

1 ume of traffic pouring in and out of our major urban
2 centers can be diverted to mass transportation;

3 (2) approximately 65 per centum of the Nation's
4 population lives in the city-suburban complex which
5 makes up our major metropolitan centers and this heavy
6 concentration of people must move in and out of the
7 urban centers in order to work, shop, go to school, and
8 fulfill recreational and cultural needs;

9 (3) the national defense depends to a large extent
10 on maintaining access to defense industries, research
11 centers, and universities and medical centers situated in
12 urban centers;

13 (4) transit companies, whether privately or pub-
14 licly operated, are carrying fewer persons who are pay-
15 ing more for a slower ride resulting from traffic conges-
16 tion;

17 (5) the reduction in transit service in our major
18 metropolitan areas has resulted in increased traffic con-
19 gestion;

20 (6) the cost of regulating traffic movement, widen-
21 ing, maintaining, and improving city streets, and pro-
22 viding adequate off-street parking for the volume of
23 traffic which would result if only private vehicles were
24 to be used for commuting purposes in our major metro-
25 politan areas would be so high that no municipality

1 could finance the cost thereof, and since much of this
2 traffic moves across city, county, and State lines it cannot
3 be solved by cities alone;

4 (7) mass transit in and out of our urban centers is
5 no longer a matter of private convenience; it is a matter
6 of public necessity;

7 (8) unless capital can be attracted to the task of
8 replacing wornout equipment and expansion of service
9 to newly developed areas, riders will not return to mass
10 transit forms of transportation; and

11 (9) governmental subsidies to other forms of trans-
12 portation have weakened the competitive position of
13 transit companies in attracting private capital to meet
14 their pressing needs.

15 It is therefore the purpose of this Act to provide financial
16 assistance to public and private companies providing transit
17 service in our major metropolitan areas to aid them in
18 acquiring or constructing facilities equipment to meet the
19 critical needs for transportation to and from our urban
20 centers.

21 ESTABLISHMENT OF CORPORATION

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

1 "Corporation"). The Corporation shall have succession
2 until dissolved by Act of Congress. It shall maintain its
3 principal office in the District of Columbia and shall be
4 deemed, for purposes of venue in civil actions, to be a resi-
5 dent thereof. Offices may be established by the Corporation
6 in such other places as it may deem appropriate in the
7 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 fill
22 the offices of president and vice president, and such other
23 offices as may be provided for in the bylaws, with such exe-
24 cutive functions, powers, and duties as may be prescribed by
25 the bylaws or by the board of directors, and such persons

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

8

FUNCTIONS

9 SEC. 5. (a) The Corporation is authorized to purchase
10 the securities and obligations of, or to make loans (1) to
11 public and private transit companies, and railroads provid-
12 ing commuter service, in standard metropolitan areas as de-
13 fined by the Federal Committee on Standard Metropolitan
14 Areas, to finance the purchase of new equipment, other
15 than buses, for the purpose of improving transit or com-
16 muter service or extending such service to new areas within
17 any such standard metropolitan area, and (2) to municipi-
18 palities to finance the purchase of such equipment for the
19 purpose of making such equipment available by lease or
20 otherwise to any such transit company or railroad.

21 (b) The powers granted in subsection (a) of this sec-
22 tion shall be subject to the following restrictions and limi-
23 tations.

24 (1) No financial assistance shall be extended under
25 this section unless the financial assistance applied for is not

1 otherwise available on equally favorable terms and condi-
2 tions, and all securities and obligations purchased and all
3 loans made under this section shall be of such sound value
4 or so secured as reasonably to assure retirement or repay-
5 ment, and such loans may be made either directly or in
6 cooperation with banks or other lending institutions through
7 agreements to participate or by the purchase of participations
8 or otherwise.

9 (2) No financial assistance shall be extended under
10 this section to any public or private transit company, or rail-
11 road, unless (A) the governing body of the municipality,
12 with respect to which such company or railroad provides
13 transit or commuter service, and (B) the State agency
14 which exercises regulatory functions with respect to the
15 service provided by such company or railroad, certify to
16 the Corporation that such assistance is urgently needed to
17 provide essential transit or commuter service.

18 (3) No securities or obligations shall be purchased,
19 and no loans shall be made, including renewals or extensions
20 thereof, which have maturity dates in excess of fifty years.

21 (4) Interest shall be charged on loans made under
22 this section at a rate determined by the board of directors of
23 the Corporation which shall not be more than the total of
24 one-quarter of 1 per centum per annum added to the rate
25 of interest paid by the Corporation on funds obtained from

1 the Secretary of the Treasury as provided in section 7 of
2 this Act.

3 (5) Financial assistance for the purchase of railroad
4 equipment shall be limited to equipment to be used in com-
5 muter service within a thirty-mile radius of the principal
6 central city in a standard metropolitan area.

7 (6) Financial assistance extended under this Act shall
8 be subject to the following conditions which shall be made a
9 part of the instrument evidencing such assistance:

10 "In any rate, or other proceeding, including condemna-
11 tion, where the value or cost of the utility property is rele-
12 vant, the maximum amount which the utility can claim as
13 value or cost for the equipment purchased with Federal funds
14 is the actual amount of principal repaid to the Government
15 on the loan by the utility at the time of the valuation.

16 "The depreciation charges on said equipment allow-
17 able in any rate or other valuation proceeding shall be taken
18 only on the property properly in the rate base under the
19 provisions of the preceding paragraph."

