



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

March 30, 2004

### **H.R. 3550** **Transportation Equity Act: A Legacy for Users**

*As reported by the House Committee on Transportation and Infrastructure  
on March 29, 2004*

#### **SUMMARY**

CBO has not yet completed a cost estimate for the entire bill; this cost estimate provides our analysis of the bill's major provisions. This estimate includes the funding levels specified in the bill, and the impact of changes to the Minimum Guarantee program in section 1104. CBO has not had time to estimate the cost of other provisions, which include forgiving a loan to the state of California, expanding the Transportation Infrastructure Financing and Innovation Act and the State Infrastructure Bank programs, increasing certain penalties related to transportation safety, requiring the preparation of several studies, and issuing regulations concerning a variety of transportation issues.

CBO estimates that implementing the major provisions of H.R. 3550 would cost \$163 billion over the 2004-2009 period, assuming appropriation action consistent with the funding levels specified in the bill. CBO estimates that enacting the major provisions of the bill would increase direct spending by \$193 million over the 2004-2014 period.

The amounts of new spending under the bill would add to outlays expected from funding previously provided. In total, CBO estimates that discretionary outlays would sum to about \$267 billion over the 2004-2009 period for the affected programs (highways, safety, transit, and hazardous materials transportation).

CBO has reviewed all provisions of H.R. 3550 for intergovernmental mandates defined in the Unfunded Mandates Reform Act (UMRA). The bill contains a mandate as defined in UMRA, but we estimate that the mandate would impose no costs on state, local, or tribal governments and so would not exceed the threshold established by that act (\$60 million in 2004, adjusted annually for inflation).

CBO has reviewed H.R. 3550 for private-sector mandates as defined in UMRA and determined that the bill contains several mandates. CBO expects that the total cost of private-sector mandates in the bill would exceed the annual threshold established in UMRA (\$120 million in 2004, adjusted annually for inflation).

## ESTIMATED COST TO THE GOVERNMENT

The estimated budgetary impact of H.R. 3550 over the 2004-2009 period is shown in Table 1. The effects of this legislation fall within budget function 400 (transportation).

**TABLE 1. ESTIMATED BUDGETARY IMPACT OF MAJOR PROVISIONS OF H.R. 3550**

	By Fiscal Year, in Millions of Dollars					
	2004	2005	2006	2007	2008	2009
<b>CHANGES IN SPENDING SUBJECT TO APPROPRIATION</b>						
Estimated Authorization Level	0	1,582	1,701	1,815	1,890	2,017
Estimated Outlays	68	10,777	28,248	36,908	41,625	45,449
<b>CHANGES IN DIRECT SPENDING</b>						
Estimated Budget Authority	-1,714	1,309	2,320	3,570	5,069	6,286
Estimated Outlays	5	14	17	18	19	20

## BASIS OF ESTIMATE

### Contract Authority

H.R. 3550 would extend the authority for the surface transportation programs administered by the Federal Highway Administration (FHWA), the National Highway Traffic Safety Administration (NHTSA), the Federal Motor Carrier Safety Administration (FMCSA), and the Federal Transit Administration (FTA). Under current law, most budget authority for surface transportation programs is provided as contract authority, a mandatory form of budget authority. Outlays from those programs, however, are subject to obligation limitations contained in appropriation acts and are therefore discretionary. For this estimate, CBO assumes that obligation limitations will continue to control most spending from those programs. We also assume that H.R. 3550 will be enacted by April 30, 2004, when the current authority for most of the surface transportation programs expires.

For the surface transportation programs, H.R. 3550 would provide a total of \$271.5 billion of contract authority over the 2004-2009 period. This level would include \$227.6 billion of contract authority specified in the bill and an estimated \$43.9 billion from the Minimum Guarantee program, a part of the Federal-Aid Highway program. The Minimum Guarantee program provides additional contract authority to ensure that each state receives a share of the total level of contract authority provided to all states for certain programs, which equals 90.5 percent of the state's share of tax receipts to the highway trust fund. The estimate of contract authority for the Minimum Guarantee program is based on information from the Department of Transportation.

The Balanced Budget and Emergency Deficit Control Act specifies that an expiring mandatory program with current-year outlays in excess of \$50 million be assumed to continue at the program level in place when it is scheduled to expire. Following this assumption, under H.R. 3550, CBO projects \$48.7 billion in contract authority for the surface transportation program each year beginning in 2010.

### **Spending Subject to Appropriation**

In addition to providing contract authority, H.R. 3550 would authorize the appropriation of \$10.5 billion over the 2004-2009 period for the surface transportation programs and for improving the transportation of hazardous materials. The Departments of Transportation and Treasury and Independent Agencies Appropriations Act, 2004, provided \$1.5 billion for those programs in 2004. As a result, H.R. 3550 would authorize the appropriation of \$9 billion in additional budget authority over the 2005-2009 period.

Assuming appropriation action consistent with the authorization and obligation levels specified in the bill, CBO estimates that implementing the major provisions of H.R. 3550 would cost \$163 billion over the 2004-2009 period (see Table 2). The amounts of new spending under the bill would add to outlays expected from funding previously provided. In total, CBO estimates that discretionary outlays would sum to about \$267 billion over the 2004-2009 period (an average of about \$44.5 billion a year) for the affected programs (highways, safety, transit, and hazardous materials transportation).

