



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

June 22, 2006

H.R. 5534

A bill to establish a grant program whereby moneys collected from violations of the corporate average fuel economy program are used to expand infrastructure necessary to increase the availability of alternative fuels

*As ordered reported by the House Committee on Energy and Commerce
on June 20, 2006*

SUMMARY

H.R. 5534 would establish a Department of Energy (DOE) grant program to support the installation of equipment at gas stations for the delivery of alternative fuels. CBO estimates enacting the bill would increase direct spending by \$5 million in 2007 and by \$225 million over the 2007-2016 period because it would authorize spending without further appropriation of amounts currently collected for violations of corporate average fuel economy (CAFE) standards. Enacting the bill would not affect revenues.

HR 5534 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA); the bill would benefit state, local, and tribal governments and any costs would be incurred voluntarily.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 5534 is shown in the following table. The costs of this legislation fall within budget function 270 (energy).

	By Fiscal Year, In Millions of Dollars									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
CHANGES IN DIRECT SPENDING										
Estimated Budget Authority	25	25	25	25	25	25	25	25	25	25
Estimated Outlays	5	20	25	25	25	25	25	25	25	25

BASIS OF ESTIMATE

Under current law, the Department of Transportation charges penalties for automakers' violations of CAFE standards. In recent years, such collections have ranged from \$51 million in 2000 to \$5 million in 2003. H.R. 5534 would require that the penalties be transferred to a new interest-bearing fund. Amounts in the proposed fund would be available, without further appropriation, to DOE for a grant program to support the installation of equipment at gas stations for the delivery of alternative motor fuels.

CBO estimates the fines that would be directed to the proposed fund would total \$24 million annually, and interest on the balance of the fund would total about \$1 million annually. Based on spending patterns of similar grant programs administered by DOE, CBO estimates enacting the bill would increase direct spending by \$5 million in 2007 and by \$225 million over the 2007-2016 time period.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 5534 contains no intergovernmental or private-sector mandates as defined in UMRA. Grants established by the bill may benefit state, local, and tribal governments that choose to construct or expand infrastructure to increase access to alternative fuels. Any costs they might incur would result from complying with conditions of federal assistance.

ESTIMATE PREPARED BY:

Federal Costs: Leigh Angres and Megan Carroll

Federal Revenues: Emily Schlect

Impact on State, Local, and Tribal Governments: Lisa Ramirez-Branum

Impact on the Private Sector: Craig Cammarata

ESTIMATE APPROVED BY:

Peter H. Fontaine

Deputy Assistant Director for Budget Analysis