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**APPROVED**  
**OCT 26 1974**

**EXECUTIVE OFFICE OF THE PRESIDENT**  
**OFFICE OF MANAGEMENT AND BUDGET**  
WASHINGTON, D.C. 20503

**OCT 22 1974**

**MEMORANDUM FOR THE PRESIDENT**

**Subject: Enrolled Resolution S.J. Res. 250 - Regional Rail  
Reorganization Act amendments  
Sponsor - Sen. Beall (R) Maryland**

*Ported  
10/28*

Last Day for Action

*Jo*  
**October 29, 1974 - Tuesday**

Purpose

*10/29*  
Extends the reporting dates of the Regional Rail Reorganization Act (NE corridor) and authorizes an additional \$14 million for administrative expenses of the U.S. Railway Association.

Agency Recommendations

Office of Management and Budget

Approval

Department of Transportation  
Interstate Commerce Commission  
Department of Justice

Approval  
No objection  
Defers to DOT

Discussion

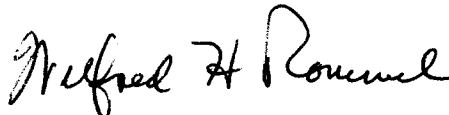
The Regional Rail Reorganization Act of 1973 (P.L. 93-236) established special procedures for restructuring the rail system in the Northeast region which contains a number of bankrupt railroads. The newly established U.S. Railway Association (USRA), a nonprofit Government corporation, was charged with submitting by October 29, 1974, a preliminary system plan for reorganizing the railroads in that region, including proposed line abandonments or consolidations. The final plan would then be due four months later. Because the USRA members were not appointed until four months later than expected, USRA finds that it cannot meet the October 29 deadline. S.J. Res. 250 would extend the preliminary and final system plan deadlines by 120 days.



The bill would also increase the authorization for USRA by \$14 million, from \$26 million to \$40 million to cover administrative expenses through fiscal year 1976. In its memorandum on the enrolled bill, DOT states:

"Section 214(c) of the RRRRA authorizes the appropriation to USRA of \$26 million, to remain available until expended, for meeting its administrative expenses. The additional \$14 million provided in the Resolution is based on recent estimates by USRA of its expenses through fiscal year 1976. We have not reviewed these estimates in detail but we believe the additional authorization is reasonable."

In addition, it would clarify the original Act's provisions relating to local service continuation subsidies, making clear that a line or service that has been purchased by a State or locality with Federal loan assistance would not be eligible for an operating subsidy.



Assistant Director for  
Legislative Reference

Enclosures

THE WHITE HOUSE

ACTION

WASHINGTON

Last Day - October 29

October 25, 1974

MEMORANDUM FOR:

THE PRESIDENT

FROM:

KEN COLE

SUBJECT:

Enrolled Resolution S.J. Res. 250  
Regional Rail Reorganization  
Act Amendments

Attached for your consideration is Senate Joint Resolution 250, sponsored by Senator Beall, which extends the reporting dates of the Regional Rail Reorganization Act (NE corridor) and authorizes an additional \$14 million for administrative expenses of the U.S. Railway Association.

Roy Ash recommends approval and provides you with additional background information in his enrolled bill report (Tab A).

We have checked with the Counsel's office (Chapman) and Bill Timmons who both recommend approval.

RECOMMENDATION

That you sign Senate Joint Resolution 250 (Tab B).



GENERAL COUNSEL

OFFICE OF THE SECRETARY OF TRANSPORTATION

WASHINGTON, D.C. 20590

**OCT 18 1974**

Honorable Roy L. Ash  
Director  
Office of Management and Budget  
Washington, D. C. 20503

Dear Mr. Ash:

This is in reply to your request for our views on enrolled S.J. 250. This Resolution amends the Regional Rail Reorganization Act of 1973 (RRRA) to (1) postpone for 120 days the various deadlines in the Act applicable to the adoption of the plan for restructuring the rail system in the Midwest and Northeast; (2) increase to \$40 million the authorization for the administrative expenses of the United States Railway Association (USRA); and (3) clarify which rail services are eligible for rail service continuation subsidies.

