



## **S. 2016, Surface Transportation Investment Act of 2021**

As ordered reported by the Senate Committee on Commerce, Science, and Transportation on June 16, 2021

S. 2016 would provide budget authority over the 2022-2026 period for the Department of Transportation (DOT) to continue to operate motor carrier safety programs and highway and motor vehicle safety programs funded from the Highway Trust Fund. The bill also would authorize the appropriation of funds for rail programs and certain other transportation programs administered by DOT.

### **Changes in Direct Spending**

Historically, the contract authority, a form of mandatory budget authority, provided in transportation legislation has been controlled by limitations on obligations contained in annual appropriation acts. CBO expects that the practice would continue under S. 2016; thus, CBO's estimate of mandatory outlays under the bill is significantly lower than the contract authority provided. For more information on the split budgetary classification of surface transportation programs funded from the Highway Trust Fund see Congressional Budget Office, *The Highway Trust Fund and the Treatment of Surface Transportation Programs in the Federal Budget* (June 2014), [www.cbo.gov/publication/45416](http://www.cbo.gov/publication/45416).

CBO estimates that enacting S. 2016 would increase mandatory outlays by \$73 million over the 2021-2031 period for programs that are not provided contract authority under the bill. For this estimate, CBO assumes that S. 2016 would be enacted near the end of fiscal year 2021.

### **Rural and Tribal Infrastructure Advancement**

Section 1206 of the bill would establish the Rural and Tribal Assistance Pilot Program to provide financial, technical, and legal assistance to rural localities and tribal governments to evaluate and plan projects eligible for funding from certain DOT programs. Over the 2022-2026 period, the pilot program would be funded with up to \$10 million of unobligated balances from certain DOT programs, including the Transportation Infrastructure Finance and Innovation Act program. As of May 2021, that program had more than \$2 billion in unobligated balances. CBO estimates that under S. 2016, DOT would repurpose \$10 million of the balances that otherwise would not have been spent over the 2022-2031 period and would use those funds to implement the pilot program.

### **RRIF Repayment of Premiums for Past Loans**

Section 1301 would require DOT to refund up-front premiums paid plus interest for Railroad Rehabilitation and Improvement Financing (RRIF) loans made before enactment of the FAST Act. Those premiums are collected under current law and reduce the cost to the government of making RRIF loans. For loans that have already been repaid, DOT would return the premiums within 60 days after enactment of S. 2016; for active loans, the premium repayment would occur 60 days after the loan is repaid. According to DOT, six eligible RRIF loans have been repaid and two remain active. Using information from DOT on the premiums paid for those loans, and accounting for anticipated interest earnings, CBO estimates that a total of \$71 million would be paid in 2022 to borrowers that have already paid off their loans and an additional \$400,000 would be paid at some point over the 2022-2031 period for the loans that are still active. Because of the uncertainty surrounding when those loans would be repaid, this estimate spreads the cost of those repayments evenly over the 2022-2031 period.

### **RRIF Repayment of Premiums for Future Loans**

For RRIF loans made after enactment of S. 2016, section 1301 would require DOT to refund up-front premiums paid by borrowers once the loans are repaid. Those premiums are collected under current law and they reduce the cost to the government of making the loans. If, however, the premiums do not fully cover the costs of the loans and loan guarantees, the government is not authorized to collect additional funds to make up the shortfall. Because of that asymmetry, CBO expects that under S. 2016, the RRIF program probably would cost the government, on net, at least 1 percent of future loan volume—roughly \$1.4 billion over the 2022-2031 period—over many years. Consistent with the requirements of the Federal Credit Reform Act of 1990, CBO anticipates that those additional costs would be recorded at the time a loan is disbursed. Under current law, the program has \$25 million in unobligated budget authority provided in previous appropriations that CBO expects would be used for the cost of the changes to future RRIF loans made under S. 2016. CBO estimates that providing refunds of up-front premiums paid on loans made after enactment would increase direct spending by \$12 million over the 2022-2031 period.

### **FRA Enhanced-Use Leases**

Section 2412 would provide the Federal Railroad Administration (FRA) authority to enter into an enhanced-use lease with a third party to repair and update the Transportation Technology Center (TTC) facility in Colorado. The section also would allow FRA to enter into an agreement with a different third party to install equipment to produce renewable energy on TTC land and to purchase the power produced by the new equipment. CBO expects that those third parties would recover at least a portion of their investments in such projects under the terms of the leases or under other federal contracts.

