105TH CONGRESS
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HOUSE OF REPRESENTATIVES

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Part 2

BUILDING EFFICIENT SURFACE TRANSPORTATION AND EQUITY ACT OF 1988

MARCH 27, 1998.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. SHUSTER , from the Committee on Transportation and Infrastructure, submitted the following

SUPPLEMENTAL REPORT

[To accompany H.R. 2400]

This supplemental report shows the cost estimate of the Congressional Budget Office made by the bill (H.R. 2400), as reported, which was not available when the report was submitted on March 25, 1998 (H. Rept. 105–467, pt. 1).

This supplemental report also contains an exchange of letters concerning jurisdictional matters.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, March 27, 1998.

Hon. BUD SHUSTER,
Chairman, Committee on Transportation and Infrastructure, House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 2400, the Building Efficient Surface Transportation and Equity Act of 1998.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contacts are Clare Doherty (for the federal costs of highway, safety, and rail programs), Kristen Layman (for the federal costs of transit programs), Theresa Gullo (for the site and local impact), and Lesley Frymier (for the private-sector impact).

Sincerely,

JUNE E. O'NEILL, *Director.*

Enclosure.

47–386

CONGRESSIONAL BUDGET OFFICE, COST ESTIMATE

H.R. 2400—Building Efficient Surface Transportation and Equity Act of 1998

Summary: H.R. 2400 would reauthorize the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA) for the years 1998 through 2003. For that six-year period, the bill would provide contract authority totaling $179.6 billion for the Federal Highway Administration (FHWA), $1.6 billion for the National Highway Traffic Safety Administration (NHTSA), and $35.8 billion for the Federal Transit Administration (FTA). In addition, H.R. 2400 would authorize the appropriation of $2.8 billion for the 1998–2003 period for programs managed by the Department of Transportation (DOT).

Of of the $217 billion in contract authority that would be provided by this bill, $17.5 billion would be for spending that is exempt from annual obligation limitations, encompassing the minimum allocation program and high-priority projects. (A third exempt program, emergency relief, is permanently authorized at $100 million a year; H.R. 2400 would not change that authorization.) Because H.R. 2400 would affect direct spending, pay-as-you-go procedures would apply to the bill.

CBO estimates that outlays for programs covered by this bill would grow from an estimated $27 billion in 1998 to close to $39 billion in 2003. Relative to the CBO baseline, the bill would result in an additional $33 billion in outlays over the 1998–2003 period, assuming appropriations action consistent with the obligation and authorization levels specified in the bill.

H.R. 2400 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act of 1995 (UMRA) that would impose costs on state, local, or tribal governments in excess of the threshold established by that act ($50 million in 1996, indexed annually for inflation). H.R. 2400 would impose no new private-sector mandates as defined in UMRA.

This bill would take the Highway Trust Fund off-budget, meaning that its cash flows would no longer be subject to the budgetary controls of the Congressional Budget Act and the Balanced Budget and Emergency Deficit Control Act.

Description of the bill's major provisions: Titles I and VI of H.R. 2400 would reauthorize FHWA's federal-aid highways program. For the components of the program that are subject to annual obligation limitations, the bill would provide contract authority of $22.2 billion in 1998, $25.3 billion in 1999, $28.4 billion in 2000, $28.4 billion in 2001, $28.2 billion in 2002, and $28.6 billion in 2003.

For portions of the federal-aid highways program that are exempt from annual obligation limitations, the bill would provide contract authority of $2.2 billion in 1998, $2.7 billion in 1999, $3.2 billion in 2000, $3.1 billion in 2001, $3.2 billion in 2002, and $3.2 billion in 2003. Programs exempt from obligation limitations include minimum allocation high-priority projects, and emergency relief. Because the emergency relief program is permanently authorized under current law, its costs of $100 million a year are not included in the above totals for contract authority provided by H.R. 2400.

Title II would reauthorize the FHWA and NHTSA highway safety programs. The bill would provide contract authority of $187 million in 1998, $248 million in 1999, and $298 million for each of fiscal years 2000 through 2003 for the highway safety programs. The bill also would authorize appropriations of $75 million a year for the 1998–2003 period for operations and research at FHWA and NHTSA, and $2 million a year over the same period for NHTSA to maintain the national driver register, which contains driving records of individuals.

