



NATIONAL ASSOCIATION OF RAILROAD PASSENGERS

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John R. Martin, Pres.; John Kirkwood, V. Pres.; Andrea Banks, Sec.; Joseph Horning, Jr., Treas.; Ross Capon, Exec. Dir.; Barry Williams, Asst. Dir.; Hollyanne Dustin, Mbrshp. Dir.; Harriet Parcels, Transp. Assoc.

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RETURN REQUESTED

Sen. Andrews Addresses NARP Board



—photo by Dan Lovegren

Sen. Mark Andrews (R-ND) and NARP Pres. John Martin enjoy a laugh about the David Stockman knife that cuts both ways.

TRAVELERS' ADVISORY

All Amtrak service to Montreal, which had been suspended for a month due to a New England rail strike, resumed May 23 following White House intervention. New York-Montreal "Adirondack" had been suspended north of Albany Mar. 25-May 22; Washington-Montreal "Montrealer" was idled north of Springfield Apr. 22-May 22. ["Montrealer" detour over Central Vermont Ry., reported in last issue, ended when CV could no longer guarantee train's safety.]

Pres. Reagan on May 16 ordered creation of an emergency board to help settle the dispute between Brotherhood of Maintenance of Way Employees and Guilford's Maine Central, Delaware & Hudson, and Boston & Maine Railroads. This action ends strike for 60 days while the parties negotiate; if a solution isn't reached by then, strike could resume.

Passengers are therefore advised to consult Amtrak

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'Your Message Has Been Heard' But 'Don't Lay Down and Relax!'

Sen. Mark Andrews (R-ND), chairman of the Senate Appropriations Subcommittee on Transportation, spoke to a well-attended NARP Board of Directors meeting in Washington on May 2. He brought the good news that, very early that morning, the Senate had voted 70-25 for a Fiscal Year 1987 budget resolution which, reflecting his work in the Budget Committee, has "full funding for Amtrak—and that's not bad!" This news was met with enthusiastic applause and cheers.

The resolution contains \$591 million for Amtrak and \$12 million for the Northeast Corridor Improvement Project (NECIP). These amounts constitute a freeze from this current year's [FY '86 post-Gramm-Rudman] levels. [On May 15, the House of Representatives voted 245-179 for a budget resolution with the same Amtrak and NECIP sums as contained in the Senate resolution.]

Sen. Andrews praised NARP's hard work in fighting to save Amtrak during recent budget battles, and said, "Your clear message, that a balanced transportation system that includes highway, air, and rail travel is essential to our national interest, has been heard—and it will continue to be heard if you don't lay down and relax!"

Andrews, whose appropriations subcommittee has jurisdiction over Amtrak funding, has emerged as one of the foremost congressional experts on the Amtrak issue, as well as one of the rail passenger's strongest congressional allies. In April, NARP recognized his critical contribution to the Amtrak cause by presenting him with our George Falcon Golden Spike Award. The presentation was made by NARP Director James H. Larson, Grand Forks, ND, during the dedication of Amtrak's new Fargo, ND, station. In Washington, Andrews told the NARP directors: "I certainly appreciate the George Falcon Award that was presented to me at Fargo on Apr. 5 on your behalf. It's a very handsome award—one for which I'm truly grateful."

Demonstrating considerable knowledge of the Amtrak issue, Andrews told the directors: "Now, in my home state

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Senate Finance Bill vs. Balanced Transportation

The tax bill passed unanimously by the Senate Finance Committee on May 7 has a pro-truck/anti-rail bias—but the bias is more moderate than that of the House-passed tax bill, HR 3838 (Feb. News).

The Senate committee's bill is expected to be under consideration on the Senate floor for several weeks, starting in early June. Presuming Senate passage, a House-Senate conference committee would attempt to resolve differences between the two bills. Difficult negotiations are expected between the two sides of Capitol Hill.