20 CAPITAL STOCK

21 SEC. 6. (a) The Corporation may issue capital stock
22 from time to time which shall be subscribed for by the Sec-
23 retary of the Treasury on behalf of the United States, and
24 payments for such subscriptions shall be subject to call in
25 whole or in part by the Corporation. The total amount of

1 such stock subscribed for and held by the Secretary of the
2 Treasury at any time shall not exceed \$500,000,000. Stock
3 held by the Secretary of the Treasury shall be preferred as to
4 dividends and assets of the Corporation and shall be entitled
5 to cumulative dividends for each year equal to a return on
6 the average amount, at par, of such stock outstanding during
7 such fiscal year at a rate determined by the Secretary of the
8 Treasury, taking into consideration the probable term of the
9 stock investment and the current average rate on outstanding
10 marketable obligations of the United States as of the last day
11 of the sixth month of such fiscal year. The Corporation shall
12 issue to the Secretary of the Treasury receipts for payments
13 by him for or on account of such stock, and such receipts
14 shall be evidence of the stock ownership of the United States.

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

22 FINANCING OF OPERATIONS

23 SEC. 7. (a) In order to carry out its functions under
24 this Act, the Corporation may issue, upon approval of the
25 Secretary of the Treasury, and have outstanding at any one

1 time obligations (in the form of debentures or otherwise) in
2 an aggregate amount of \$500,000,000, having such maturi-
3 ties and bearing such rate or rates of interest as may be de-
4 termined by the Corporation with the approval of the Sec-
5 retary of the Treasury. Such obligations shall be redeem-
6 able at the option of the Corporation before maturity in such
7 manner as may be stipulated in the obligations. The Cor-
8 poration shall insert appropriate language in all of its
9 obligations issued under this subsection clearly indicating
10 that such obligations, together with the interest thereon, are
11 not guaranteed by the United States and do not constitute a
12 debt or obligation of the United States or of any agency
13 or instrumentality thereof other than the Corporation. The
14 Corporation is authorized to purchase in the open market
15 any of its obligations outstanding under this section at any
16 time and at any price.

17 (b) The Secretary of the Treasury is authorized in his
18 discretion to purchase any obligations issued pursuant to
19 subsection (a) of this section. For such purpose the Secre-
20 tary of the Treasury is authorized to use as a public debt
21 transaction the proceeds of the sale of any securities issued
22 under the Second Liberty Bond Act, and the purpose for
23 which securities may be issued under such Act are extended
24 to include such purchases. Each purchase of obligations
25 by the Secretary of the Treasury under this subsection shall

1 be upon such terms and conditions as to yield a return at a
2 rate determined by the Secretary of the Treasury, taking
3 into consideration the current average rate on outstanding
4 marketable obligations of the United States as of the last
5 day of the month preceding the making of such purchase.
6 The Secretary of the Treasury may, at any time, sell any of
7 the obligations acquired by him under this subsection.

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

13 TAX EXEMPTION

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

23 GENERAL POWERS

24 SEC. 9. (a) The Corporation shall have power to adopt,
25 alter, and use a corporate seal, which shall be judicially

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

1 personal, or mixed, tangible, or intangible, in aid of any of
2 the purposes of the Corporation; and to do all things as are
3 necessary or incidental to the proper management of its
4 affairs and the proper conduct of its business.

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

12 (c) The Chairman of the Board shall have power to
13 select and appoint or employ such officers, attorneys, em-
14 ployees, and agents, to vest them with such powers and
15 duties, and to fix and to cause the Corporation to pay such
16 compensation to them for their services, as he may determine,
17 subject to the civil service and classification laws. Bonds
18 may be required for the faithful performance of their duties,
19 and the Corporation may pay the premiums therefor. With
20 the consent of any Government corporation or Federal Re-
21 serve bank, or of any board, commission, independent es-
22 tablishment, or executive department of the Government, the
23 Corporation may avail itself on a reimbursable basis of the

1 use of information, services, facilities, officers, and employees
2 thereof, including any field service thereof, in carrying out
3 the provisions of this Act.

4 MISCELLANEOUS

5 SEC. 10. (a) In order that the Corporation may be
6 supplied with such forms of obligations or certificates as it
7 may need for issuance under this Act, the Secretary of the
8 Treasury is authorized, upon request of the Corporation,
9 to prepare such forms as shall be suitable and approved by
10 the Corporation, to be held in the Treasury subject to de-
11 livery, upon order of the Corporation. The engraved plates,
12 dies, bed pieces, and other material executed in connection
13 therewith shall remain in the custody of the Secretary of
14 the Treasury. The Corporation shall reimburse the Secre-
15 tary of the Treasury for any expenses incurred in the
16 preparation, custody, and delivery of such forms.

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

23 (c) All obligations issued by the Corporation shall be

1 lawful investments, and may be accepted as security for all
2 fiduciary, trust, and public funds, the investment or deposit
3 of which shall be under the authority and control of the
4 United States or any officer or officers thereof.

85TH CONGRESS
2d Session

H. R. 11816

A BILL

To establish a body corporate within the Department of Commerce to extend financial assistance to public and private companies providing transit and commuter service in our major metropolitan areas.

By Mr. Green of Pennsylvania

APRIL 1, 1958

Referred to the Committee on Banking and Currency