

VETO OF H.R. 2364

---

MESSAGE

FROM

**THE PRESIDENT OF THE UNITED STATES**

TRANSMITTING

HIS VETO OF H.R. 2364, A BILL TO AMEND THE RAIL PASSENGER SERVICE ACT TO AUTHORIZE APPROPRIATIONS FOR THE NATIONAL RAILROAD PASSENGER CORPORATION, AND FOR OTHER PURPOSES



MAY 24, 1990.—Ordered to be printed

---

U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1990

*To the House of Representatives:*

I am returning herewith without my approval H.R. 2364, the "Amtrak Reauthorization and Improvement Act of 1990."

H.R. 2364 contains an unprecedented new regulatory review requirement and represents a step backward for the entire rail industry.

This new regulatory burden would interfere with the ability of the Nation's largest freight railroads to obtain needed capital or to change existing capital structure. The provision would institute for the first time, and for the railroad industry alone, Government review and approval of acquisitions by entities that are not actual or potential competitors, including a carrier's own management or employees. This requirement is an unwarranted regulatory roadblock to financial restructuring of the railroad industry.

There is already adequate authority to protect the public interest in acquisition situations. Acquisitions of railroads by other railroads are now closely scrutinized under existing law to prevent reductions in competition. Dispositions of rail line segments are also subject to scrutiny when appropriate. Any financing of an acquisition, whether or not by another carrier, that involves the issuance of securities or new obligations by the target carrier is subject to review as well. This review focuses on the acquisition's effect on the public interest and on the carrier's ability to provide service. Current law is therefore more than sufficient to protect shippers and the general public.

The rejuvenation of the rail industry since 1980 is due in large part to the Congress' decision to lift outdated and counterproductive Government oversight from the railroads. The result was the creation of a favorable environment for capital investment for the first time in decades. The new regulatory hurdle in H.R. 2364 would counter this progress by adding uncertainty to refinancing and by delaying the infusion of cash when it may be most needed. Further, this delay and uncertainty would likely drive up the railroad industry's cost of capital, which could ultimately jeopardize the industry's financial stability and endanger needed rail service. For no justifiable reason, the bill could inhibit the future flexibility of Class I freight railroads to use capital restructuring to adapt to ever-changing markets and economic circumstances.

Existing law is adequate to ensure protection of the public interest when railroad acquisitions are being proposed. Because H.R. 2364 would impose a new, unprecedented, and unjustified regulatory review requirement for railroad acquisitions, I am compelled to veto the bill.

GEORGE BUSH.

THE WHITE HOUSE, *May 24, 1990.*