Of interest to NARP, the Senate committee's bill would:

- **phase out investment tax credits (ITCs).** Whereas HR 3838 would terminate at once this provision highly valued by the railroad industry, the committee's bill "lets the rails down gently" by including a 2-year transition period. No new credits could be obtained after Jan. 1, 1986, but most already-accumulated credits could be carried forward into 1987 and 1988.

- **retain accelerated depreciation.** In fact, first-year depreciation would be accelerated further through use of the double-declining-balance method. This front-loaded depreciation method is advantageous to railroads and other industries whose equipment is long-lived. HR 3838 would vastly reduce accelerated depreciation.

- **maintain current depreciation schedules,** 5 years for both rolling stock and track write-offs. HR 3838 would dilute them to 13 and 10 years, respectively.

- **hurt weaker companies** (those whose earnings fail to keep pace with inflation) of which the railroad industry has more than its share. This is perhaps the biggest defect of the Senate committee's plan: its mandatory minimum 20% tax rate coupled with the elimination of present credits and shelters. Thus, according to Frank Wilner, Assist. Vice Pres.—Information Services, Association of American Railroads (AAR), depending on a railroad's earnings, the committee's bill could prove worse than, better than, or equal to the current tax code.

- **have a neutral impact on truckers,** according to an American Trucking Associations (ATA) spokesman. Truckers would gain from the substantial reduction in corporate tax rates, retain their cherished fuel-tax deduction, and lose on depreciation and ITCs. He thinks the bill's impact on the rail industry would be somewhat less favorable: rails have been more reliant than truckers on ITCs, which are being eliminated, and rails in recent years have generally enjoyed lower tax rates than truckers and therefore would realize less savings from the rate reductions.

[AAR notes 3 reasons why railroads' tax rates have been lower: (1) railroads have been able to defer—not avoid—taxes by making greater use of accelerated depreciation and ITCs; (2) truckers in recent years minimized capital investment while waiting to see what truck sizes would be allowed; (3) until 1981, railroads had not been able to depreciate their track. As a result of tax law enacted in 1981, most railroads took extremely large track depreciation deductions 1981-85. Even under current law, railroads' taxes would rise sharply—from 3% during 1980-84 to 22% in 1987.]

- **permit—as in HR 3838—a 20% tax credit for rehabilitation of designated historic structures** (including railroad stations), and a 10% credit for rehabilitation of other buildings built before 1936. Depreciation schedules vary between the two bills. The major problem with the commit-

tee bill is the "passive loss" rule, which limits how the tax credit may be used: limited partnerships (which have restored various rail stations) can no longer use the tax credits to shelter salaries, or portfolio or other income. This would have a negative impact. Under current tax law, a 15% tax credit may be claimed for rehabilitation of non-residential buildings at least 30 years old; 20% for those at least 40 years old; 25% for designated historic structures.

- **preserve tax-exempt status of bonds used for transit projects** with up to 25% private use, as under current law, while HR 3838 limits private use to 10% or \$10 million.

- **eliminate ability of transit authorities to issue or qualify for tax-exempt industrial development bonds (IDB's)** while HR 3838 retains current law transit eligibility for IDB's.

- **continue the practice of denying tax-exempt bonds for intercity passenger railroad projects.**

- **continue the current deductibility of \$15/month in employer-paid transit passes.** ■



—photo by "double agent" Steve Leonard

ESPA and NARP members protesting at Albany Jan. 11 against federal budget cuts which forced Amtrak service cuts around the U.S. One casualty: Albany-Niagara Falls segment of New York-Niagara "Empire State Express" (in background).

NY Passengers Protest Amtrak Cuts

The Empire State Passengers Association (ESPA) and New York NARP members staged demonstrations in 4 New York cities Jan. 11 to protest federal budgetary actions which forced Amtrak to cut service. Protests were held at Grand Central Terminal in New York City and at Amtrak stations in Albany-Rensselaer, Schenectady, and Syracuse. Television and wire service coverage was excellent. The rallies were aimed particularly at the impending discontinuance of the Albany-Niagara Falls segment of the "Empire State Express."

