

1 centage is expected to increase even as the total popula-
2 tion expands, and this heavy concentration of people
3 must move in and out of the urban centers in order to
4 work, shop, attend school, and fulfill recreational and
5 cultural needs;

6 (2) unless much of this increase in volume of pas-
7 senger traffic can be diverted to modes of mass trans-
8 portation, whether railroad, railway or motor carrier,
9 the serious situation facing our cities in their fight for
10 economic survival will become critical;

11 (3) the national defense depends to a large extent
12 on maintaining access to defense industries, research
13 centers and universities and medical centers situated
14 in the major metropolitan areas; appropriate planning
15 for civilian defense must rely in part upon satisfactory
16 methods of mass evacuation from our large cities;

17 (4) the heavy reliance upon the private automobile
18 and public roadway for commutation travel into and
19 within our major metropolitan centers has added to the
20 serious financial problems confronting the operators,
21 both public and private, of mass transportation services;
22 continued reduction of these services will serve only
23 to aggravate present traffic congestion;

24 (5) the cost of regulating traffic movement, widen-
25 ing, maintaining, and improving city streets, and pro-

1 viding adequate off-street parking for the volume of
2 traffic which would result if only private vehicles were
3 to be used for commuting purposes in our major metro-
4 politan areas would be so high that no municipality
5 could finance the cost thereof, and since much of this
6 traffic moves across city, county, and State lines it
7 cannot be solved by cities alone;

8 (6) further development of mass transportation in
9 and out of our urban centers has become a matter of
10 national public necessity;

11 (7) unless capital can be provided to modernize
12 mass transportation equipment and other facilities, and
13 to expand service to newly developed suburban areas,
14 these critical needs cannot be met.

15 It is therefore the purpose of this Act to provide financial
16 assistance to State or local governments or public authorities
17 in our major metropolitan areas to aid them in acquiring
18 or constructing facilities and equipment for operation or
19 lease to public or private companies providing mass trans-
20 portation in order to meet the critical needs for transporta-
21 tion to and from our urban centers.

22 ESTABLISHMENT OF CORPORATION

23 SEC. 3. In order to carry out the purpose of this Act
24 there is hereby established in the Department of Commerce
25 a body corporate to be known as the "Mass Transit Financing

1 Corporation" (hereinafter referred to as the "Corporation").
2 The Corporation shall have succession until dissolved by
3 Act of Congress. It shall maintain its principal office in
4 the District of Columbia and shall be deemed, for purposes
5 of venue in civil actions, to be a resident thereof. Offices
6 may be established by the Corporation in such other places
7 as it may deem appropriate in the conduct of its business.

8 MANAGEMENT

9 SEC. 4. The Corporation shall have a board of directors
10 consisting of five persons, one of whom shall be the Secretary
11 of Commerce as chairman of the board, and four of whom
12 shall be appointed by the Secretary from among the officers
13 or employees of the Department of Commerce, or (with the
14 consent of the head of such other department or agency) of
15 any other department or agency of the Federal Government.
16 The board of directors shall meet at the call of its chairman,
17 who shall require it to meet not less often than once each
18 month. Within the limitations of law, the Corporation shall
19 determine the general policies which shall govern the opera-
20 tions of the Corporation. The chairman of the board shall
21 select and effect the appointment of qualified persons to
22 fill the offices of president and vice president, and such other
23 offices as may be provided for in the bylaws, with such
24 executive functions, powers, and duties as may be pre-
25 scribed by the bylaws or by the board of directors, and

1 such persons shall be the executive officers of the Corporation
2 and shall discharge all such executive functions, powers, and
3 duties. The basic rate of compensation of the position of
4 president of the Corporation shall be the same as the basic
5 rate of compensation established for the Assistant Secretaries
6 of Commerce. The members of the board, as such, shall not
7 receive compensation for their services.

8 FUNCTIONS

9 SEC. 5. (a) The Corporation is authorized to purchase
10 the securities and obligations of (including but not limited to
11 bonds, notes, debentures and equipment notes, and condi-
12 tional sales agreements or assignments of conditional sales
13 agreements), or to make loans to, municipalities or other
14 State or local public authorities—including those established
15 by agreement between two or more States—in standard
16 metropolitan areas as defined by the Federal Committee on
17 Standard Metropolitan Areas, to finance the acquisition, con-
18 struction, reconstruction, maintenance, and improvement of
19 facilities and equipment for use in mass transit or commuter
20 service for the purpose of making such facilities and equip-
21 ment available for operation or by lease or otherwise to any
22 public or private transit agency or railroad providing com-
23 muter service;

24 (b) As used in this Act, unless the context otherwise
25 requires, facilities shall be construed to include land, sta-

1 tions, rights-of-way, tracks and track materials, electrifica-
2 tion facilities, and any other real or personal property neces-
3 sary or useful for the operation of transit or commuter
4 service: *Provided, however,* That "facilities" shall not be
5 construed to include public highways.

