



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 21, 1999

H.R. 2086 **Networking and Information Technology Research** **and Development Act**

As ordered reported by the House Committee on Science on September 9, 1999

SUMMARY

H.R. 2086 would authorize appropriations for research and development (R&D) on information technology and reinstate the expired research and experimentation tax credit. The bill would authorize funding for both new and ongoing activities of the National Science Foundation (NSF), Department of Energy, National Aeronautics and Space Administration, Department of Commerce, and Environmental Protection Agency. The authorization for high-performance computing programs would extend from fiscal years 2000 through 2004, while the authorization for R&D on a next-generation Internet would extend from fiscal year 2001 through 2002. In addition, the bill would direct the Comptroller General to submit a report within 90 days of enactment on the impact of information technology research funded by certain appropriation acts for fiscal year 2000.

CBO estimates that appropriating the amounts authorized by H.R. 2086 would result in discretionary spending totaling \$3.7 billion over the 2000-2004 period. The Joint Committee on Taxation (JCT) estimates that extending the research and experimentation tax credit would reduce governmental receipts by \$1.6 billion in 2000, \$10.7 billion over the 2000-2004 period, and \$26.3 billion over the 2000-2009 period. Because the legislation would affect receipts, pay-as-you-go procedures would apply. H.R. 2086 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 2086 is shown in the following table. The discretionary costs of this legislation fall within budget functions 250 (general science, space,

and technology), 300 (natural resources and the environment), 370 (commerce and housing credit), and 400 (transportation).

	By Fiscal Year, in Millions of Dollars					
	1999	2000	2001	2002	2003	2004
SPENDING SUBJECT TO APPROPRIATION						
Spending Under Current Law						
Budget Authority/Authorization Level ^a	551	68	0	0	0	0
Estimated Outlays	522	348	99	25	7	1
Proposed Changes						
Authorization Level	0	807	926	973	1,009	1,054
Estimated Outlays	0	276	698	860	931	981
Spending Under H.R. 2086						
Authorization Level ^a	551	875	926	973	1,009	1,054
Estimated Outlays	522	624	797	885	938	982
CHANGES IN REVENUES						
Estimated Revenues	0	-1,603	-1,793	-2,153	-2,454	-2,676

a. The 1999 level is the amount appropriated for that year for the information technology R&D programs included in H.R. 2086. The fiscal year 2000 level includes the amount authorized under current law for the next-generation Internet programs covered by this bill.

Sources: Congressional Budget Office and Joint Committee on Taxation.

BASIS OF ESTIMATE

For purposes of this estimate, CBO assumes that the amounts authorized in the bill will be appropriated by the start of each fiscal year and that outlays will follow the historical spending patterns for such activities. The outlay estimates are driven by trends at NSF, which accounts for about 60 percent of the funding authorized by the bill. CBO estimates that the General Accounting Office would spend less than \$125,000 to prepare the study on research funded in fiscal year 2000, assuming appropriation of the necessary amounts.

This bill also would make the research and experimentation tax credit permanent as of June 30, 1999, the date on which it expired. JCT estimates that this extension would reduce federal tax receipts by a total of \$26.3 billion over the next 10 years. This estimate assumes that H.R. 2086 is enacted by October 1, 1999.

PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. The net changes in governmental receipts that are subject to pay-as-you-go procedures are shown in the following table. For the purposes of enforcing pay-as-you-go procedures, only the effects in the current year, the budget year, and the succeeding four years are counted.

	By Fiscal Year, in Millions of Dollars										
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Changes in outlays											Not applicable
Changes in receipts	0	-1,603	-1,793	-2,153	-2,454	-2,676	-2,830	-2,972	-3,120	-3,276	-3,440

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 2086 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments. Some of the funds authorized in the bill would be used for internships and research at academic institutions, including public universities.

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