



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

October 18, 1999

S. 1144

Surface Transportation Act of 1999

*As ordered reported by the Senate Committee on Environment and Public Works
on September 29, 1999*

SUMMARY

The Surface Transportation Act of 1999 would make a number of changes to the Federal-Aid Highways program to allow states greater flexibility in how they use certain funds. The bill would extend the time period that some of the minimum guarantee program funds would remain available for obligation. S. 1144 also would decrease contract authority (a mandatory form of budget authority) for certain research and deployment programs by approximately \$6 million over the 2000-2004 period. CBO estimates that implementing S. 1144 would result in discretionary savings of \$71 million over the 2001-2004 period, assuming appropriation of amounts specified in the Transportation Equity Act of the 21st Century (TEA 21, Public Law 105-178) for Federal-Aid Highways. This savings would be offset by an equivalent amount of additional spending in 2005 and later years.

Because S. 1144 would affect both direct spending and receipts, pay-as-you-go procedures would apply. CBO estimates S. 1144 would delay the obligation and spending of some of the funds already made available in the Department of Transportation appropriation act for 2000 (Public Law 106-69). We estimate that the delay would reduce outlays by \$34 million over the 2000-2001 period, but increase outlays by \$34 million over the 2002-2007 period. In addition, the Joint Committee on Taxation (JCT) expects that enacting S. 1144 could result in greater enforcement of the heavy vehicle use tax by the Internal Revenue Service (IRS), but that any revenue effect would be negligible in each year and have no significant impact over 10 years.

S. 1144 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). Any costs incurred by state, local, or tribal governments would result from complying with conditions of receiving federal aid.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 1144 is shown in the following table. The costs of this legislation fall within budget function 400 (transportation).

	By Fiscal Year, in Millions of Dollars				
	2000	2001	2002	2003	2004
CHANGE IN DIRECT SPENDING					
Budget Authority	-3	-2	-1	0	0
Estimated Outlays	-17	-17	10	12	7
SPENDING SUBJECT TO APPROPRIATION					
Spending Under Current Law					
Authorization Level	0	0	0	0	0
Estimated Outlays ^a	24,884	26,700	26,994	27,550	20,346
Proposed Changes					
Authorization Level	0	0	0	0	0
Estimated Outlays	0	-17	-34	-25	5
Total Spending Under S. 1144					
Authorization Level	0	0	0	0	0
Estimated Outlays ^a	24,884	26,683	26,960	27,525	20,351
CHANGES IN REVENUES					
Estimated Revenues ^b	c	c	c	c	c

a. Outlay estimates are based on the obligation limitations set in Public Law 106-69 for 2000, and specified in TEA 21 for 2001 through 2003. (The budget authority for such spending was provided as contract authority in TEA 21, but the outlays are controlled by obligation limitations contained in annual appropriation acts.)

b. Revenue estimate provided by the Joint Committee on Taxation.

c. Less than \$500,000.

BASIS OF ESTIMATE

For purposes of this estimate, CBO assumes that S. 1144 would be enacted early in fiscal year 2000 and amounts authorized in TEA 21 would be appropriated for each fiscal year. Estimates are based on historical rates of spending for Federal-Aid Highways.

Delay in Obligations of Highway Spending

S. 1144 would extend the period of time that some of the minimum guarantee program's funds would be available for obligation. CBO expects that implementing this bill would shift some obligations to later years but would have no net budgetary impact over the 2000-2010 period. This provision would result in changes to both direct and discretionary spending. Because the change in the timing of obligations would affect some of the funds already appropriated for 2000, pay-as-you-go procedures would apply. CBO estimates this provision would reduce spending from funds appropriated in 2000 by \$17 million in each of fiscal years 2000 and 2001. This direct spending savings would be offset by an equivalent amount of spending over the 2002-2007 period.

The bill's provision regarding obligation of minimum guarantee funds would have an effect on the funds for future years as well. CBO estimates that implementing this bill would decrease federal discretionary expenditures by \$71 million over the 2001-2004 period, relative to the operation of the program under current law. These near-term savings would be offset by equivalent increases in expenditures as the funds are obligated and spent in 2005 and subsequent years.

Contract Authority

Enacting S. 1144 would decrease contract authority, a mandatory form of budget authority, by approximately \$6 million over the 2000-2003 period. Because spending of this contract authority is governed by annual obligation limitations in appropriation acts, any change in outlays from this provision would be discretionary. CBO estimates there would be no change in outlays due to this provision because it would not amend the obligation limitations established in Public Law 106-69 and TEA 21.

Revenues

JCT assumes that any additional information concerning interstate commercial motor vehicle registrations provided to the IRS because of the provisions in this bill would not necessarily result in greater collections of the federal heavy vehicle use tax. JCT estimates that any such changes would be negligible over 10 years and negligible in each year.

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. CBO's estimate of the bill's impact on outlays from direct spending is summarized in the following table. In addition, the Joint Committee on Taxation estimates that enacting S. 1144 would have a negligible effect on revenues. For the purposes of enforcing pay-as-you-go procedures, only the effects in the budget year and the succeeding four years are counted. Also, only direct spending outlays are subject to pay-as-you-go requirements; the discretionary outlays from contract authority subject to obligation limitations are not included as pay-as-you-go effects because those outlays are controlled by appropriation acts.

	By Fiscal Year, in Millions of Dollars									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Changes in outlays	-17	-17	10	12	7	3	1	1	0	0
Changes in receipts	0	0	0	0	0	0	0	0	0	0

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

S. 1144 contains no intergovernmental mandates as defined in UMRA. Overall, it would provide state and local governments more flexibility in their use of federal transportation funds. In addition, it would earmark a small amount of previously authorized funds for emergency planning grants and grants to states that participate in a national network of information on commercial motor vehicle registration. S. 1144 also would change the standard design for railroad highway grade crossings, but any cost imposed on state and local governments by this change would be a condition of receiving grant funds.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

This bill contains no new private-sector mandates as defined in UMRA.

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