Title III would reauthorize programs of the Federal Transit Administration. H.R. 2400 would provide contract authority of $2.7 billion in 1998, $3.2 billion in 1999, and $3.6 billion for each of fiscal years 2000 through 2003 for FTA expenses paid from the Highway Trust Fund. In addition, the bill would provide contract authority of $2.2 billion in 1998, $2.4 billion in 1999, and $2.6 billion a year from 2000 through 2003 for the FTA's major capital investments program. After 1999, H.R. 2400 would provide contract authority for all transit programs except the access-to-jobs program, and would fund these programs from the trust fund. The bill would provide contract authority of $150 million a year from 2000 through 2003 for these programs. In addition, H.R. 2400 would authorize the appropriation of $676 million in 1998, $256 million in 1999, and $42 million a year from 2000 through 2003 for transit programs funded from the general fund.

Title IV would reauthorize the motor carrier safety program and would provide contract authority of $85 million in 1998, $125 million in 1999, and $150 million a year from 2000 through 2003.

Title V would make various programmatic reforms. This title also includes a provision that instructs the Secretary of Transportation not to apportion or allocate certain funds made available in fiscal year 2001 prior to August 1, 2001, unless a law has been enacted that meets specific requirements.

Title VII would move the spending and revenues of the Highway Trust Fund to off-budget status for purposes of the President's budget and the Congressional budget process. It would exempt those transactions from the budgetary controls of the Congressional Budget Act and the discretionary spending limits and pay-as-you-go procedures of the Balance Budget and Emergency Deficit Control Act. In addition, trust fund cash flows would be exempt from "any general budget limitation imposed by statute" on spending by the federal government.

Title VIII would change the allocation of amounts transferred each year from the Highway Trust Fund to the boat safety account of the Aquatic Resources Trust Fund. Under current law, the Secretary of Transportation may spend about one-half of such amounts for grants for state boat safety programs. The remaining funds are available for operating expenses of U.S. Coast Guard. Under section 802, only 7 percent of amounts transferred to the boat safety account would be available for Coast Guard expenses. The balance would be allocated to various state boating programs. As under current law, all spending from the boat safety account would be subject to appropriation.

Title IX would authorize appropriations of $528 million over the 1998–2003 period for programs of the Federal Railroad Administration (FRA). The bill would reauthorize the high speed rail program and the Alaska railroad program and would provide funding for a new light rail project, the Miami-Orlando-Tampa Corridor project, and the elimination of railway-highway crossing hazards in high speed rail corridors. In addition, the bill would authorize the Secretary to provide direct loans and loan guarantees totaling $5 billion for rail purposes.

Title XI provides that the Secretary of Transportation shall not apportion, allocate, or obligate any funds unless the bill contains a provision (not included in H.R. 2400 as reported) that states that the additional spending in the bill over the levels assumed in the CBO baseline are fully offset with mandatory and discretionary savings included in the bill.

In addition, the bill would require the Secretary to complete numerous studies and reports, prepare rulemakings and regulations, and administer a children's competition to design a sign for the National Highway System.

Estimated cost to the Federal Government: The estimated budgetary impact of H.R. 2400 is shown in the following table. The projections of baseline spending under current law cover the highway and transit programs that were authorized in ISTEA.

	By Fiscal Year, in Millions of Dollars					
	1998	1999	2000	2001	2002	2003
DIRECT SPENDING						
Baseline Spending Under Current Law:						
Estimated Budget Authority	29,686	29,686	29,686	29,686	29,686	29,686
Estimated Outlays	1,966	1,757	1,541	1,207	1,056	960
Proposed Changes:						
Estimated Budget Authority	−92	4,330	8,718	8,720	8,822	8,967
Estimated Outlays	149	622	1,307	1,864	2,144	2,293
Total Spending Under H.R. 2400:						
Estimated Budget Authority	29,594	34,016	38,404	38,406	38,509	38,654
Estimated Outlays	2,115	2,379	2,848	3,071	3,200	3,253
SPENDING SUBJECT TO APPROPRIATION						
Spending Under Current Law:						
Budget Authority [a]	1,061	0	0	0	0	0
Estimated Outlays	25,213	26,322	26,985	27,703	28,134	28,806
Proposed Changes:						
Authorization Level	143	714	315	260	185	155
Estimated Outlays	18	1,449	3,972	5,960	6,532	6,491
Total Spending Under H.R. 2400:						
Authorization Level	1,203	714	315	260	185	155
Estimated Outlays	25,231	27,770	30,957	33,663	34,666	35,296

[a] The 1998 level is the amount appropriated thus far for the current year.

