



April 28, 2004

Honorable James M. Inhofe
Chairman
Committee on Environment
and Public Works
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

The Congressional Budget Office has prepared the enclosed corrections to the CBO cost estimate for S. 1072, the Safe, Accountable, Flexible, and Efficient Transportation Equity Act of 2004, that was transmitted on April 8, 2004. The enclosed tables replace three of the tables included in that cost estimate. (We have kept the same table numbers for each table. Table 2 from the April 8 estimate, dealing with discretionary spending, is unchanged.)

The revised tables reflect an increase of \$2.9 billion in contract authority over the 2004-2014 period for the Federal-Aid Highway program that was not included in our earlier estimate. That increase includes \$2.2 billion for the Emergency Relief program and \$0.7 billion for the Transportation Infrastructure Finance and Innovation Act (TIFIA) program. These corrections to the amount of contract authority provided by the bill do not change the estimated level of outlays under the legislation.

Most spending from the Federal-Aid Highway program is controlled by annual limitations on obligations set in appropriation acts and is therefore considered discretionary. Contract authority for the Emergency Relief program, however, is exempt from those limitations, and spending from this program is considered mandatory. A portion of the contract authority for the Minimum Guarantee program is also exempt from the limitations, and spending from this contract authority is considered mandatory as well.

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S. 1072 would increase the level of contract authority for the Emergency Relief program by \$200 million each year and a total of \$2.2 billion over the 2004-2014 period. The previous cost estimate omitted this increase to contract authority. The legislation, however, also would decrease the portion of contract authority for the Minimum Guarantee program that is exempt from the obligation limitations by an equal amount. CBO estimates that—together—those two provisions would have no net impact on outlays from direct spending.

CBO also is correcting its estimate of contract authority that S. 1072 would provide for the TIFIA program by \$117 million in 2009. Under the Balanced Budget and Emergency Deficit Control Act, CBO assumes that this contract authority would continue at the same rate for each year after 2009; therefore, the total increase in estimated contract authority for TIFIA would equal \$702 million over the 2004-2014 period. This contract authority, however, would be subject to obligation limitations under S. 1072. Because outlay estimates are based on the obligation limitations, increasing the amount of contract authority would not increase CBO's estimate of outlays.

The corrections to the amount of contract authority for the Emergency Relief and TIFIA programs bring CBO's estimate of total contract authority provided by S. 1072 to \$308.7 billion over the 2004-2009 period (from our previous estimate of \$307.4 billion) and \$616.3 billion over the 2004-2014 period (from our previous estimate of \$613.4 billion).

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Rachel Milberg, who can be reached at 226-2860.

Sincerely,

Douglas Holtz-Eakin
Director

Enclosures

cc: Honorable James M. Jeffords
Ranking Member

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Honorable Richard C. Shelby
Chairman, Committee on Banking,
Housing, and Urban Affairs

Honorable Paul S. Sarbanes
Ranking Member

Honorable Charles E. Grassley
Chairman, Committee on Finance

Honorable Max Baucus
Ranking Democratic Member

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TABLE 1. SUMMARY OF ESTIMATED BUDGETARY EFFECTS OF S. 1072

	By Fiscal Year, in Millions of Dollars					
	2004	2005	2006	2007	2008	2009
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Estimated Authorization Level	2,340	5,087	5,177	4,922	5,086	4,914
Estimated Outlays	1,149	15,198	34,337	43,298	47,624	52,268
CHANGES IN DIRECT SPENDING						
Estimated Budget Authority	3,571	5,868	7,580	8,645	11,582	19,019
Estimated Outlays	133	269	270	267	271	279
CHANGES IN REVENUES						
Estimated Revenues	1,073	3,028	3,495	3,403	3,555	3,635

Note: Shaded lines are updated from CBO's April 8 cost estimate for S. 1072. All other table entries are unchanged from that earlier estimate.

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TABLE 3. ESTIMATED EFFECTS ON CONTRACT AUTHORITY UNDER S. 1072

	By Fiscal Year, Budget Authority in Millions of Dollars										
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Baseline Funding for Surface Transportation and Hazmat Safety Programs	42,443	42,443	42,443	42,443	42,443	42,443	42,443	42,443	42,443	42,443	42,443
Proposed Changes:											
Federal-Aid Highway Program	3,637	4,447	5,734	6,393	8,534	15,574	15,574	15,574	15,574	15,574	15,574
RABA Adjustment to the Federal-Aid Highway Program	0	0	46	0	0	-414	0	0	0	0	0
Highway Traffic and Motor Carrier Safety Programs	345	365	406	446	501	529	529	529	529	529	529
Transit Programs	-623	753	1,115	1,542	2,282	3,063	3,063	3,063	3,063	3,063	3,063
Total Changes:	3,359	5,565	7,300	8,381	11,317	18,752	19,166	19,166	19,166	19,166	19,166
Funding for Surface Transportation and Hazmat Safety Programs Under S. 1072	45,802	48,008	49,743	50,824	53,760	61,195	61,609	61,609	61,609	61,609	61,609

Note: Shaded lines are updated from CBO's April 8 cost estimate for S. 1072. All other table entries are unchanged from that earlier estimate.

