



March 7, 2012

Honorable Harry Reid  
Majority Leader  
United States Senate  
Washington, DC 20510

Dear Mr. Leader:

This is a revised cost estimate that supersedes the estimate CBO transmitted on March 5, 2012, for S. 1813, the Moving Ahead for Progress in the 21st Century Act, with an amendment, Number 1761. Table 1 of the earlier estimate incorrectly displayed the split between the off-budget and on-budget revenue and deficit effects. The estimate of the legislation's net impact on the deficit is unchanged as are the estimates of discretionary spending and the cash flows for accounts in the Highway Trust Fund.

CBO estimates that enacting the legislation with the proposed amendment would increase both direct spending and revenues; therefore, pay-as-you-go procedures apply. Together, CBO estimates that those changes to direct spending and revenues would reduce future deficits by \$5.9 billion over the 2012-2017 period and by \$6.9 billion over the 2012-2022 period (see enclosed Table 1). CBO also estimates that implementing the bill would have discretionary costs of \$47.0 billion over the 2012-2017 period, assuming appropriation actions consistent with the bill and the proposed amendment (see enclosed Table 2).

In addition, CBO estimates that implementing provisions of the bill for the remainder of 2012 and for 2013 would result in an end-of-year balance in 2013 of approximately \$2 billion in the highway account of the Highway Trust Fund and about \$3 billion in the transit account of the Highway Trust Fund (see enclosed Table 3).

CBO has determined that the nontax provisions of the consolidated bill contain intergovernmental and private-sector mandates, as defined in the Unfunded Mandates Reform Act (UMRA), on driving schools, entities that employ drivers, and rail carriers that transport passengers. The bill would impose additional intergovernmental mandates on state and local governments and would preempt state, local, and tribal laws. Primarily because of uncertainty about the costs of bankruptcy provisions on state and local governments, CBO cannot determine whether the aggregate cost of the intergovernmental mandates in the bill would exceed the annual threshold established in UMRA (\$73 million in 2012, adjusted annually for inflation).

The nontax provisions also contain several additional private-sector mandates. Those provisions would require manufacturers of child safety seats, agricultural equipment, motor vehicles, and vehicle parts to comply with new safety standards. The bill also would impose private-sector mandates on owners and operators of commercial vehicles (including motorcoaches), brokers for motor carriers, coordinators of freight shipments, owners and operators of facilities where hazardous materials are loaded and unloaded, and medical examiners, among others. Because the proposed safety standards would apply to a large number of vehicles and equipment intended for sale in the United States each year, CBO estimates that the aggregate cost of the private-sector mandates would probably exceed the annual threshold for the private sector (\$146 million in 2012, adjusted annually for inflation) in at least one of the first five years the mandates are in effect.

Since December 2011, CBO has prepared cost estimates for the following bills that are components of this bill and the proposed amendment:

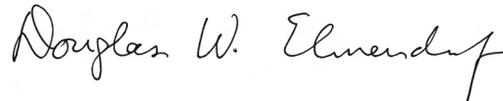
- S. 1813, the Moving Ahead for Progress in the 21st Century Act, as ordered reported by the Senate Committee on Environment and Public Works on November 9, 2011, with legislative language provided to CBO on February 2, 2012;
- S. 1449, the Motor Vehicle and Highway Safety Improvement Act of 2011, as ordered reported by the Senate Committee on Commerce, Science, and Transportation on December 14, 2011;
- S. 1950, the Commercial Motor Vehicle Safety Enhancement Act of 2011, as ordered reported by the Senate Committee on Commerce, Science, and Transportation on December 14, 2011;
- S. 1952, the Hazardous Material Transportation Safety Improvement Act of 2011, as ordered reported by the Senate Committee on Commerce, Science, and Transportation on December 14, 2011;
- S. 1953, the Research and Innovative Technology Administration Reauthorization Act of 2011, as ordered reported by the Senate Committee on Commerce, Science, and Transportation on December 14, 2011;
- The Federal Public Transportation Act as ordered reported by the Senate Committee on Banking, Housing, and Urban Affairs on February 2, 2012; and
- The Highway Investment, Job Creation, and Economic Growth Act of 2012, as ordered reported by the Senate Committee on Finance on February 13, 2012.

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Those cost estimates provide further details on the cost of components of S. 1813. The CBO staff contact is Sarah Puro, who can be reached at 226-2860. This letter and the enclosed tables supersede the cost estimate CBO transmitted on March 5, 2012, for S. 1813 with amendment number 1761.