Pres. Reagan attacked Amtrak in his weekly radio address that day, and, immediately following the president, WINS-Radio, a major New York City news station, broadcast a "passenger rebuttal" presented by ESPA/NARP member Lewis Hoppe of Brooklyn! Hoppe (now a NARP director) was taped while demonstrating at Grand Central.

In Syracuse, TV cameras recorded folksinger Lucy Bergstrom performing "Empire State Express" verses she had composed to the tune of the "Wabash Cannonball" as the "Express" pulled into the station.

ESPA Pres. Frank Barry writes: Schenectady's off-duty station agent "was told by his superiors to take a low profile in the demonstration; he did this by disguising himself as an FBI agent so that no one would mistake him for an Amtrak agent. (This probably makes him a double agent.)" ■

Sen. Andrews *(continued from page 1)*

of North Dakota—and this is why—let's be candid about it—we've been able to keep Amtrak going—we're using it! It's the old 'use it or lose it' theory. Last year we boarded 100,000 people. . . . It's hard to get on the 'Empire Builder'—it's hard to find a spot when you want to make a reservation up there. . . . The only travel you can make in a North Dakota blizzard is by rail. The airlines don't function, the highways are plugged, but usually Amtrak and railroad passenger service can get through. . . . So we rely on rail.

"But besides moving people, Amtrak also delivers our mail, out-of-state newspapers, small freight items like essential drugs and other pharmaceuticals to our hospitals. And I wish that other government-sponsored activities were doing as well as Amtrak in reducing costs and improving productivity, and in serving the customers" so well.

In response to a question, Sen. Andrews expressed reservations about the feasibility—and indeed, the advisability—of attempting to move Amtrak from the congressional appropriations process to an "off-budget" trust fund. While sympathetic to NARP members' frustrations over recent budget battles, Andrews remarked that trying to go off-budget "always sounds tempting, but you've been doing pretty well through the appropriations process. And, you know, everybody says, 'let's move it away from the appropriations process and put it over here.' Then you get into 'No Man's Land' and any number of things can happen. With the track record we've had for holding together the funds for Amtrak through that subcommittee that I now serve on, I don't think you really want to louse up a winning ticket by trying to go some other way. It's sort of been the 'Perils of Pauline' but it's getting easier each year because we've made our case. We've had recorded vote after recorded vote and they've turned out 2-1 [in Amtrak's favor] because of the work you've done. We've got a pretty good thing going. Trying to structure something new would be tough."

This prompted Dir. Ron Boardman of Chicago to observe: "We have to assume that people like you are going to

continue to serve in the United States Congress for this funding to be as successful as it has been." Andrews smiled and commented, "Well, let me point out I'm up for election this year and contributions are greatly accepted!"

In closing, Sen. Andrews said: "I believe in Amtrak, as I know you do, and in these times of deficit reduction, in the environment of Gramm-Rudman-Hollings, I've tried to ensure that required cuts in spending be made fairly and equitably, so that a program that serves 43 states, over 500 stations, and nearly 21 million people not be crippled or, worse, put out of business. I've appreciated your support, I thank you again for the award—I certainly appreciate it." ■

TRAINS PUBLISHES NARP ARTICLE

NARP President John R. Martin's 6-page article promoting the future of intercity rail passenger service and noting government subsidies to highways and aviation was one of the front-page stories in the May issue of *Trains* magazine.

The *Trains* circulation is large for a periodical devoted exclusively to railroading: over 79,000 (42,500 paid subscribers; about 36,600 sold at newsstands and hobby shops).