CBO considers such financing on behalf of the federal government for government activities to be similar to an agency's using federal borrowing authority to improve its physical infrastructure; thus, the costs of such transactions are treated as direct spending. Using information from FRA, CBO expects that, under S. 2016, there is a small chance that a third party entering into a lease with FRA to use the TTC facility would repair or improve the facility. CBO expects that there is a high likelihood that FRA would enter into a lease with a third party to build and maintain an energy production facility on the TTC land and sell that energy to FRA at favorable rates. Using information on prior enhanced-use leases for similar projects, CBO estimates that enacting this section would increase direct spending by about \$3 million over the 2022-2031 period for TTC facility renovations and about \$1 million for the installation and operation of a renewable energy production facility under a power purchase agreement.

### **Motor Carrier and Highway and Motor Vehicle Safety**

Spending from contract authority is controlled by obligation limitations specified in annual appropriation acts; therefore, the outlays for most surface transportation programs are considered discretionary. CBO estimates that those outlays for the programs authorized in titles III and IV would total \$9.3 billion over the 2021-2031 period.

### **Hazardous Materials**

Title VI would increase annual spending by about \$19 million to provide grants to states, territories, and Indian tribes to increase emergency preparedness in the transport of hazardous materials. However, that program is subject to sequestration, which reduces available amounts by 5.7 percent each year through 2030. CBO expects that the Pipeline and Hazardous Materials Safety Administration (PHMSA) would increase authorized fees to offset that gross increase in grant

spending, excluding the effects of sequestration. Because the fees collected would exceed the amount available for spending, CBO estimates that provision would reduce direct spending by \$39 million over the 2021-2031 period.

Title VI also would codify PHMSA's Assistance for the Local Emergency Response Training grant program and authorize the agency to spend previously appropriated amounts for those purposes. CBO estimates that provision would increase direct spending by \$15 million over the 2021-2031 period.

CBO estimates that, in total, implementing title VI would reduce direct spending by \$24 million over the 2021-2031 period.

## **Revenues**

Sections 2425, 3014, and 3015 of S. 2016 would authorize new civil penalties for violating the requirements of those sections; civil penalties are classified in the budget as revenues. CBO expects that any violations would occur infrequently and that the resulting revenues would total less than \$500,000 over the 2021-2031 period.

## **Mandates**

The bill would impose intergovernmental and private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). CBO estimates that the aggregate cost of the private-sector mandates would exceed the annual thresholds established in UMRA (\$170 million in 2021, adjusted annually for inflation) and that the aggregate cost of the intergovernmental mandates would fall below the annual thresholds in UMRA (\$85 million in 2021, adjusted annually for inflation). Those mandates include new regulatory and administrative requirements for Amtrak and rail passenger carriers and rail car manufacturers; new vehicle safety standards for cars, limousines, and commercial vehicles; requirements for commercial vehicle and car manufacturers to install new technologies; and increases in fees paid by companies that transport hazardous materials. Grants authorized in title II would offset some of the costs associated with implementing those requirements.

**S. 2016, Surface Transportation Investment Act of 2021, as Ordered Reported by the Senate Committee on Commerce, Science, and Transportation on June 16, 2021**  
**Estimated Budgetary Effects**

