



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

February 16, 2016

### **S. 1776 TIRES Act**

*As ordered reported by the Senate Committee on Indian Affairs on July 22, 2015*

#### **SUMMARY**

S. 1776 would revise environmental regulations that are applied to certain highway infrastructure projects on Indian reservations administered by the Department of the Interior (DOI) and the Federal Aid Highway Administration (FHWA) and funded from the Highway Trust Fund. The Fixing America's Surface Transportation Act (FAST Act) provided \$2.4 billion in contract authority (a mandatory form of budget authority) for programs authorized by S. 1776 over the 2016-2020 period. S. 1776 bill would increase the contract authority available for those programs by \$150 million over the 2016-2021 period.

CBO extends contract authority at the level specified in the last year of the authorization. Thus, we estimate that enacting the bill would increase contract authority relative to CBO's baseline by \$340 million over the 2016-2026 period. Use of those amounts has traditionally been controlled by provisions in appropriation acts that limit the amount of contract authority that may be obligated. Because enacting the bill would not affect direct spending outlays or revenues, pay-as-you-go procedures do not apply.

For this estimate, CBO assumes that most spending for tribal highway programs funded from the Highway Trust Fund will continue to be controlled by obligation limitations set in appropriations acts. CBO estimates that the bill would authorize an increase in obligation limitations equal to the increase in budget authority over the 2016-2021 period. Under that assumption, CBO estimates that implementing the bill would cost \$150 million over the 2016-2026 period.

CBO estimates that enacting the legislation would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2027.

S. 1776 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 effect of S. 1776 is shown in the following table. The costs of this legislation fall within budget function 400 (transportation).

	By Fiscal Year, in Millions of Dollars											2016-	2016-
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2021	2026
<b>CHANGES IN DIRECT SPENDING</b>													
Federal Aid Highways Contract Authority													
Estimated Budget Authority <sup>b</sup>	19	21	22	24	26	38	38	38	38	38	38	150	340
Estimated Outlays	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>CHANGES IN SPENDING SUBJECT TO APPROPRIATION</b>													
Spending From the Highway Trust Fund													
Estimated Obligation Limitation	19	21	22	24	26	38	0	0	0	0	0	150	150
Estimated Outlays	5	10	15	20	25	25	20	20	15	5	0	100	150

Source: Congressional Budget Office.

- a. S. 1776 would provide \$2.9 billion in contract authority for highway infrastructure programs on Indian Reservations over the 2016-2021 period. That amount is \$150 million more than was provided for similar programs in the FAST Act (Public Law 114-94) over the same five-year period.
- b. Consistent with the rules in the Balanced Budget and Emergency Deficit Control Act for constructing the baseline, CBO extends the contract authority provided by the bill for 2021, the last year of the authorization, at the same amount in each of the following years.

## BASIS OF ESTIMATE

For this estimate, CBO assumes that S. 1776 will be enacted before the end of fiscal year 2016.

### Changes in Direct Spending

S. 1776 would increase the amount of budget authority (in the form of contract authority) provided in the FAST Act for FHWA's tribal transportation programs over the 2016-2021 period by \$150 million. Most of that increase is for bridges on Indian reservations. Because CBO expects that spending of the contract authority for FHWA programs would be controlled by provisions in future appropriations acts, there would be no change in direct spending expenditures from this provision.

Consistent with the rules in the Balanced Budget and Emergency Deficit Control Act for constructing the baseline, CBO extends the contract authority provided by the bill for 2021 (\$543 million), the last year of the authorization, at the same level in each of the following years. That amount is \$38 million more than the contract authority provided under current law in 2021. Under that assumption, CBO estimates that enacting the bill would result in baseline contract authority for tribal transportation programs totaling about \$5.8 billion over the 2016-2026 period; an increase of \$340 million above the amounts of contract authority for tribal transportation programs currently projected in CBO's baseline.

### **Changes in Spending Subject to Appropriation**

For many years, spending of the contract authority provided in transportation legislation has been controlled by limitations on obligations contained in annual appropriations acts. The FAST Act authorized obligation limitations for highway programs, and CBO expects the practice to continue over the 2016-2021 period. CBO estimates that implementing the provisions of S. 1776 would increase the obligation limitations by amounts equal to the increase in contract authority specified in the bill. As a result, CBO estimates that implementing the bill would cost \$150 million over the 2016-2026 period. (The Balanced Budget and Emergency Deficit Control Act does not require an extension of amounts authorized to be appropriated beyond the expiration date of such an authorization. Consequently, CBO has not estimated obligation limitations beyond 2021.)

### **INCREASE IN LONG TERM DIRECT SPENDING AND DEFICITS**

CBO estimates that enacting the legislation would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2027.

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

S. 1776 contains no intergovernmental or private-sector mandates as defined in UMRA. Tribal governments would benefit from the authorization of federal assistance for transportation projects. Any costs incurred by tribal governments associated with those projects would be incurred voluntarily.

## **PREVIOUS CBO ESTIMATE**

CBO provided a cost estimate for the conference agreement on H.R. 22, the FAST Act, as posted on the website of the House Committee on Rules on December 1, 2015. That legislation also included contract authority for the tribal transportation programs funded in S. 1776.

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