Harriet Parcels Joins NARP Staff



Harriet Parcels has joined the NARP staff as Transportation Associate. She worked 1980-84 for Environmental Policy Institute's (EPI) Energy Conservation & Transportation Project (the last year as Project Director), writing a report, *Heavy Truck Subsidies: Need for a National Weight-Distance Tax* and lobbying in Missouri on the truck-weight referendum.

Also for EPI she worked extensively on public transportation. She made a major presentation on mass transit in the federal budget to the NARP Board of Directors (Apr. 23, 1982) and *The New York Times* published her "op ed" column, "Highways and Transit," in Aug. '82.

Probably the conservation community's leading authority on the overall transportation budget, she holds a Masters of Urban & Regional Planning from the University of Southern California (Los Angeles). While earning it, she was a transportation intern with the Southern California Association of Governments.

Before joining EPI, she was a transportation planner with the California Tahoe Regional Planning Agency and worked on Capitol Hill as a legislative aide to a member of the House Public Works & Transportation Committee.

Since joining NARP on a half-time basis Nov. 12, 1985, Ms. Parcels' work has included authoring NARP News articles on aviation and truck subsidies (Dec. '85 and Apr. '86 issues, respectively). Her major current task is putting together NARP's Campaign for New Transportation Priorities (see letter from NARP Pres. John R. Martin).

This is the first time in more than a decade that NARP's paid staff has exceeded 3 full-time positions. The decision to hire Ms. Parcels reflects the determination of the NARP Board to expand the fight for balanced transportation in the U.S. ■



Sen. Mark Andrews (R-ND), right, dedicated Amtrak's new station in Fargo, ND, Apr. 5. During the ceremony, NARP Dir. Jim Larson presented the senator with NARP's George Falcon Golden Spike Award, in recognition of his strong commitment to Amtrak and to balanced transportation spending. Andrews is chairman of the Senate Appropriations Subcommittee on Transportation.

TRAVELERS' ADVISORY (continued from page 1)
in mid-July as to the status of these trains.

Seattle-Portland "Mt. Rainier" will operate daily Jun. 13-Oct. 26. Train has run quad-weekly since Jan. 12.

This summer, Cape Cod will see its first interstate passenger train in over 21 years—if Massachusetts and Amtrak reach agreement. Trains would run through Labor Day weekend. Service would consist of two New York-Hyannis, MA, round-trips per weekend, including a Friday afternoon eastbound trip originating in Washington, DC.

After May 30, All Aboard America Fares rise in price from \$150/225/275 to \$159/239/299 for 1/2/3-zone travel, and \$7 Return Fares will only be available in selected markets.

Syracuse, NY, Amtrak station has been rebuilt at a cost of \$607,000. Rededication was May 7. Funding came from Pipeline Safety Authorization Act of 1981, Titles II-VII [Rail Safety & Service Improvement Act].

Citing security concerns, Amtrak has removed all public baggage lockers from New York Penn Station and Washington Union Station. Metro-North Rr. has done likewise at NY Grand Central. Baggage may be stored at checked baggage/express counters.

Summer equipment changes, Jun. 15-Sep. 5: Chicago-New Orleans "City of New Orleans" gains diner, loses Amfleet II lounge but keeps Heritage lounge. NY-Chicago "Cardinal" and Washington-Chicago "Capitol Ltd." gain diner and keep Amfleet II lounge. Late May-early Sep.: NY-New Orleans "Crescent" will have Heritage lounge for entire route, not just NY-Atlanta. Early Jun.-late Oct.: Los Angeles-New Orleans "Sunset Ltd." will have Heritage sleeper (roomettes, bedrooms) in addition to Superliner sleeper. Mid Jul.-mid Oct.: Chicago-Seattle/Portland "Empire Builder" will have no Portland sleeper, but 2 Seattle sleepers, due to Expo '86 traffic (to/from Vancouver, BC).