Under section 207 of the RRRA, USRA is required to publish a preliminary system plan by October 29, 1974. Unfortunately, however, USRA has not had time to obtain all of the data or to complete some of the studies necessary to the formulation of the preliminary system plan as contemplated by the Act. This is attributable, in part, to difficulties USRA had in starting up, including delays in the naming of its Board of Directors. As a result, USRA intends to issue by October 29 an interim report which will fall considerably short of meeting the statutory purposes of a preliminary system plan. Unless the deadlines for processing the final system plan are postponed, such action on the part of USRA would preclude the public from evaluating the preliminary plan and responding through public hearings or otherwise as contemplated by the RRRA. Therefore, in order to provide USRA adequate time to prepare the type of system plan required by the RRRA and to ensure the public an adequate opportunity to participate in its preparation, the 120-day

delay in the RRRRA timetable is necessary and appropriate. Under the circumstances, the 120-day period strikes a reasonable balance between providing USRA adequate time to produce a well reasoned preliminary plan and minimizing the risk of erosion of the estates of the Penn Central and other railroads pending the execution of the final system plan.

Section 214(c) of the RRRRA authorizes the appropriation to USRA of \$26 million, to remain available until expended, for meeting its administrative expenses. The additional \$14 million provided in the Resolution is based on recent estimates by USRA of its expenses through fiscal year 1976. We have not reviewed these estimates in detail but we believe the additional authorization is reasonable.

Title IV of the RRRRA authorizes the Secretary to provide subsidies for the purpose of continuing rail services. However, title IV does not specify the particular rail services which are eligible for such subsidies. The Resolution remedies that by enumerating as eligible for subsidies rail freight services in the Midwest and Northeast region (1) which are provided by railroads in reorganization in the region and are not designated for continuation by the final system plan; (2) which are owned, operated, or substantially improved by State or local agencies at any time subsequent to or within five years prior to the date of enactment of the RRRRA; or (3) with respect to which the Interstate Commerce Commission issues a certificate of abandonment.

The Department had originally contemplated restricting the use of grant monies solely to the continuation of rail services eligible for discontinuance under section 304 of the RRRRA; a notice of proposed rulemaking was published with that limitation. Comments prompted a reconsideration with a view to a less restrictive scheme but one still tied to the final system plan. The amendment, on the other hand, makes certain services eligible for subsidy regardless of their status under the final system plan. We believe, however, that particularly in the case of discretionary financial assistance provided under section 402(b)(2) of the RRRRA, we can take steps to control the amount of funds devoted to the continuation of service that would otherwise be terminated for reasons unrelated

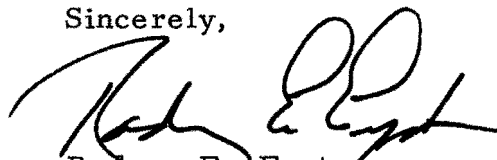
to the final system plan. Fortunately, before it passed the Congress, the amendment was narrowed in one other important respect. By limiting the provision of subsidies for the purpose of continuing freight services only, the amendment will shut off applications for funds to finance commuter service.

Finally, the Resolution corrects a defect in section 403(a) of the RRRRA. Section 403(a) currently precludes the recipient of a loan under that section from being eligible for a rail service continuation subsidy under section 402 of the RRRRA. The amendment to section 403(a) ties the ineligibility to the particular rail service for which the loan was provided rather than to the recipient of the loan. This will ensure that loan recipients do not suffer an unreasonable penalty for taking advantage of the provisions of section 403(a).

In summary, we believe that the postponement of deadlines applicable to the preparation of the preliminary and final system plans are absolutely necessary to permit USRA to comply with the statutory procedure and guidelines applicable to the formulation of the plan. We also believe that the increased authorization for USRA is reasonable and that the amendments respecting the eligibility for rail continuation subsidies will promote the smooth administration of the subsidy program.

In light of the above, the Department recommends that the President sign S. J. Res. 250.

Sincerely,



Rodney E. Eyster

**Interstate Commerce Commission**  
Washington, D.C. 20423

OFFICE OF THE CHAIRMAN

October 18, 1974

Mr. W. H. Rommel  
Assistant Director  
for Legislative Reference  
Office of Management and Budget  
Washington, DC 20503

Dear Mr. Rommel:

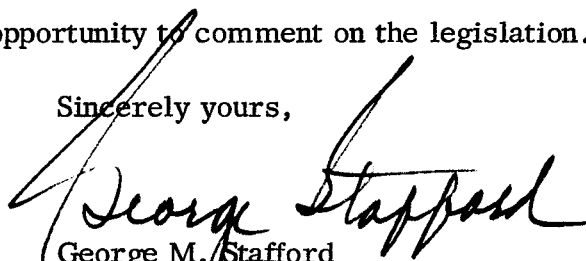
This replies to your request for my comments on enrolled Senate Joint Resolution 250. The Resolution extends reporting dates for the United States Railway Association contained in the Regional Rail Reorganization Act, increases funding for the United States Rail Association (Association), and clarifies Congressional intent with respect to rail service continuation subsidies.

