



December 5, 2007

Honorable John M. Spratt Jr.  
Chairman  
Committee on the Budget  
U.S. House of Representatives  
Washington, DC 20515

Dear Mr. Chairman:

Based on a preliminary review of an amendment to the Senate amendment to H.R. 6, the Energy Independence and Security Act, provided to CBO on December 5, 2007, CBO estimates that enacting this legislation would increase direct spending by \$2.9 billion over the 2008-2017 period. In addition, CBO estimates that the legislation would increase revenues by \$3.2 billion over the 2008-2017 period. The estimated revenue increases exceed the added outlays from direct spending, reducing future budget deficits (or increasing surpluses) by \$0.2 billion over the 2008-2012 period and by \$0.3 billion over the 2008-2017 period (see enclosed table). CBO has not completed an estimate of the bill's estimated impact on discretionary spending.

CBO has determined that the non-tax provisions of the bill contain several intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA), but we estimate that the annual cost of those mandates would not exceed the threshold established in UMRA for intergovernmental mandates (\$66 million in 2007, adjusted annually for inflation). Those provisions also contain several private-sector mandates. CBO estimates that their aggregate costs would well exceed the annual threshold established in UMRA for private-sector mandates (\$131 million in 2007, adjusted annually for inflation).

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If you wish further details on this estimate, we would be pleased to provide them. The CBO staff contacts are Megan Carroll and Kathleen Gramp.

Sincerely,

A handwritten signature in black ink, appearing to read "Peter R. Orszag". The signature is fluid and cursive, with the first name "Peter" and last name "Orszag" clearly distinguishable.

Peter R. Orszag  
Director

Enclosure

cc: Honorable Paul Ryan  
Ranking Member

**CBO ESTIMATE OF DIRECT SPENDING AND REVENUE EFFECTS OF AN AMENDMENT TO THE SENATE AMENDMENT TO H.R. 6, PROVIDED TO CBO ON DECEMBER 5, 2007**