Telephone service on Amtrak's Metroliner Service trains is to begin June 2. Under a joint venture with Railfone, Inc., 46 cars have been equipped with phones permitting direct dialing to anywhere in the 50 states and Puerto Rico. All calls will be \$5 for the first 3 minutes (\$1 for each additional minute), billed to major credit cards, except directory assistance and customer service calls (i.e., to operator) will be free.

Pennsylvania Has Budget Surplus . . .and Transit Needs

The Apr. 27 timetable change reflected yet another reshuffling and reduction in Philadelphia-Harrisburg service. Amtrak had planned to eliminate two round-trips in Jan., but actually killed only one because the Commonwealth of Pennsylvania assumed partial funding of another under Sec. 403(b) of the Amtrak law. Although Pennsylvania DOT had the money to run this round-trip through June, and the state legislature is trying to figure out how to use a massive surplus of state funds, PennDOT chose to end the service with the timetable change. Service between "Center City" Philadelphia and Harrisburg thus is down to 5 round-trips Mo-Th; 5-1/2 Fr; 3 Sa; 3-1/2 Su.

If service on this route is to be restored to its former efficiency and not further downgraded to diesel trains end-

ing at 30th Street Station (west of downtown), Pennsylvanians will need to put much pressure on state officials. In an Apr. 15 letter to NARP Member John R. Pawson, PennDOT claims "the cost of purchasing appropriate equipment dedicated to the Keystone service would be prohibitive to the Commonwealth at this time" and tosses the ball to Amtrak ("Decisions concerning the number of tracks used between Harrisburg and Philadelphia, maintaining the line as an electrified service, equipment replacement and levels of service are primarily Amtrak's.").

But Amtrak has its hands full. Pennsylvania already benefits disproportionately from Amtrak's Northeast Corridor and from the improvement of the Harrisburg station. Hopefully, major Pittsburgh station improvements also will be funded partly by Amtrak. In the absence of Pennsylvania leadership and money, however, Amtrak is likely over the long term to pick the low-cost, low-ridership option on Philadelphia-Harrisburg service.

Pennsylvania *does* have money. As the Philadelphia Inquirer editorialized May 25, the legislature in Harrisburg is "grappling with the problem of what to do with the surplus (a very nice problem to have). Gov. Thornburg recently revised his estimate of the surplus sharply upward: from \$150 million to \$229 million. It could well be \$250 million or higher when the books for the current fiscal year are closed on June 30. . . .

"The surplus is large enough to allow substantial additional funding for transit. . . not just for SEPTA but for all of the 22 regional transit authorities," [ed.: at the full levels authorized by state law—never done before]. It's also large enough, we believe, for the Commonwealth to take the lead in developing the full potential of Philadelphia-Harrisburg rail passenger service. ■

ROHATYN ON GAS-TAX-FOR-TRANSIT

NY Times: Is it fair to burden New York drivers with yet another tax?

Felix G. Rohatyn: "Gasoline is one of the cheapest commodities in this country, as compared to many other places in the world. For example, in France gasoline is selling at roughly three times the price it's selling for here, and all of the difference consists of taxes.

"The Automobile Club and drivers and everybody else seem to be reasonably relaxed when it comes to paying money over to the Arab sheiks. But when the price of oil is collapsing and gasoline prices are collapsing, they seem terribly touchy about limiting the reduction by 5 or 10 cents in order to finance the mass transit system, which will make life a lot better for motorists because the congestion on the streets and the bridges and the highways may be a little bit reduced....

"Look, gasoline taxes are considered one of the great ways to political suicide in this country....And the committee that I head [the mass transit committee of Governor Cuomo's Council on Fiscal and Economic Priorities] hasn't come out yet for a gasoline tax. We haven't finished our work. The most important thing I learned at the time of the New York City fiscal crisis was that a number of things that I was told were politically impossible finally did happen because the choices were so limited."

Rohatyn is an investment banker and chairman of the Municipal Assistance Corporation. These excerpts are from an interview published in *The New York Times* on Apr. 27.