The net effect of enactment is to change the date for issuance of the Association's preliminary system plan from October to February. A beneficial side effect is to eliminate problems which most probably would have been incurred by the Rail Services Planning Office in holding hearings immediately before and after the Thanksgiving holiday, a time during which witnesses may not be available and travel is particularly difficult.

The Commission has no objection to enactment of the Joint Resolution.

Thank you for this opportunity to comment on the legislation.

Sincerely yours,



George M. Stafford  
Chairman



Department of Justice  
Washington, D.C. 20530

OCT 18 1974

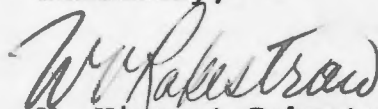
Honorable Roy L. Ash  
Director, Office of Management  
and Budget  
Washington, D.C. 20503

Dear Mr. Ash:

In compliance with your request, I have examined a facsimile of the enrolled bill S. J. Res. 250, "to extend the Regional Rail Reorganization Act's reporting date, and for other purposes."

The Department of Justice defers to the Department of Transportation as to whether this bill should receive Executive approval.

Sincerely,



W. Vincent Rakestraw  
Assistant Attorney General

RECEIVED



Last Day - October 29

October 25, 1974

MEMORANDUM FOR: THE PRESIDENT  
FROM: KEN COLE  
SUBJECT: Enrolled Resolution S.J. Res. 250  
Regional Rail Reorganization  
Act Amendments

Attached for your consideration is Senate Joint Resolution 250, sponsored by Senator Beall, which extends the reporting dates of the Regional Rail Reorganization Act (NE corridor) and authorizes an additional \$14 million for administrative expenses of the U.S. Railway Association.

Roy Ash recommends approval and provides you with additional background information in his enrolled bill report (Tab A).

We have checked with the Counsel's office (Chapman) and Bill Timmons who both recommend approval.

RECOMMENDATION

That you sign Senate Joint Resolution 250 (Tab B).

Last Day - October 29

October 25, 1974

MEMORANDUM FOR:

THE PRESIDENT

FROM:

KEN COLE

SUBJECT:

Enrolled Resolution S.J. Res. 250  
Regional Rail Reorganization  
Act Amendments

Attached for your consideration is Senate Joint Resolution 250, sponsored by Senator Beall, which extends the reporting dates of the Regional Rail Reorganization Act (NE corridor) and authorizes an additional \$14 million for administrative expenses of the U.S. Railway Association.

Roy Ash recommends approval and provides you with additional background information in his enrolled bill report (Tab A).

We have checked with the Counsel's office (Chapman) and Bill Timmons who both recommend approval.

RECOMMENDATION

That you sign Senate Joint Resolution 250 (Tab B).

Last Day - October 29

October 25, 1974

MEMORANDUM FOR: THE PRESIDENT  
FROM: KEN COLE  
SUBJECT: Enrolled Resolution S.J. Res. 250  
Regional Rail Reorganization  
Act Amendments

Attached for your consideration is Senate Joint Resolution 250, sponsored by Senator Beall, which extends the reporting dates of the Regional Rail Reorganization Act (NE corridor) and authorizes an additional \$14 million for administrative expenses of the U.S. Railway Association.

Roy Ash recommends approval and provides you with additional background information in his enrolled bill report (Tab A).

We have checked with the Counsel's office (Chapman) and Bill Timmons who both recommend approval.

RECOMMENDATION

That you sign Senate Joint Resolution 250 (Tab B).

THE WHITE HOUSE

WASHINGTON

October 23, 1974

MEMORANDUM FOR: MR. WARREN HENDRIKS

FROM: WILLIAM E. TIMMONS *BT*

SUBJECT: Action Memorandum - Log No. 689  
Enrolled Resolution S.J. Res. 250 -  
Regional Rail Reorganization Act Amendments

The Office of Legislative Affairs concurs in the attached proposal and has no additional recommendations.

Attachment

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.: 689

Date: October 22, 1974

Time: 6:30 p.m.

FOR ACTION: Michael Duval  
Phil Buchen  
✓ Bill Timmons

cc (for information): Warren K. Hendriks  
Jerry Jones  
Paul Theis

FROM THE STAFF SECRETARY

DUE: Date: Friday, October 25, 1974 Time: 2:00 p.m.