CBO estimates that spending under the bill would total about $204 billion over the 1998–2003 period. Of that amount, $188 billion would be discretionary outlays and $17 billion would be direct spending. Under the CBO baseline, outlays from direct spending would total $8.5 billion over the 1998–2003 period.

Of the $188 billion in total estimated outlays subject to appropriation, about $179 billion would come from contract authority, and $9 billion would come from amounts authorized to be appropriated by H.R. 2400 or already appropriated in prior years. The costs of this legislation fall within budget function 400 (transportation).

Section 1101 of the bill contains a provision stating that the Secretary of Transportation shall not apportion, allocate, or obligate any funds unless the bill contains a provision stating that the additional Highway Trust Fund spending in the bill over the levels assumed in the CBO baseline is fully offset with mandatory and discretionary savings contained in the bill. As reported from committee, the bill does not contain such a provision. Therefore, none of the spending contemplated by this bill could occur unless such a provision were added to this bill or subsequent legislation were enacted that permits the obligation of the funds provided in this bill. For informational purposes, however, this estimate shows the spending that would occur if such a provision were included in the bill.

Basis of estimate: Implementing H.R. 2400 would affect both direct spending and spending subject to appropriation. In particular, the bill would provide $217 billion in contract authority (a form of direct spending) from 1998 through 2003 for the federal-aid highways program, the NHSTA safety grants program, the FHWA motor carrier safety grants program, and certain FTA programs. The figures in the above table include an additional $600 million in contract authority for the emergency relief program; that funding is provided under current law. Most of the outlays from this contract authority would be controlled by annual obligation limitations imposed through the appropriation process. All of the projected outlays controlled by appropriation action, whether from appropriated budget authority or annually limited contract authority, are shown in the table under "Spending Subject to Appropriation." Outlays from programs exempt from the obligation limitations—emergency relief, minimum allocation, and high-priority projects—are included in the table under "Direct Spending."

H.R. 2400 provides that the spending and revenues of the Highway Trust Fund shall be treated as off-budget. They are to be excluded from the President's budget and the Congressional budget resolution, and would be exempt from Congressional budget controls (such as reconciliation, revenue floors, and allocations of spending to committees) and the discretionary spending limits and pay-as-you-go procedures of the Balanced Budget and Emergency Deficit Control Act. Under the scorekeeping rules adopted by the Congress and the Administration, this change will apply to future legislation affecting the trust fund, but does not apply to the cost estimate or budgetary treatment of this bill. Although excluding Highway Trust Fund spending from the limits on discretionary spending is likely to increase appropriations from the Highway Trust Fund, CBO's cost estimate would assume that the full amount authorized will be appropriated even if the spending were subject to the limits. Therefore, the estimate of potential future discretionary spending is not affected by the change in budgetary status.

Section 508 of the bill instructs the Secretary of Transportation not to apportion or allocate certain funds made available for fiscal year 2001 prior to August 1, 2001, unless a law has been enacted that makes midcourse corrections to the highway and transit programs. Although the availability of those funds is contingent on future legislation, the criteria for determining whether any particular bill satisfies the conditions for release of the funds are unclear, and CBO may not be able to attribute the increased costs to any bill.

Therefore, this estimate includes the effect of making those funds available.

Direct spending

H.R. 2400 would reauthorize funding for the minimum allocation program and would provide new funding for a set of specified high-priority projects. These programs are considered direct spending because they would be exempt from obligation limitations.

Minimum Allocation. The baseline projections assume continued funding for the minimum allocation program. The current baseline has a projected level of $639 million in budget authority each year for this program. That level is the annualized projection of the spending authority provided in the Surface Transportation Extension Act of 1997 (Public Law 105–130). Based on projections from the FHWA, CBO estimates that funding for the minimum allocation program under H.R. 2400 would total $1.1 billion in 1998, $1.3 billion in 1999, and $1.4 billion for each of fiscal years 2000 through 2003. Because the new formula for minimum allocation would be based in part on the funding for high-priority projects and because the distribution of projects among states is based on preliminary information from the Committee on Transportation and Infrastructure, these estimates are subject to change.

Emergency Relief. The emergency relief program, the other federal-aid highways activity under current law that is exempt from obligation limitations, is permanently authorized.

H.R. 2400 would not change the emergency relief program, which receives $100 million each year. That annual cost is included in the totals shown in the table.