TABLE 4. ESTIMATED EFFECTS ON DIRECT SPENDING UNDER S. 1072

	By Fiscal Year, in Millions of Dollars										
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
CHANGES IN DIRECT SPENDING											
Contract Authority for Surface Transportation											
Estimated Budget Authority	3,359	5,565	7,300	8,381	11,317	18,752	19,166	19,166	19,166	19,166	19,166
Estimated Outlays	0	0	0	0	0	0	0	0	0	0	0
Hazmat Safety											
Fee-Funded Programs											
Budget Authority	0	0	0	0	0	0	0	0	0	0	0
Estimated Outlays	0	-26	-15	0	2	7	12	11	5	4	0
Efforts to Combat Tax Evasion											
Budget Authority	100	100	100	100	100	100	100	100	100	100	100
Estimated Outlays	38	90	100	100	100	100	100	100	100	100	100
Payments in Lieu of Tax Credits											
Estimated Budget Authority	0	105	115	116	117	119	121	38	0	0	0
Estimated Outlays	0	105	115	116	117	119	121	38	0	0	0
Excise Tax on Certain Distilled Spirits											
Estimated Budget Authority	78	82	20	0	0	0	0	0	0	0	0
Estimated Outlays	78	82	20	0	0	0	0	0	0	0	0
Effect of Biodiesel Tax Changes on Farm Programs											
Estimated Budget Authority	0	-32	-2	0	0	0	0	0	0	0	0
Estimated Outlays	0	-32	-2	0	0	0	0	0	0	0	0
Expiration of Special Tax Treatment for Ethanol											
Estimated Budget Authority	0	0	0	0	0	0	0	19	32	54	66
Estimated Outlays	0	0	0	0	0	0	0	19	32	54	66
Studies Related to Highway Finance											
Budget Authority	18	0	0	0	0	0	0	0	0	0	0
Estimated Outlays	0	2	2	2	3	5	3	1	0	0	0
Spending of Conservation-Related Excise Taxes											
Estimated Budget Authority	0	0	-4	-4	-5	-5	-5	-6	-7	-7	-7
Estimated Outlays	0	0	-1	-3	-4	-5	-5	-5	-6	-7	-7

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TABLE 4. Continued

	By Fiscal Year, in Millions of Dollars										
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
CHANGES IN DIRECT SPENDING (Continued)											
Spending of Certain Fee Collections											
Estimated Budget Authority	5	5	5	5	5	5	5	5	5	5	5
Estimated Outlays	5	5	5	5	5	5	5	5	5	5	5
Spending of Monetary Judgments											
Estimated Budget Authority	0	4	4	4	4	4	4	4	4	4	4
Estimated Outlays	0	4	4	4	4	4	4	4	4	4	4
Crime Victims Fund											
Estimated Budget Authority	1	1	1	1	1	1	1	1	1	1	1
Estimated Outlays	1	1	1	1	1	1	1	1	1	1	1
Enforcement Commission											
Estimated Budget Authority	0	1	1	1	1	1	0	0	0	0	0
Estimated Outlays	0	1	1	1	1	1	0	0	0	0	0
Installment Agreements											
Estimated Budget Authority	1	0	0	0	0	0	0	0	0	0	0
Estimated Outlays	1	0	0	0	0	0	0	0	0	0	0
Hepatitis A and Influenza Vaccine Provisions											
Estimated Budget Authority	10	37	40	41	42	42	42	44	45	45	45
Estimated Outlays	10	37	40	41	42	42	42	44	45	45	45
Total Changes:											
Estimated Budget Authority	3,571	5,868	7,580	8,645	11,582	19,019	19,434	19,371	19,346	19,368	19,380
Estimated Outlays	133	269	270	267	271	279	283	218	186	206	214

Note: Shaded lines are updated from CBO's April 8 cost estimate for S. 1072. All other table entries are unchanged from that earlier estimate.