SUBJECT: Enrolled Resolution S.J. Res. 250 - Regional  
Rail Reorganization Act amendments

ACTION REQUESTED:

\_\_\_\_\_ For Necessary Action

XX For Your Recommendations

\_\_\_\_\_ Prepare Agenda and Brief

\_\_\_\_\_ Draft Reply

\_\_\_\_\_ For Your Comments

\_\_\_\_\_ Draft Remarks

REMARKS:

Please return to Kathy Tindle - West Wing

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

Warren K. Hendriks  
For the President

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.: 689

Date: October 22, 1974

Time: 6:30 p.m.

FOR ACTION: Michael Duval  
Phil Buchen  
Bill Timmons

cc (for information): Warren K. Hendriks  
Jerry Jones  
Paul Theis

FROM THE STAFF SECRETARY

DUE: Date: Friday, October 25, 1974 Time: 2:00 p.m.

SUBJECT: Enrolled Resolution S.J. Res. 250 - Regional  
Rail Reorganization Act amendments

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

Please return to Kathy Tindle - West Wing

*No objection  
D.C.*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

Warren K. Hendriks  
For the President

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.: 689

Date: October 22, 1974

Time: 6:30 p.m.

FOR ACTION: ✓ Michael Duval  
Phil Buchen  
Bill Timmons

cc (for information): Warren K. Hendriks  
Jerry Jones  
Paul Theis

FROM THE STAFF SECRETARY

DUE: Date: Friday, October 25, 1974 Time: 2:00 p.m.

SUBJECT: Enrolled Resolution S.J. Res. 250 - Regional  
Rail Reorganization Act amendments

ACTION REQUESTED:

- For Necessary Action
- For Your Recommendations
- Prepare Agenda and Brief
- Draft Reply
- For Your Comments
- Draft Remarks

REMARKS: *OK Mike Duval 10/23/74*

Please return to Kathy Tindle - West Wing

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

Warren K. Hendriks  
For the President



THE WHITE HOUSE

*typed*

ACTION MEMORANDUM

WASHINGTON

LOG NO.: 689

Date: October 22, 1974

Time: 6:30 p.m.

FOR ACTION:  Michael Duval  
 Phil Buchen  
 Bill Timmons

cc (for information): Warren K. Hendriks  
Jerry Jones  
Paul Theis

FROM THE STAFF SECRETARY

DUE: Date: Friday, October 25, 1974 Time: 2:00 p.m.

SUBJECT: Enrolled Resolution S.J. Res. 250 - Regional  
Rail Reorganization Act amendments

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

Please return to Kathy Tindle - West Wing

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

\_\_\_\_\_  
K. R. COLE, JR.  
For the President

To: *Harmon Henderson*  
10-22-74  
5:25 p.m.

EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

OCT 22 1974

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Resolution S.J. Res. 250 - Regional Rail  
Reorganization Act amendments  
Sponsor - Sen. Beall (R) Maryland

Last Day for Action

October 29, 1974 - Tuesday

Purpose

Extends the reporting dates of the Regional Rail Reorganization Act (NE corridor) and authorizes an additional \$14 million for administrative expenses of the U.S. Railway Association.

Agency Recommendations

Office of Management and Budget

Approval

Department of Transportation  
Interstate Commerce Commission  
Department of Justice

Approval  
No objection  
Defers to DOT

Discussion

The Regional Rail Reorganization Act of 1973 (P.L. 93-236) established special procedures for restructuring the rail system in the Northeast region which contains a number of bankrupt railroads. The newly established U.S. Railway Association (USRA), a nonprofit Government corporation, was charged with submitting by October 29, 1974, a preliminary system plan for reorganizing the railroads in that region, including proposed line abandonments or consolidations. The final plan would then be due four months later. Because the USRA members were not appointed until four months later than expected, USRA finds that it cannot meet the October 29 deadline. S.J. Res. 250 would extend the preliminary and final system plan deadlines by 120 days.

# Ninety-third Congress of the United States of America

AT THE SECOND SESSION

*Begun and held at the City of Washington on Monday, the twenty-first day of January,  
one thousand nine hundred and seventy-four*

## Joint Resolution

To extend the Regional Rail Reorganization Act's reporting date, and for other purposes.