6 (c) The powers granted in subsection (a) of this section
7 shall be subject to the following restrictions and limitations.

8 (1) No financial assistance shall be extended under this
9 section unless the financial assistance applied for is not other-
10 wise available on equally favorable terms and conditions,
11 and all securities and obligations purchased and all loans
12 made under this section shall be of such sound value or so
13 secured as reasonably to assure retirement or repayment, and
14 such loans may be made either directly or in cooperation
15 with banks or other lending institutions through agreements
16 to participate or by the purchase of participations or other-
17 wise.

18 (2) For such transit systems or railroads as are subject
19 to State regulatory authority, no financial assistance shall be
20 extended under this section unless the State agency which
21 exercises regulatory functions with respect to the transit or
22 commuter service involved certifies to the Corporation that
23 such assistance is urgently needed to provide essential transit
24 or commuter service.

25 (3) No securities or obligations shall be purchased, and

1 no loans shall be made, including renewals or extensions
2 thereof, which have maturity dates in excess of fifty years.

3 (4) Interest shall be charged on loans made under this
4 section at a rate determined by the board of directors of
5 the Corporation which shall not be more than the total of
6 one-quarter of 1 per centum per annum added to the
7 rate of interest paid by the Corporation on funds obtained
8 from the Secretary of the Treasury as provided in section
9 7 of this Act.

10 (5) Financial assistance shall be made available only
11 in connection with the acquisition, construction, reconstruc-
12 tion, maintenance and improvement of facilities and equip-
13 ment to be operated or leased to and used by public or
14 private companies for the purpose of providing transit and
15 commuter services in standard metropolitan areas.

16 CAPITAL STOCK

17 SEC. 6. (a) The Corporation may issue capital stock
18 from time to time which shall be subscribed for by the Secre-
19 tary of the Treasury on behalf of the United States, and
20 payments for such subscriptions shall be subject to call in
21 whole or in part by the Corporation. The total amount of
22 such stock subscribed for and held by the Secretary of the
23 Treasury at any time shall not exceed \$500,000,000. Stock
24 held by the Secretary of the Treasury shall be preferred as
25 to dividends and assets of the Corporation and shall be en-

1 titled to cumulative dividends for each year equal to a re-
2 turn on the average amount at par, of such stock outstand-
3 ing during such fiscal year at a rate determined by the
4 Secretary of the Treasury, taking into consideration the
5 probable term of the stock investment and the current aver-
6 age rate on outstanding marketable obligations of the United
7 States as of the last day of the sixth month of such fiscal
8 year. The Corporation shall issue to the Secretary of the
9 Treasury receipts for payments by him for or on account of
10 such stock, and such receipts shall be evidence of the stock
11 ownership of the United States.

12 (b) There are hereby authorized to be appropriated out
13 of any money in the Treasury not otherwise appropriated,
14 the amounts necessary to enable the Secretary of the Treas-
15 ury to make payments on such stock when called. Such
16 stock or any part thereof may be retired at any time by the
17 Corporation out of income derived by it from its operations
18 under this Act.

19 FINANCING OF OPERATIONS

20 SEC. 7. (a) In order to carry out its functions under
21 this Act, the Corporation may issue, upon approval of the
22 Secretary of the Treasury, and have outstanding at any
23 one time obligations (in the form of debentures or other-
24 wise) in an aggregate amount of \$500,000,000, having such
25 maturities and bearing such rate or rates of interest as may

1 be determined by the Corporation with the approval of the
2 Secretary of the Treasury. Such obligations shall be redeem-
3 able at the option of the Corporation before maturity in
4 such manner as may be stipulated in the obligations. The
5 Corporation shall insert appropriate language in all of its ob-
6 ligations issued under this subsection clearly indicating that
7 such obligations, together with the interest thereon, are not
8 guaranteed by the United States and do not constitute a
9 debt or obligation of the United States or of any agency or
10 instrumentality thereof other than the Corporation. The
11 Corporation is authorized to purchase in the open market
12 any of its obligations outstanding under this section at any
13 time and at any price.

14 (b) The Secretary of the Treasury is authorized in his
15 discretion to purchase any obligations issued pursuant to sub-
16 section (a) of this section. For such purpose the Secretary
17 of the Treasury is authorized to use as a public debt trans-
18 action the proceeds of the sale of any securities issued under
19 the Second Liberty Bond Act, and the purpose for which
20 securities may be issued under such Act are extended to
21 include such purchases. Each purchase of obligations by the
22 Secretary of the Treasury under this subsection shall be upon
23 such terms and conditions as to yield a return at a rate de-
24 termined by the Secretary of the Treasury, taking into con-
25 sideration the current average rate on outstanding marketable

1 obligations of the United States as of the last day of the
2 month preceding the making of such purchase. The Secre-
3 tary of the Treasury may, at any time, sell any of the
4 obligations acquired by him under this subsection.

