



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 14, 2007

### **H.R. 1195** **Highway Technical Corrections Act of 2007**

*As ordered reported by the Senate Committee on the Environment and Public Works  
on June 6, 2007*

#### **SUMMARY**

H.R. 1195 would make numerous amendments to the current authorization law for highway programs—the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (Public Law 109-59), known as SAFETEA-LU. H.R. 1195 would provide contract authority (a mandatory form of budget authority) for magnetic levitation transportation projects, for the National Surface Transportation Policy and Revenue Commission, and for transportation research program at universities. The bill also would rescind a portion of contract authority currently authorized for fiscal year 2009, the last year of the current authorization period for highway and mass transit programs. The bill's net budget impact would be a reduction of \$4 million in contract authority for highway programs over the 2007-2009 period.

CBO expects that spending for the programs mentioned above will be controlled by limits on annual obligations set in appropriation acts (known as obligation limitations). Consequently, the changes in contract authority would not affect direct spending outlays. The legislation would not amend the obligation limitations specified in current law; thus, CBO estimates that implementing this legislation would not have a significant impact on discretionary outlays. Enacting the bill would not affect revenues.

The bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA); any costs to state, local, or tribal governments would result from complying with conditions of federal assistance.

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

The estimated budgetary impact of H.R. 1195 is shown in the following table. The costs of this legislation fall within budget function 400 (transportation).

	By Fiscal Year, in Millions of Dollars					
	2007	2008	2009	2010	2011	2012
<b>CHANGES IN DIRECT SPENDING</b>						
Deployment of Magnetic Levitation Transportation Projects						
Budget Authority	20	35	35	0	0	0
Estimated Outlays <sup>a</sup>	0	0	0	0	0	0
National Surface Transportation Policy and Revenue Commission						
Budget Authority	2	0	0	0	0	0
Estimated Outlays <sup>a</sup>	0	0	0	0	0	0
Rescission of Unobligated Contract Authority						
Budget Authority	0	0	-117	0	0	0
Estimated Outlays <sup>a</sup>	0	0	0	0	0	0
University Transportation Research						
Budget Authority	6	6	9	0	0	0
Estimated Outlays <sup>a</sup>	0	0	0	0	0	0
Total Changes						
Budget Authority	28	41	-73	0	0	0
Estimated Outlays	0	0	0	0	0	0

a. The spending of the contract authority is controlled by annual limits on obligations set in appropriation acts and is therefore considered discretionary. Thus, enacting these provisions would not affect direct spending outlays.

## **BASIS OF ESTIMATE**

For this estimate, CBO assumes that H.R. 1195 will be enacted before the end of fiscal year 2007. CBO estimates that enacting H.R. 1195 would reduce contract authority by \$4 million over the 2007-2009 period.

### **Changes to Contract Authority**

The Federal-Aid Highway program receives contract authority under SAFETEA-LU. Most spending from that contract authority is subject to annual limits on obligations set in appropriation acts. For that reason, most of the program's outlays are considered discretionary, and they would not be affected by the bill's changes in the amount of contract authority available.

H.R. 1195 would provide new or increased contract authority for the following programs:

- **Magnetic Levitation Transportation Projects.** Under current law, funding for projects that use magnetic force to suspend and propel a transportation system is authorized to be appropriated. Section 3 would amend the authorization to create \$20 million in contract authority in 2007 and a total of \$90 million over 2007-2009 period.
- **National Surface Transportation Policy and Revenue Commission.** The commission studies and plans for the future of the nation's surface transportation system. Section 8 would provide the commission with an additional \$2 million in contract authority for fiscal year 2007.
- **University Transportation Research.** Section 12 would provide an additional \$6 million in contract authority in 2007 and \$21 million over the 2007-2012 period for research grants to universities.

Section 13 would rescind \$117 million of contract authority in fiscal year 2009. That change, combined with the new or increased contract authority that would be made available, would yield a net reduction in contract authority of \$4 million over the 2007-2009 period. Because contract authority for the programs listed above is subject to limits on annual obligations set in appropriation acts and because CBO estimates that the rescission would not impair the various transportation programs' ability to meet obligations in the next several years, CBO estimates that the changes in contract authority would not affect outlays over the 2007-2009 period.

## **INTERGOVERNMENTAL AND PRIVATE-SECTOR MANDATES**

The bill contains no intergovernmental or private-sector mandates as defined in UMRA; any costs to state, local, or tribal governments would result from complying with conditions of federal assistance.

## **PREVIOUS CBO ESTIMATE**

On March 21, 2007, CBO transmitted a cost estimate for H.R. 1195 as ordered reported by the House Committee on Transportation and Infrastructure on March 1, 2007, with a subsequent amendment provided on March 19, 2007. That estimate contained an error because it did not identify \$21 million in additional contract authority for university

transportation research. Both versions of H.R. 1195 contain that provision, but as noted above, it has no outlay effect.

Many of the provisions contained in H.R. 1195 as ordered reported by the House Committee on Transportation and Infrastructure are contained in the Senate Environment and Public Works Committee version of the legislation. The differences between the two versions are reflected in CBO's two estimates. Neither version of the legislation contains intergovernmental or private-sector mandates as defined in UMRA.

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