**TABLE 2. ESTIMATED CHANGES IN SPENDING SUBJECT TO APPROPRIATION FOR MAJOR PROGRAMS UNDER H.R. 3550<sup>a</sup>**

	By Fiscal Year, in Millions of Dollars					
	2004	2005	2006	2007	2008	2009
<b>CHANGES IN SPENDING SUBJECT TO APPROPRIATION</b>						
Federal-Aid Highway Program						
Estimated Authorization Level <sup>b</sup>	0	*	0	0	0	0
Estimated Outlays	58	9,148	23,710	30,522	33,665	36,083
Highway Traffic and Motor Carrier Safety Programs						
Authorization Level <sup>b</sup>	0	0	0	0	0	0
Estimated Outlays	10	444	943	1,004	1,083	1,108
Transit Programs						
Authorization Level <sup>b</sup>	0	1,554	1,671	1,785	1,890	2,017
Estimated Outlays	0	1,163	3,565	5,352	6,871	8,258
Hazmat Safety Program						
Authorization Level	0	28	30	30	0	0
Estimated Outlays	0	22	30	30	6	0
Total Changes						
Estimated Authorization Level	0	1,582	1,701	1,815	1,890	2,017
Estimated Outlays	68	10,777	28,248	36,908	41,625	45,449

NOTE: \* = less than \$500,000.

- a. This estimate only includes the cost of major provisions of H.R. 3550.
- b. Under current law, most budget authority for the Federal-Aid Highway program, highway traffic and motor carrier safety programs, and transit programs is provided as contract authority, a mandatory form of budget authority. Outlays from those programs, however, are subject to obligation limitations contained in appropriation acts and are therefore discretionary. H.R. 3550 would provide contract authority for each of those programs and also would authorize the appropriation of discretionary funds for those programs as well. For this estimate, CBO assumes that obligation limitations will continue to control most spending from those programs.

## **Direct Spending**

H.R. 3550 would affect direct spending by providing new contract authority for surface transportation programs—spending for most of those programs is controlled by annual appropriation action—and by providing some new spending authority that is not subject to appropriation (see Table 3).

Enacting H.R. 3550 would increase direct spending by \$193 million over the 2004-2014 period because it would raise the level of contract authority for the Emergency Relief program, a part of the Federal-Aid Highway program. Current law provides the Emergency Relief program \$100 million in contract authority each year. H.R. 3550 would increase the annual level of contract authority by \$20 million. Because the annual limitations on obligations for the Federal-Aid Highway program do not apply to this part of the program, spending on Emergency Relief activities are considered mandatory. CBO estimates this provision of the bill would increase direct spending by \$193 million over the 2004-2014 period.

## **ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS**

CBO has reviewed all provisions of H.R. 3550 for intergovernmental mandates defined in the Unfunded Mandates Reform Act. The bill contains a mandate as defined in UMRA, but we estimate that the mandate would impose no costs on state, local, or tribal governments and so would not exceed the threshold established by that act (\$60 million in 2004, adjusted annually for inflation). Section 4131 would preempt certain state laws restricting the use of utility service vehicles.

H.R. 3550 also would eliminate an existing mandate. Section 4117 would repeal the single state registration system, which limits how states may regulate interstate motor carriers. At this time, CBO cannot estimate the impact of this change on the administrative burden or revenue of state transportation agencies.

**TABLE 3. ESTIMATED EFFECTS ON DIRECT SPENDING FOR MAJOR PROGRAMS UNDER H.R. 3550<sup>a</sup>**

	By Fiscal Year, in Millions of Dollars										
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Baseline Spending for Surface Transportation and Hazmat Safety Programs											
Estimated Budget Authority	42,443	42,443	42,443	42,443	42,443	42,443	42,443	42,443	42,443	42,443	42,443
Estimated Outlays	1,249	1,131	1,001	880	794	777	767	758	752	748	746
Proposed Changes:											
Federal-Aid Highway Program											
Estimated Budget Authority	-1,114	1,160	1,752	2,542	3,534	4,225	4,225	4,225	4,225	4,225	4,225
Estimated Outlays	0	0	0	0	0	0	0	0	0	0	0
Emergency Relief Program											
Estimated Budget Authority	20	20	20	20	20	20	20	20	20	20	20
Estimated Outlays	5	14	17	18	19	20	20	20	20	20	20
Highway Traffic and Motor Carrier Safety Programs											
Estimated Budget Authority	3	368	389	413	438	465	465	465	465	465	465
Estimated Outlays	0	0	0	0	0	0	0	0	0	0	0
Transit Programs											
Estimated Budget Authority	-623	-240	159	595	1,077	1,576	1,576	1,576	1,576	1,576	1,576
Estimated Outlays	0	0	0	0	0	0	0	0	0	0	0
Total Changes											
Estimated Budget Authority	-1,714	1,309	2,320	3,570	5,069	6,286	6,286	6,286	6,286	6,286	6,286
Estimated Outlays	5	14	17	18	19	20	20	20	20	20	20
Surface Transportation and Hazmat Safety Programs Under H.R. 3550											
Estimated Budget Authority	40,729	43,752	44,763	46,013	47,512	48,729	48,729	48,729	48,729	48,729	48,729
Estimated Outlays	1,254	1,146	1,018	898	813	797	787	778	772	768	766

a. Includes direct spending estimates for major provisions of the bill.

## **ESTIMATED IMPACT ON THE PRIVATE SECTOR**

CBO has reviewed H.R. 3550 for private-sector mandates as defined in UMRA and determined that the bill contains several mandates. CBO expects that the total cost of private-sector mandates in the bill would exceed the annual threshold established in UMRA (\$120 million in 2004, adjusted annually for inflation). That conclusion is based upon our preliminary analysis of the mandate that would impose new safety requirements on certain motor carriers. Those requirements would apply to owners and operators of motor vehicles used to transport between nine and 15 passengers in interstate commerce, regardless of the distance traveled.

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