5 (c) Funds borrowed under this section and funds de-
6 rived from the issue of capital stock under section 6, together
7 with any proceeds, shall constitute a revolving fund which
8 may be used by the Corporation in the exercise of its func-
9 tions under this Act.

10 TAX EXEMPTION

11 SEC. 8. The Corporation, including its franchise, capital,
12 reserves, surplus, mortgages, and income shall be exempt
13 from all taxation now or hereafter imposed by the United
14 States, any territory or possession thereof, or by any State,
15 county, municipality, or local taxing authority; except that
16 any real property of the Corporation shall be subject to
17 State, territorial, county, municipal, or local taxation to
18 the same extent and according to its value as other real
19 property is taxed.

20 GENERAL POWERS

21 SEC. 9. (a) The Corporation shall have power to
22 adopt, alter, and use a corporate seal, which shall be judi-
23 cially noticed; by its Board of Directors, to adopt, amend,
24 and repeal bylaws governing the performance of the powers

1 and duties granted to or imposed upon it by law; to enter
2 into and perform contracts, leases, cooperative agreements,
3 or other transactions, on such terms as it may deem appro-
4 priate, with any agency or instrumentality of the United
5 States, or with any State, territory, or possession, or the
6 Commonwealth of Puerto Rico, or with any political sub-
7 division thereof, or with any person, firm, association, or
8 corporation; to execute, in accordance with its bylaws, all
9 instruments necessary or appropriate in the exercise of any
10 of its powers; in its corporate name, to sue and to be sued,
11 and to complain and to defend, in any court of competent
12 jurisdiction, State or Federal, but no attachment, injunction,
13 or other similar process, mesne or final, shall be issued
14 against the property of the Corporation or against the
15 Corporation with respect to its property; to conduct its
16 business in any State of the United States, including the
17 District of Columbia, the Commonwealth of Puerto Rico,
18 and the territories and possessions of the United States; to
19 lease, purchase, or acquire any property, real, personal, or
20 mixed, or any interest therein; to prescribe, repeal, and
21 amend or modify rules, regulations, or requirements govern-
22 ing the manner in which its general business may be con-
23 ducted; to accept gifts or donations of services, or of property,
24 real, personal, or mixed, tangible or intangible, in aid of any

1 of the purposes of the Corporation; and to do all things as
2 are necessary or incidental to the proper management of its
3 affairs and the proper conduct of its business.

4 (b) Except as may be otherwise provided in this Act,
5 in the Government Corporation Control Act, or in other
6 laws specifically applicable to Government corporations, the
7 Corporation shall determine the necessity for and the char-
8 acter and amount of its obligations and expenditures and
9 the manner in which they shall be incurred, allowed, paid,
10 and accounted for.

11 (c) The chairman of the Board shall have power to
12 select and appoint or employ such officers, attorneys, em-
13 ployees, and agents, to vest them with such powers and
14 duties, and to fix and to cause the Corporation to pay such
15 compensation to them for their services, as he may deter-
16 mine, subject to the civil service and classification laws.
17 Bonds may be required for the faithful performance of their
18 duties, and the Corporation may pay the premiums therefor.
19 With the consent of any Government corporation or Federal
20 Reserve bank, or of any board, commission, independent
21 establishment, or executive department of the Government,
22 the Corporation may avail itself on a reimbursable basis of
23 the use of information, services, facilities, officers, and em-
24 ployees thereof, including any field service thereof, in carry-
25 ing out the provisions of this Act.

MISCELLANEOUS

1

2 SEC. 10. (a) In order that the Corporation may be sup-
3 plied with such forms of obligations or certificates as it may
4 need for issuance under this Act, the Secretary of the
5 Treasury is authorized, upon request of the Corporation, to
6 prepare such forms as shall be suitable and approved by the
7 Corporation, to be held in the Treasury subject to delivery,
8 upon order of the Corporation. The engraved plates, dies,
9 bed pieces, and other material executed in connection there-
10 with shall remain the custody of the Secretary of the Treas-
11 ury. The Corporation shall reimburse the Secretary of the
12 Treasury for any expenses incurred in the preparation, cus-
13 tody, and delivery of such forms.

14

15 (b) The Federal Reserve banks are authorized and di-
16 rected to act as depositaries, custodians, and fiscal agents for
17 the Corporation in the general performance of its powers,
18 and the Corporation shall reimburse such Federal Reserve
19 banks for such services in such manner as may be agreed
20 upon.

21

22 (c) All obligations issued by the Corporation shall be
23 lawful investments, and may be accepted as security for all
24 fiduciary, trust, and public funds, the investment or deposit
of which shall be under the authority and control of the
United States or any officer or officers thereof.

86TH CONGRESS
2^D Session

H. R. 10808

A BILL

To establish a body corporate within the Department of Commerce to extend financial assistance to State or local governments or public authorities operating or providing transit and commuter service in our major metropolitan areas.

By Mr. BARR, *

March 1, 1960

Referred to the Committee on Banking and Currency