|   | By Fiscal Year, in Millions of Dollars |       |       |      |        |        |      |        |        |       |           |           |  |
|---|--|-------|-------|------|--------|--------|------|--------|--------|-------|-----------|-----------|--|
|   | 2008                                   | 2009  | 2010  | 2011 | 2012   | 2013   | 2014 | 2015   | 2016   | 2017  | 2008-2012 | 2008-2017 |  |
| <b>CHANGES IN DIRECT SPENDING</b>                                   |  |       |       |      |        |        |      |        |        |       |           |           |  |
| Title II - Energy Security Through Increased Production of Biofuels |  |       |       |      |        |        |      |        |        |       |           |           |  |
| Renewable Fuels Requirement and Agricultural Support Programs       |  |       |       |      |        |        |      |        |        |       |           |           |  |
| Estimated Budget Authority  | 0                                      | -9    | -18   | -20  | -22    | -49    | -127 | -199   | -332   | -392  | -69       | -1,168    |  |
| Estimated Outlays   | 0                                      | -9    | -18   | -20  | -22    | -49    | -127 | -199   | -332   | -392  | -69       | -1,168    |  |
| Increased Funding for Highway Programs                              |  |       |       |      |        |        |      |        |        |       |           |           |  |
| Estimated Budget Authority  | 3                                      | 21    | 18    | 0    | 0      | 0      | 0    | 0      | 0      | 0     | 42        | 42        |  |
| Estimated Outlays   | 0                                      | 0     | 0     | 0    | 0      | 0      | 0    | 0      | 0      | 0     | 0         | 0         |  |
| Title IV - Energy Savings in Buildings and Industry                 |  |       |       |      |        |        |      |        |        |       |           |           |  |
| Estimated Budget Authority  | 33                                     | 37    | 133   | 141  | 152    | 55     | -48  | -49    | -51    | 30    | 496       | 433       |  |
| Estimated Outlays   | 33                                     | 37    | 133   | 141  | 152    | 55     | -48  | -49    | -51    | 30    | 496       | 433       |  |
| Title V - Energy Savings in Government and Public Institutions      |  |       |       |      |        |        |      |        |        |       |           |           |  |
| Estimated Budget Authority  | 30                                     | 32    | 33    | 33   | 34     | 35     | 36   | 37     | 38     | 400   | 162       | 708       |  |
| Estimated Outlays   | 31                                     | 46    | 36    | 8    | 34     | 35     | 35   | 37     | 38     | 350   | 155       | 650       |  |
| Title XV - Clean Renewable Energy and Conservation Tax Act of 2007  |  |       |       |      |        |        |      |        |        |       |           |           |  |
| Funding for New York's Transportation Infrastructure                |  |       |       |      |        |        |      |        |        |       |           |           |  |
| Estimated Budget Authority  | 115                                    | 0     | 230   | 115  | 115    | 115    | 115  | 115    | 115    | 115   | 575       | 1,150     |  |
| Estimated Outlays   | 115                                    | 0     | 230   | 115  | 115    | 115    | 115  | 115    | 115    | 115   | 575       | 1,150     |  |
| Secure Rural Schools and Payments in Lieu of Taxes                  |  |       |       |      |        |        |      |        |        |       |           |           |  |
| Estimated Budget Authority  | 0                                      | 904   | 431   | 349  | 202    | -3     | -5   | -5     | -5     | -5    | 1,886     | 1,863     |  |
| Estimated Outlays   | 0                                      | 904   | 431   | 349  | 202    | -3     | -5   | -5     | -5     | -5    | 1,886     | 1,863     |  |
| Total Changes   |  |       |       |      |        |        |      |        |        |       |           |           |  |
| Estimated Budget Authority  | 181                                    | 985   | 827   | 618  | 481    | 153    | -29  | -101   | -235   | 148   | 3,092     | 3,028     |  |
| Estimated Outlays   | 179                                    | 978   | 812   | 593  | 481    | 153    | -30  | -101   | -235   | 98    | 3,043     | 2,928     |  |
| <b>CHANGES IN REVENUES</b>  |  |       |       |      |        |        |      |        |        |       |           |           |  |
| Title I - Energy Security Through Improved Vehicle Fuel Economy     |  |       |       |      |        |        |      |        |        |       |           |           |  |
| Estimated Revenues  | 0                                      | 0     | 0     | -16  | -52    | -122   | -226 | -366   | -550   | -782  | -68       | -2,114    |  |
| Title II - Energy Security Through Increased Production of Biofuels |  |       |       |      |        |        |      |        |        |       |           |           |  |
| Estimated Revenues  | -27                                    | -254  | -528  | -90  | 107    | 143    | 179  | 214    | 228    | 235   | -792      | 207       |  |
| Title XV - Clean Renewable Energy and Conservation Tax Act of 2007  |  |       |       |      |        |        |      |        |        |       |           |           |  |
| Estimated Revenues  | 164                                    | -317  | 258   | 232  | 3,760  | -3,789 | 706  | 1,152  | 1,404  | 1,580 | 4,103     | 5,157     |  |
| Total Changes in Revenues   | 137                                    | -571  | -270  | 126  | 3,815  | -3,768 | 659  | 1,000  | 1,082  | 1,033 | 3,243     | 3,250     |  |
| <b>TOTAL CHANGES</b>  |  |       |       |      |        |        |      |        |        |       |           |           |  |
| Change in the Deficit or Surplus <sup>a</sup>                       | 42                                     | 1,549 | 1,082 | 467  | -3,334 | 3,921  | -689 | -1,101 | -1,317 | -935  | -200      | -322      |  |

Sources: Congressional Budget Office and Joint Committee on Taxation.

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

a. Positive numbers indicate an increase in the deficit (or a reduction in a surplus); negative numbers indicate the opposite..