Whereas the Senate and Congress recently enacted major reorganization legislation to prevent economic disaster in the area served by the Penn Central Railroad and six other bankrupt Class I railroads (Regional Rail Reorganization Act of 1973, Public Law 93-236); and

Whereas such legislation provided for the immediate establishment of a new entity, the United States Railway Association, to plan such reorganization and to adopt and release a "preliminary system plan" within 300 days after the enactment of the legislation, and to prepare and submit the "final system plan" to the directors of the Association within 420 days after enactment, pursuant to a funding authorization not to exceed \$26,000,000; and

Whereas, as a result of circumstances not within the control of the Congress or the United States Railway Association, the Association was unable to commence full-scale operations until more than four months later than was contemplated in the legislation; and

Whereas the Association will not be able to prepare reorganization plans for an efficient, adequate, safe, and reliable rail transportation system in the Midwest and Northeast region of the United States unless it is granted an additional 120 days in which to adopt the preliminary system plan and an additional 120 days in which to prepare the final system plan and authorization for funding for such additional period; and

Whereas such legislation provided a system of rail service continuation subsidies so that shippers and local and State governments could, on a matching basis with the Federal Government, continue rail service on selected lines within a State which might not otherwise continue to be operated; and

Whereas confusion has been engendered by the failure to include in such legislation a definition of which rail services are eligible for such subsidies: Now, therefore, be it

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 207(a)(1) of the Regional Rail Reorganization Act of 1973 (87 Stat. 985) is amended by striking the figure "300" in the first sentence thereof and substituting therefor the figure "420".*

(b) Section 207(c) of the Regional Rail Reorganization Act of 1973 (87 Stat. 985) is amended by striking the figure "420" in the first sentence thereof and substituting therefor the figure "540".

(c) Section 214(c) of the Regional Rail Reorganization Act of 1973 (87 Stat. 985) is amended by striking the figure "\$26,000,000" and substituting therefor the figure "\$40,000,000".

(d) Section 402(c) of the Regional Rail Reorganization Act of 1973 (87 Stat. 985) is amended by inserting "(1)" before the first sentence thereof, redesignating paragraphs (1), (2), (3), and (4) as subparagraphs (A), (B), (C), and (D), respectively, and by adding the following new paragraph:

"(2) Rail freight services eligible for rail service continuation subsidies pursuant to subsection (b) of this section are—

"(A) those rail services of railroads in reorganization in the region which the final system plan does not designate to be continued;

"(B) those rail services in the region which have been at any time during the 5 year period prior to the date of enactment of

S. J. Res. 250—2

this Act, or which are subsequent to the date of enactment of this Act, owned, leased, or operated by a State agency or a local or regional transportation authority or with respect to which a State, a political subdivision thereof, or a local or regional transportation authority has invested at any time during the 5 year period prior to the date of enactment of this Act, or invests subsequent to the date of enactment of this Act, substantial sums for improvement or maintenance of rail service; and

“(C) those rail services in the region with respect to which the Commission issues a certificate of abandonment effective on or after the date of enactment of this Act.”

(e) The last sentence of section 403(a) of the Act is amended to read: “*Provided, however,* That any rail service for which a State agency or local or regional transportation authority receives such loan is no longer eligible for a rail service continuation subsidy pursuant to section 402 of this title.”

*Speaker of the House of Representatives.*

*Vice President of the United States and  
President of the Senate.*

HHH  
TTTT  
HHH  
HHH

October 17, 1974

Dear Mr. Director:

The following bills were received at the White House on October 17th:

S.J. Res. 236 ✓	S. 2840 ✓	H.R. 7768	H.R. 14225
S.J. Res. 250 ✓	S. 3007 ✓	H.R. 7780	H.R. 14597
S.J. Res. 251 ✓	S. 3234 ✓	H.R. 11221	H.R. 15148 ✓
S. 355 ✓	S. 3473 ✓	H.R. 11251 ✓	H.R. 15427
S. 605 ✓	S. 3698 ✓	H.R. 11452 ✓	H.R. 15540 ✓
S. 628 ✓	S. 3792	H.R. 11830 ✓	H.R. 15643 ✓
S. 1411 ✓	S. 3838 ✓	H.R. 12035 ✓	H.R. 16857 ✓
S. 1412 ✓	S. 3979 ✓	H.R. 12281	H.R. 17027 ✓
S. 1769 ✓	H.R. 6624	H.R. 13561 ✓	
S. 2348 ✓	H.R. 6642 ✓	H.R. 13631 ✓	

Please let the President have reports and recommendations as to the approval of these bills as soon as possible.

Sincerely,

Robert D. Linder  
Chief Executive Clerk

The Honorable Roy L. Ash  
Director  
Office of Management and Budget  
Washington, D. C.