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## SECRETARY CARD ANNOUNCES PLAN TO STIMULATE SALES OF NEW AND USED MASS TRANSIT VEHICLES

Secretary of Transportation Andrew H. Card Jr. today announced a change in grant procedures that will boost the domestic manufacture of transit vehicles and stimulate resale markets in both the U.S. and overseas for buses and rail cars.

The new policy allows transit operators to purchase new vehicles with the proceeds from resale of federally-funded buses and rail cars. Previously, the department's Federal Transit Administration (FTA) required repayment of the federal share of any remaining value for a vehicle sold or removed from transit service before the end of its "useful life" -- defined by FTA as 12 years for buses and 25 years for rail cars.

"The earlier replacement of buses and rail cars will help stimulate the American economy and support jobs through increased sales by the U.S. vehicle manufacturing industry," Card said. "Newer buses are also cleaner buses, so the policy will support the objectives of the Clean Air Act as well."

DOT officials expect the accelerated replacement of vehicles to encourage improved maintenance by operators eager to receive the highest possible return on resale. FTA will evaluate this initiative in two years to assess its impact.

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"Transit agencies in smaller communities will be able to expand their fleets, or replace overage buses, by purchasing well-maintained vehicles with several years of useful life," Card said. "It's a good deal for everyone, including the taxpayer."

The policy also reflects the belief of DOT officials that there is a significant untapped foreign market for second-hand American transit equipment.

"We expect a good response particularly from smaller and developing nations," Card said. "Every second-hand bus that's sold to a foreign operator means that one more new bus will be built by American workers for use in a U.S. transit system."

If the sales proceeds do not equal or exceed the remaining value of the old vehicles, the transit operator must make up the difference.

This is the second action DOT has taken in the past two weeks to stimulate the economy through mass transit improvements. On June 23, Secretary Card announced that communities, with the approval of FTA, may spend the entire federal portion of their transit capital grants before they are required to spend their own money. Previously, funds for capital projects could be spent only in conjunction with the parallel expenditure of required non-federal matching funds.

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