	210
Spending Under H.R. 1020:						
Authorization Level .....	0	350	350	350	0	0
Estimated Outlays <sup>1</sup> .....	2	35	175	210	210	210

<sup>1</sup> Outlays in 2001 are from prior appropriations for railroad capital improvement grants.

**Basis of estimate:** For this estimate, CBO assumes that H.R. 1020 will be enacted in fiscal year 2001 and that the authorized amounts will be appropriated for each year. Estimates of spending are based on information from the Federal Railroad Administration and historical spending patterns of similar programs.

H.R. 1020 would repeal the authority of the Secretary of Transportation to provide grants to states for capital improvements to railroads. No appropriations have been made for these grants since 1995. Instead the bill would authorize the Secretary to make improvement grants directly to certain railroads to states or local governments under certain conditions, provided that 20 percent of the cost of any projects funded with these grants come from nonfederal contributions.

**Pay-as-you-go considerations:** None.

**Intergovernmental and private-sector impact:** H.R. 1020 contains no intergovernmental or private-sector mandates as defined in UMRA. States and railroads that receive funds under this program would be required to contribute 20 percent of the project's total cost. Any costs to state or local governments as a result of enacting this bill would be incurred voluntarily.

**Estimate prepared by:** Federal costs: Rachel Milberg; Impact and State, local, and tribal governments: Susan Sieg Tompkins; Impact on the private sector: Paige Piper/Bach.

**Estimate approved by:** Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

#### CONSTITUTIONAL AUTHORITY STATEMENT

Pursuant to clause (3)(d)(1) of rule XIII of the Rules of the House of Representatives, committee reports on a bill or joint resolution of a public character shall include a statement citing the specific powers granted to the Congress in the Constitution to enact the measure. The Committee on Transportation and Infrastructure finds that Congress has the authority to enact this measure pursuant to its powers granted under article I, section 8 of the Constitution.

#### FEDERAL MANDATES STATEMENT

The Committee adopts as its own the estimate of Federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act. (Public Law 104-4.)

#### ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act were created by this legislation.

APPLICABILITY TO THE LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act. (Public Law 104–1.)

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in *italic*, existing law in which no change is proposed is shown in roman):

**TITLE 49, UNITED STATES CODE**

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**SUBTITLE V—RAIL PROGRAMS**

\* \* \* \* \*

PART B—ASSISTANCE

221. LOCAL RAIL FREIGHT ASSISTANCE .....	22101
<b>[223. LIGHT DENSITY RAIL LINE PILOT PROJECTS .....</b>	<b>22301]</b>
223. <i>CAPITAL GRANTS FOR RAILROAD TRACK</i> .....	<i>22301</i>

\* \* \* \* \*

**[CHAPTER 223—LIGHT DENSITY RAIL LINE PILOT PROJECTS**

**[**Sec.  
**[22301. Light density rail line pilot projects.**

**[§ 22301. Light density rail line pilot projects**

**[(a) GRANTS.—**The Secretary of Transportation may make grants to States that have State rail plans described in section 22102 (1) and (2), to fund pilot projects that demonstrate the relationship of light density railroad services to the statutory responsibilities of the Secretary, including those under title 23.

**[(b) LIMITATIONS.—**Grants under this section may be made only for pilot projects for making capital improvements to, and rehabilitating, publicly and privately owned rail line structures, and may not be used for providing operating assistance.

**[(c) PRIVATE OWNER CONTRIBUTIONS.—**Grants made under this section for projects on privately owned rail line structures shall include contributions by the owner of the rail line structures, based on the benefit to those structures, as determined by the Secretary.

**[(d) STUDY.—**The Secretary shall conduct a study of the pilot 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, 2003, the Secretary shall report to Congress any recommendations the Secretary considers appropriate regarding the eligibility of light density rail networks for Federal infrastructure financing.

[(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary to carry out this section \$17,500,000 for each of the fiscal years 1998, 1999, 2000, 2001, 2002, and 2003. Such funds shall remain available until expended.]

## **CHAPTER 223—CAPITAL GRANTS FOR RAILROAD TRACK**

Sec.  
22301. Capital grants for railroad track.

### **§ 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, 2001, 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, 2002, 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 2001.

(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 re-allocation.

(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 2001.

(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, 2003, 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 2002 through 2004 for carrying out this section.

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