



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

March 25, 2011

### **H.R. 1034** **Airport and Airway Trust Fund Financing Reauthorization Act of 2011**

*As ordered reported by the House Committee on Ways and Means on March 16, 2011*

#### **SUMMARY**

H.R. 1034 would extend through fiscal year 2014 the existing taxes that are dedicated to the Airport and Airway Trust Fund (AATF) and the Federal Aviation Administration's (FAA's) authority to expend amounts credited to that fund. Previously, the Airport and Airway Extension Act of 2010, Part IV (Public Law 111-329) extended aviation-related taxes through March 31, 2011, and the FAA's authority to expend amounts in the AATF through April 1, 2011.

Pursuant to rules that govern the calculation of CBO's baseline, certain expiring provisions of law—such as those that govern taxes credited to the AATF—are assumed to continue beyond their scheduled expiration date for budget projection purposes. H.R. 1034 would continue aviation-related taxes at levels that are consistent with those projected in CBO's baseline over the 2011-2014 period (roughly \$11.2 billion in 2011, increasing to \$13.1 billion by 2014). As a result, the Joint Committee on Taxation (JCT) estimates that enacting the bill would not affect revenues, relative to that baseline. Further, the bill would not affect direct spending; therefore, pay-as-you-go procedures do not apply.

By extending the authority to expend amounts from the AATF, the bill would authorize the appropriation of amounts credited to the fund over the 2011-2014 period. As a result, CBO estimates that implementing H.R. 1034 would increase discretionary spending by \$36.4 billion over the 2011-2016 period, assuming appropriation of amounts anticipated to be credited to the AATF.

JCT has determined that H.R. 1034 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA).

#### **ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated budgetary impact of H.R. 1034 is shown in the following table. The costs of this legislation fall within budget function 400 (transportation).

	By Fiscal Year, in Millions of Dollars						2011- 2016
	2011	2012	2013	2014	2015	2016	
<b>SPENDING SUBJECT TO APPROPRIATION</b>							
<b>AATF Spending Under Current Law</b>							
Estimated Budget Authority <sup>a</sup>	10,977	0	0	0	0	0	10,977
Estimated Outlays	10,572	4,147	2,582	966	372	241	18,880
<b>Proposed Changes</b>							
Estimated Authorization Level	332	11,904	12,533	13,261	0	0	38,030
Estimated Outlays	190	6,882	9,423	11,780	5,068	3,012	36,355
<b>Spending Under H.R. 1034</b>							
Estimated Authorization Level	11,309	11,904	12,533	13,261	0	0	49,007
Estimated Outlays	10,762	11,029	12,005	12,746	5,440	3,253	55,235

Note: AATF = Airport and Airway Trust Fund.

a. Annualized level of budget authority provided in Public Law 112-6.

## **BASIS OF ESTIMATE**

For this estimate, CBO assumes that H.R. 1034 will be enacted in the spring of 2011. Outlay estimates are based on historical spending patterns for FAA programs.

The AATF is an accounting mechanism in the federal budget that records receipts from certain aviation-related taxes and spending for a major portion of the FAA's activities. The fund is also credited with interest on its unexpended balances. Annual spending from the fund is not automatically triggered by the collection of tax revenues or transfers of interest earnings but is controlled by annual appropriation acts.

A full-year appropriation for aviation programs in 2011 has not yet been enacted. For this estimate, CBO has assumed that the partial-year funding already provided under Public Law 112-6, Additional Continuing Appropriation Amendments, 2011, will be increased proportionately—annualized—to provide full-year funding. On an annualized basis, funding for aviation programs drawn from the AATF for 2011 currently totals nearly \$11 billion. CBO estimates that spending from the AATF under current law will total \$18.9 billion over the 2011-2016 period. That estimate includes outlays stemming from authority provided under Public Law 112-6 and from funding provided prior to 2011.

By extending the authority to expend amounts from the AATF, H.R. 1034 would authorize the appropriation of amounts credited to the fund over the 2011-2014 period. CBO estimates that such amounts would total \$11.3 billion in 2011 (\$332 million more than is currently available under Public Law 112-6) and \$49 billion over the 2011-2014 period. (That 4-year total includes roughly \$48.3 billion in revenues from aviation-related taxes and about \$700 million in intergovernmental interest.) Assuming appropriation of the estimated amounts, CBO estimates that increased spending under H.R. 1034 would total \$36.4 billion over the 2011-2016 period, with additional spending occurring in later years.

**PAY-AS-YOU-GO CONSIDERATIONS:** None.

### **INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

JCT has determined that H.R. 1034 contains no intergovernmental or private-sector mandates as defined in UMRA.

**ESTIMATE PREPARED BY:** Megan Carroll

### **ESTIMATE APPROVED BY:**

Theresa Gullo  
Deputy Assistant Director for Budget Analysis