Sincerely,



Douglas W. Elmendorf  
Director

Enclosures

cc: Honorable Mitch McConnell  
Minority Leader

Honorable Tim Johnson  
Chairman  
Committee on Banking, Housing, and Urban Affairs

Honorable Richard C. Shelby  
Ranking Member

Honorable John D. Rockefeller IV  
Chairman  
Committee on Commerce, Science, and Transportation

Honorable Kay Bailey Hutchison  
Ranking Member

Honorable Barbara Boxer  
Chairman  
Committee on Environment and Public Works

Honorable James M. Inhofe  
Ranking Member

Honorable Max Baucus  
Chairman  
Committee on Finance

Honorable Orrin Hatch  
Ranking Member

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**TABLE 1. NET CHANGES IN DIRECT SPENDING AND REVENUES UNDER S. 1813, THE MOVING AHEAD FOR PROGRESS IN THE 21ST CENTURY ACT WITH AN AMENDMENT, NUMBER 1761**

	By Fiscal Year, in Millions of Dollars												2012-	2012-
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2017	2022	
<b>CHANGES IN DIRECT SPENDING</b>														
DOT Contract Authority														
Budget Authority <sup>a</sup>	122	-3,836	-3,836	-3,836	-3,836	-3,836	-3,836	-3,836	-3,836	-3,836	-3,836	-19,058	-38,238	
Estimated Outlays <sup>b</sup>	0	0	0	0	0	0	0	0	0	0	0	0	0	
FHWA Obligation Limitation														
Estimated Obligation Limitation	2,420	0	0	0	0	0	0	0	0	0	0	2,420	2,420	
Estimated Outlays	242	992	605	194	97	48	48	24	0	0	0	2,178	2,250	
Railroad Rehabilitation and Improvement Financing Loan Program														
Estimated Budget Authority	0	10	10	10	10	10	10	10	10	10	10	50	100	
Estimated Outlays	0	5	8	10	10	10	10	10	10	10	10	43	93	
Pension Benefit Guarantee Corporation														
Estimated Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0	0	
Estimated Outlays	0	0	*	-25	-50	-75	-100	-100	-50	-25	50	-150	-375	
Total Changes														
Estimated Budgetary Resources	2,542	-3,826	-3,826	-3,826	-3,826	-3,826	-3,826	-3,826	-3,826	-3,826	-3,826	-16,588	-35,718	
Estimated Outlays	242	997	613	179	57	-17	-42	-66	-40	-15	60	2,071	1,968	
<b>CHANGES IN REVENUES</b>														
FMCSA Revenues	0	56	56	56	56	56	56	56	56	56	56	280	560	
Division D, Title II	-121	-88	-69	-77	-85	-96	-98	-96	-95	-94	-93	-536	-1,012	
Division D, Title III	40	183	734	1,772	2,644	2,840	2,213	1,349	322	-919	-1,876	8,213	9,302	
Total Changes in Revenues <sup>c</sup>	-81	151	721	1,751	2,615	2,800	2,171	1,309	283	-957	-1,913	7,957	8,850	
On-budget Revenues	-54	158	697	1,661	2,486	2,647	2,048	1,226	293	-786	-1,618	7,595	8,758	
Off-budget Revenues	-27	-7	24	90	129	153	123	83	-10	-171	-295	362	92	

Continued

TABLE 1. Continued.

	By Fiscal Year, in Millions of Dollars												2012-	2012-
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2017	2022	
<b>NET INCREASE OR DECREASE (-) IN THE DEFICIT FROM CHANGES IN DIRECT SPENDING AND RECEIPTS</b>														
Impact on Deficit <sup>c</sup>	323	846	-108	-1,572	-2,558	-2,817	-2,213	-1,375	-323	942	1,973	-5,886	-6,882	
On-budget Deficit Change	296	839	-84	-1,482	-2,429	-2,664	-2,090	-1,292	-333	771	1,678	-5,524	-6,790	
Off-budget Deficit Change	27	7	-24	-90	-129	-153	-123	-83	10	171	295	-362	-92	

Sources: Congressional Budget Office and Staff of the Joint Committee on Taxation.

Notes: DOT = Department of Transportation; FMCSA = Federal Motor Carrier Safety Administration; \* = between -\$500,000 and \$0. Contract authority is a mandatory form of budget authority. Amounts may not sum to totals because of rounding.