|   | By Fiscal Year, Millions of Dollars |      |      |      |      |      |      |      |      |      |      | 2021-<br>2026 | 2021-<br>2031 |       |
|---|-------------------------------------|------|------|------|------|------|------|------|------|------|------|---------------|---------------|-------|
|   | 2021                                | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 |               |               |       |
| <b>Increases or Decreases (-) in Direct Spending</b>                          |                                     |      |      |      |      |      |      |      |      |      |      |               |               |       |
| <b>TITLE I—Multimodal and Freight Transportation</b>                          |                                     |      |      |      |      |      |      |      |      |      |      |               |               |       |
| Rural and Tribal Infrastructure Advancement                                   |                                     |      |      |      |      |      |      |      |      |      |      |               |               |       |
| Budget Authority  | 0                                   | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0             | 0             | 0     |
| Estimated Outlays   | 0                                   | 1    | 2    | 2    | 2    | 2    | 1    | 0    | 0    | 0    | 0    | 9             | 10            | 10    |
| RRIF Repayment of Premiums for Past Loans                                     |                                     |      |      |      |      |      |      |      |      |      |      |               |               |       |
| Estimated Budget Authority  | 0                                   | 71   | *    | *    | *    | *    | *    | *    | *    | *    | *    | 71            | 71            | 71    |
| Estimated Outlays   | 0                                   | 71   | *    | *    | *    | *    | *    | *    | *    | *    | *    | 71            | 71            | 71    |
| RRIF Repayment of Premiums for Future Loans                                   |                                     |      |      |      |      |      |      |      |      |      |      |               |               |       |
| Budget Authority  | 0                                   | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0             | 0             | 0     |
| Estimated Outlays   | 0                                   | *    | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 1    | 6             | 12            | 12    |
| <b>Title I Total</b>  |                                     |      |      |      |      |      |      |      |      |      |      |               |               |       |
| Estimated Budget Authority  | 0                                   | 71   | *    | *    | *    | *    | *    | *    | *    | *    | *    | 71            | 71            | 71    |
| Estimated Outlays   | 0                                   | 72   | 3    | 3    | 3    | 3    | 2    | 1    | 1    | 1    | 1    | 86            | 93            | 93    |
| <b>TITLE II—Rail</b>  |                                     |      |      |      |      |      |      |      |      |      |      |               |               |       |
| FRA Enhanced-Use Leases   |                                     |      |      |      |      |      |      |      |      |      |      |               |               |       |
| Estimated Budget Authority  | 0                                   | 1    | *    | *    | *    | *    | *    | *    | *    | *    | *    | 3             | 5             | 5     |
| Estimated Outlays   | 0                                   | *    | 1    | *    | *    | *    | *    | *    | *    | *    | *    | 2             | 4             | 4     |
| <b>TITLE III—Motor Carrier Safety</b>   |                                     |      |      |      |      |      |      |      |      |      |      |               |               |       |
| Contract Authority for Programs Funded by the Highway Trust Fund <sup>a</sup> |                                     |      |      |      |      |      |      |      |      |      |      |               |               |       |
| Estimated Budget Authority  | 0                                   | 180  | 198  | 216  | 233  | 251  | 251  | 251  | 251  | 251  | 251  | 1,078         | 2,332         | 2,332 |
| Estimated Outlays   | 0                                   | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0             | 0             | 0     |
| <b>TITLE IV—Highway and Motor Vehicle Safety</b>                              |                                     |      |      |      |      |      |      |      |      |      |      |               |               |       |
| Contract Authority for Programs Funded by the Highway Trust Fund <sup>a</sup> |                                     |      |      |      |      |      |      |      |      |      |      |               |               |       |
| Estimated Budget Authority  | 0                                   | 189  | 214  | 236  | 259  | 281  | 281  | 281  | 281  | 281  | 281  | 1,178         | 2,583         | 2,583 |
| Estimated Outlays   | 0                                   | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0             | 0             | 0     |
| <b>TITLE VI—Hazardous Materials</b>   |                                     |      |      |      |      |      |      |      |      |      |      |               |               |       |
| Emergency Preparedness  |                                     |      |      |      |      |      |      |      |      |      |      |               |               |       |
| Estimated Budget Authority  | 0                                   | -1   | -1   | -1   | -1   | -1   | -1   | -1   | -1   | -1   | 0    | -6            | -10           | -10   |
| Estimated Outlays   | 0                                   | -12  | -7   | -4   | -1   | *    | *    | *    | *    | *    | *    | -24           | -24           | -24   |
| <b>Total Changes in Direct Spending</b>                                       |                                     |      |      |      |      |      |      |      |      |      |      |               |               |       |
| Estimated Budget Authority  | 0                                   | 440  | 411  | 451  | 491  | 531  | 531  | 531  | 531  | 531  | 532  | 2,324         | 4,981         | 4,981 |
| Estimated Outlays   | 0                                   | 60   | -3   | -1   | 2    | 3    | 2    | 1    | 1    | 1    | 1    | 64            | 73            | 73    |

Components may not sum to totals because of rounding; enactment is assumed near the end of fiscal year 2021. RRIF = Railroad Rehabilitation and Improvement Financing; FRA = Federal Railroad Administration; \* = between -\$500,000 and \$500,000.

Sections 2425, 3014, and 3015 would authorize new civil penalties for violating the requirements of those sections; civil penalties are classified in the budget as revenues. CBO expects that any violations would occur infrequently and that the resulting revenues would total less than \$500,000 over the 2021-2031 period. Those amounts are not included in this table.

a. Spending from contract authority is controlled by obligation limitations specified in annual appropriation acts; therefore, the outlays for most surface transportation programs are considered discretionary. CBO estimates that those outlays for the programs authorized in titles III and IV would total \$9.3 billion over the 2021-2031 period.