High-Priority Projects. The high-priority projects component of the federal-aid program would provide states with funds for a list of projects contained in the bill. The bill would provide contract authority of about $1 billion in 1998, $1.4 billion in 1999, $1.7 billion in 2000 and 2001, and $1.8 billion in 2002 and 2003. CBO estimates that outlays for the high-priority projects would total $5.6 billion over the 1998–2003 period. (Additional outlays for the specified projects would occur after 2003.)

Other. This bill would give the Secretary of Transportation the authority to establish separate funds in the U.S. Treasury to collect payments and revenues from nongovernmental organizations. This would affect direct spending through the collection of offsetting receipts and the subsequent spending of those receipts. However, CBO estimates that the net direct spending effects would be negligible in each year.

Spending subject to appropriation

For purposes of this estimate, CBO assumes that the amounts authorized for highway programs would be appropriated for each fiscal year. Outlay estimates for all of the spending subject to appropriation are based on historical spending patterns for the affected programs. Because most of the outlays from contract authority are governed by annual obligation limitations in appropriation acts, they are discretionary and are included in the table as estimated outlays subject to appropriation. To estimate such outlays, CBO used the obligation limitations specified in the bill. For example, the bill's obligation limitation for federal-aid highways for 1998 is identical to the obligation limitation established in the Department of Transportation and Related Agencies Appropriation Act of 1998 (Public 105–66). For programs that do not have obligation limitations specified in the bill, we assume that obligations would be equal to the contract authority provided in each year, except that for 1998, the obligation limitations established in Public Law 105–66 would apply.

Highways. In addition to the amounts specifically authorized, the bill would authorize such sums as necessary for transportation activities related to the Winter Olympics in Salt Lake City, Utah, in 2002. Based on information from the U.S. Olympic Committee and Congressional sources, we estimate costs would total $335 million over the 1999–2003 period. Funds provided would assist primarily in building roads, but would be also be used for aviation and transit needs.

The bill would also require the Secretary of Transportation to administer a children's competition to design a sign for the National Highway System. Based on information from the FHWA, CBO estimates the cost of administering the competition to be approximately $150,000.

Rail. The bill would authorize appropriations of $528 million over the 1998–2003 period for programs within the Federal Railroad Administration.

For the direct loan and loan guarantee program included in Title IX, we assume that the loans authorized would be made only subject to appropriation and would be discretionary. CBO estimates that there would be no net cost to the federal government for this program, assuming that the program is implemented as stated in the bill. Specifically, the bill would require that interest rates on any direct loans be set high enough to cover the potential costs of any default risk and, similarly, that in the case of loan guarantees, recipients of any such guarantees pay fees sufficient to offset any potential costs of default.

Transit. H.R. 2400 would authorize the appropriation of $1.1 billion over the 1998–2003 period for Federal Transit Administration programs. This includes the authorization of $200 million for the Washington Metropolitan Area Transit Authorize in 1998, the level enacted in Public Law 105–66.

The access-to-jobs program is a new authorization provided in this bill. This program would provide grants to states to assist welfare recipients in getting to and from jobs and activities relating to their employment. Outlay estimates are based on historical spending rates for formula grants. The bill would authorize the appropriation of $42 million each year from 1998 through 2003 for the access-to-jobs program.

Miscellaneous. H.R. 2400 would require the DOT to prepare and promulgate regulations and to conduct numerous studies and publish subsequent reports. CBO estimates that completing the required regulations and reports would cost several million dollars each year. Funding for those activities would come from the amounts authorized in H.R. 2400. In addition, the bill would require the General Accounting Office (GAO) to complete studies and subsequently publish reports. According to GAO, the cost of completing these studies and reports would not be significant.

CBO estimates that the changes in the Aquatic Resources Trust Fund in Title VIII would have no effect on federal spending.

Pay-as-you-go considerations: Section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. The net changes in outlays and governmental receipts that are subject to pay-as-you-go procedures are shown in the following table. For the purposes of enforcing pay-as-you-go procedures, only the effects in the current year, budget year, and the succeeding four years are counted. Also, only direct spending outlays are subject to pay-as-you-go requirements; the discretionary outlays from contract authority subject to obligation limitations are not included as pay-as-you-go effects because those outlays are controlled by appropriation acts.