- a. S. 1813 would require DOT to calculate projected balances in the Highway Trust Fund once appropriation action on obligation limitation is complete each year. If the projected balances in the highway account of the trust fund would fall below \$2 billion in the current year, or \$1 billion in the next fiscal year, DOT would be required to rescind both contract authority and obligation limitation so that the balances in the trust fund would not fall below that level. For 2013, CBO estimates that level of contract authority would be \$38.3 billion, about \$4.0 billion below the amounts projected in CBO's baseline. Consistent with the rules in the Balanced Budget and Emergency Deficit Control Act for constructing its baseline for future contract authority for transportation programs, CBO assumes that the contract authority for years after 2013 would be equal to the amount provided by the bill for 2013, the last year of the authorization.
- b. CBO expects that most outlays from contract authority (a mandatory form of budget authority) for surface transportation programs will continue to be controlled by obligation limitations enacted in future appropriation acts. Those expenditures are displayed in Table 2.
- c. This is a revised cost estimate that supersedes the estimate CBO transmitted on March 5, 2012, for S. 1813, the Moving Ahead for Progress in the 21st Century Act, with an amendment, Number 1761. Table 1 of the earlier estimate incorrectly displayed the split between the off-budget and on-budget revenue and deficit effects. The estimate of the legislation's net impact on the deficit is unchanged as are the estimates of discretionary spending and the cash flows for accounts in the Highway Trust Fund.

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**TABLE 2. CHANGES IN SPENDING SUBJECT TO APPROPRIATION UNDER S. 1813, THE MOVING AHEAD FOR PROGRESS IN THE 21ST CENTURY ACT WITH AN AMENDMENT, NUMBER 1761**

	By Fiscal Year, in Millions of Dollars						
	2012	2013	2014	2015	2016	2017	2012-2017
<b>CHANGES IN SPENDING SUBJECT TO APPROPRIATION</b>							
Spending from the Highway Trust Fund							
Estimated Obligation Limitation <sup>a</sup>	125	47,966	0	0	0	0	48,091
Estimated Outlays	20	12,035	18,756	7,539	3,012	2,755	44,117
Other Authorized Transportation Programs							
Estimated Authorization Level	140	3,197	20	20	20	10	3,407
Estimated Outlays	36	436	712	784	531	403	2,902
Total Changes							
Estimated Budgetary Resources	265	51,163	20	20	20	10	51,498
Estimated Outlays	56	12,471	19,468	8,323	3,543	3,158	47,019

Source: Congressional Budget Office.

Note: Amounts may not sum to totals because of rounding.

- a. Estimated discretionary outlays reflect use of funds from the contract authority provided by the bill (in 2012 and 2013) under the obligation limitations specified by the bill or estimated by CBO. (Outlays stemming from any additional contract authority that would be provided for years after 2013 would be attributable to future legislation.) Under current law, CBO estimates that spending from the Highway Trust Fund will be about \$48 billion in 2012.

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**TABLE 3. SUMMARY OF CASH FLOWS FOR ACCOUNTS IN THE HIGHWAY TRUST FUND UNDER S. 1813 WITH AN AMENDMENT, NUMBER 1761**

	By Fiscal Year, in Billions of Dollars										
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Highway Account</b>											
Start-of-Year Balance	14	6	2	a	a	a	a	a	a	a	a
Revenues and Interest	33	33	35	36	36	36	36	36	37	37	37
Transfers from Proposed Solvency Account	0	7	0	0	0	0	0	0	0	0	0
Outlays <sup>b</sup>	42	43	43	43	43	43	45	45	45	45	46
End-of-Year Balance	6	2	a	a	a	a	a	a	a	a	a
<b>Transit Account</b>											
Start-of-Year Balance	7	6	3	a	a	a	a	a	a	a	a
Revenues and Interest	5	5	5	5	5	5	5	5	5	5	5
Outlays <sup>b</sup>	7	8	8	11	10	10	10	9	9	9	10
End-of-Year Balance	6	3	a	a	a	a	a	a	a	a	a
<b>Memorandum</b>											
Cumulative Shortfall <sup>a</sup>											
Highway Account Shortfall	n.a.	n.a.	-8	-17	-25	-33	-41	-50	-58	-67	-76
Transit Account Shortfall	n.a.	n.a.	-1	-5	-9	-14	-18	-22	-26	-30	-34

Notes: n.a. = not applicable.

Contract authority is a mandatory form of budget authority typically provided in authorization acts.

Obligation limitations are limitations on the obligation of contract authority typically provided in appropriation acts.

a. CBO projects that, under provisions of S. 1813 with amendment number 1761, the highway account and the transit account of the Highway Trust Fund would be exhausted in fiscal year 2014. Under current law, the Highway Trust Fund cannot incur negative balances. However, following rules in the Deficit Control Act of 1985, CBO's baseline for highway spending assumes that obligations presented to the Highway Trust Fund will be paid in full. The memorandum to this table illustrates the cumulative shortfall of fund balances, assuming spending levels that would be authorized by S. 1813 with amendment number 1761.

b. Outlays include amounts "flexed" or transferred between the highway and transit accounts. CBO estimates that amount would total about \$1 billion annually.