



# CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

August 29, 2007

## **H.R. 1** **Implementing Recommendations of the 9/11 Commission Act of 2007**

*As cleared by the Congress on July 27, 2007,  
and signed by the President on August 3, 2007*

### **SUMMARY**

H.R. 1 (enacted as Public Law 110-53) changes laws and authorizes funds to implement recommendations made by the National Commission on Terrorist Attacks Upon the United States in 2004. CBO estimates that title XVI of the act, which extends and reauthorizes certain federal programs related to aviation security that are primarily implemented by the Transportation Security Administration (TSA), will reduce net direct spending by \$500 million over the 2008-2017 period. In addition, the Joint Committee on Taxation (JCT) estimates that title XVI will reduce revenues by \$98 million over that period.

### **ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated impact of H.R. 1 on direct spending and revenues is shown in the following table. The direct spending costs of this legislation fall within budget function 400 (transportation).

By Fiscal Year, in Millions of Dollars

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2008- 2012	2008- 2017
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**CHANGES IN DIRECT SPENDING**

Aviation Security Capital Fund

Gross Spending

Estimated Budget Authority	250	250	250	250	250	250	250	250	250	250	250	1,250	2,500
Estimated Outlays	25	87	163	225	250	250	250	250	250	250	250	750	2,000

Offsetting Receipts

Estimated Budget Authority	-250	-250	-250	-250	-250	-250	-250	-250	-250	-250	-250	-1,250	-2,500
Estimated Outlays	-250	-250	-250	-250	-250	-250	-250	-250	-250	-250	-250	-1,250	-2,500

Net Spending

Estimated Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0	0
Estimated Outlays	-225	-163	-87	-25	0	0	0	0	0	0	0	-500	-500

Checkpoint Screening Security Fund

Gross Spending

Estimated Budget Authority	250	0	0	0	0	0	0	0	0	0	0	250	250
Estimated Outlays	50	100	100	0	0	0	0	0	0	0	0	250	250

Offsetting Receipts

Estimated Budget Authority	-250	0	0	0	0	0	0	0	0	0	0	-250	-250
Estimated Outlays	-250	0	0	0	0	0	0	0	0	0	0	-250	-250

Net Spending

Estimated Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0	0
Estimated Outlays	-200	100	100	0	0	0	0	0	0	0	0	0	0

Total Changes in Direct Spending

Estimated Budget Authority	500	250	250	250	250	250	250	250	250	250	250	1,500	2,750
Estimated Outlays	75	187	263	225	250	250	250	250	250	250	250	1,000	2,250

Offsetting Receipts

Estimated Budget Authority	-500	-250	-250	-250	-250	-250	-250	-250	-250	-250	-250	-1,500	-2,750
Estimated Outlays	-500	-250	-250	-250	-250	-250	-250	-250	-250	-250	-250	-1,500	-2,750

Estimated Budget Authority

Estimated Outlays	-425	-63	13	-25	0	0	0	0	0	0	0	-500	-500
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**CHANGES IN REVENUES**

Estimated Revenues	*	*	-2	-4	-8	-11	-14	-17	-19	-22	-14	-98
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Note: \* = less than \$500,000.

## **BASIS OF ESTIMATE**

CBO and JCT estimate that certain provisions in title XVI will reduce both direct spending and revenues over the 2008-2017 period. Other provisions of the legislation will not significantly affect direct spending or revenues.

### **Direct Spending**

Title XVI authorizes TSA to spend, without further appropriation, \$250 million annually over the 2008-2028 period from the agency's Aviation Security Capital Fund. TSA will use amounts in that fund to help airports install certain equipment to screen checked baggage. The legislation also authorizes the agency to spend \$250 million in 2008 to enhance efforts to detect explosives at security checkpoints in airports. Together, we estimate that those provisions will increase direct spending by \$75 million in 2008 and nearly \$2.3 billion over the next 10 years.

To offset the cost of those activities, the legislation authorizes the agency to collect passenger fees totaling \$500 million in 2008 and \$250 million in each of fiscal years 2009 through 2028. Prior to enactment of H.R. 1, such fees could be collected only to the extent provided for in advance in appropriations acts, and income from those fees was recorded as an offset to appropriated spending for TSA's existing aviation security programs. The legislation requires TSA to collect nearly \$2.8 billion over the 2008-2017 period from passengers without the need for subsequent legislation.

Under H.R. 1, we estimate that the agency will collect the authorized amounts each year. Because the legislation will cause such fees to be used to finance activities related to installing screening equipment and improving explosives detection at airport checkpoints, such fees will no longer be available to reduce the costs of other TSA spending. In other words, the collections under H.R. 1 will reduce the amount of fees recorded as offsets to appropriated spending—essentially changing some discretionary offsetting collections into mandatory offsetting receipts. By doing so, those collections are no longer available to offset annual discretionary appropriations.

Based on historical spending patterns for existing and similar activities, CBO estimates that fees collected under this provision will exceed the amounts spent for installing screening equipment and detecting explosives for the next few years. Hence, we estimate that the legislation will reduce net direct spending by \$425 million in 2008 and \$500 million over the 2008-2017 period. Eventually, those savings will be offset by increased direct spending in later years, resulting in no net impact on the budget over the long run.

## **Revenues**

Title XVI authorizes airports to leverage certain funds they receive as grants from TSA. JCT estimates that, under the legislation, airports would use this authority to issue additional tax-exempt bonds. As a result, revenues would decline by a total of \$98 million over the 2008-2017 period.

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