As discussed earlier, section 1101 provides that no funds specified in this bill shall be apportioned, allocated, or obligated unless the bill includes a provision stating that increases in spending provided by the bill are offset by mandatory or discretionary spending savings included in the bill. Since such a provision is not included in the bill reported by the committee, the bill as reported would have no effect on direct spending. For informational purposes, the following table shows changes in outlays from direct spending for the bill's effects on the minimum allocation program and its funding for high-priority projects that would be provided if the bill contained such a provision.

	By Fiscal Year, in Millions of Dollars										
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Changes in outlays	149	622	1,307	1,864	2,144	2,243	2,392	2,448	2,474	2,481	2,483
Changes in receipts	Not applicable										

Estimated impact on State, local, and tribal governments: H.R. 2400 contains two intergovernmental mandates as defined in UMRA, but they would not impose costs on state, local, or tribal governments in excess of the threshold established by that act ($50 million in 1996, indexed annually for inflation). One requires the states of Virginia and Maryland and the District of Columbia to accept title to the Woodrow Wilson Bridge. The other mandate would make all interstate school bus operations subject to federal motor carrier safety regulations. Neither would impose significant costs on state, local, or tribal governments.

This bill would significantly benefit state and local governments by authorizing much higher levels of spending for surface transportation grants. At the same time, it would impose a number of new conditions on the receipt of these funds. The bill also includes provisions that would affect the distribution of these funds among the states.

Estimated impact on the private sector: H.R. 2400 would impose no new private-sector mandates as defined in UMRA.

Section 419 of H.R. 2400 would, however, substantially increase the penalties for existing mandates on motor carriers who do not meet safety fitness requirements. Specifically, property carriers and hazardous waste/passenger carriers deemed to be "unfit" in state and federal compliance reviews would be prohibited from operating in interstate commerce if they do not become "fit" within 60 or 45 days, respectively. Currently, those carriers can continue operating under certain conditions.

Section 421 would require the Secretary of Transportation, within one year of enactment, to issue a final rule regarding the conspicuousness of trailers manufactured before December 1, 1993. Because the Secretary already has the authority to issue such a rule, and because the agency has indicated that a final rule has been drafted, CBO has determined that this provision would not impose a new private-sector mandate.

Estimate prepared by: Federal Costs: Clare Doherty and Kristen Layman. Impact on State, Local, and Tribal Governments: Theresa Gullo. Impact on the Private Sector: Lesley Frymier.

Estimate approved by: Robert A. Sunshine, Deputy Assistant Director for Budget Analysis.

EXCHANGE OF LETTERS

COMMITTEE ON SCIENCE,
Washington, DC March 25, 1998.

Hon. BUD SHUSTER,
Chairman, Committee on Transportation and Infrastructure, U.S. House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: This letter discharges H.R. 2400, the "Building Efficient Surface Transportation and Equity Act of 1998" (BESTEA) from the Committee on Science. By so doing the Committee is not waiving its jurisdiction over the research provisions of H.R. 2400.

On September 17, 1997, the Committee on Science reported H.R. 860, the "Surface Transportation Research and Development Act of 1997" which authorized the research provisions of the BESTEA bill. The Committee on Science did not file its report on H.R. 860 with the Clerk of the House because we received your assurance that the substantive provisions of H.R. 860 would be considered by your Committee and after mutual agreement be incorporated in a manager's amendment to H.R. 2400. Your staff has been working with my staff to bring about that result.

I also understand that you are aggreeable to support our request for conferees for those provisions in the bill which are in the Science Committee's jurisdiction.

I appreciate your cooperation in this matter and look forward to working with you.

Sincerely.

F. JAMES SENSENBRENNER, Jr.,
Chairman.

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
Washington, DC, March 27, 1998.

Hon. F. JAMES SENSENBRENNER, Jr.,
Chairman, Committee on Science,
U.S. House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: Thank you for your letter of March 25, 1998, regarding H.R. 2400, the Building Efficient Surface Transportation and Equity Act of 1998. Your assistance in expediting consideration of the bill is very much appreciated.

I agree that there are certain provisions in the bill that are of jurisdictional interest to the Committee on Science and I agree that by foregoing a sequential referral the Committee on Science is not waiving its jurisdiction. Be assured that I will continue to work with you to develop an acceptable Manager's amendment for Floor consideration.

I would be pleased to support the representation of your Committee in any conference on H.R. 2400 regarding matters within the jurisdiction of the Committee on Science. I intend to include this exchange of letters in the Committee report on the bill. Thank you for your cooperation and your continued leadership and support in surface transportation matters.

With warm personal regards, I am

Sincerely,

BUD SHUSTER, *Chairman.*

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