



**Legislative Bulletin.....July 23, 2008**

**Contents:**

**H.R. 6532**—To amend the Internal Revenue Code of 1986 to restore the Highway Trust Fund balance

**Summary of the Bills Under Consideration Today:**

**Total Number of New Government Programs:** 0

**Total Cost of Discretionary Authorizations:** No CBO score is available, but the bill allows \$8 billion of new deficit spending in FY 2009 by transferring \$8 billion from the General Treasury to the Highway Trust Fund.

**Effect on Revenue:** \$0

**Total Change in Mandatory Spending:** \$0

**Total New State & Local Government Mandates:** 0

**Total New Private Sector Mandates:** 0

**Number of Bills Without Committee Reports:** 1

**Number of Reported Bills that Don't Cite Specific Clauses of Constitutional Authority:** 0

**H.R. 6532— To amend the Internal Revenue Code of 1986 to restore the Highway Trust Fund balance (*Rangel, D-NY*)**

**Order of Business:** H.R. 6532 is scheduled to be considered on Wednesday, July 23, 2008, under a motion to suspend the rules and pass the bill.

**Summary:** H.R. 6532 transfers \$8.017 billion from the General Treasury to the Highway Trust Fund on the last day of FY 2008 (September 30, 2008).

**Additional Background:** According to the Department of Transportation, the Highway Account of the Highway Trust Fund (HTF) is projected to have a \$3.2 billion shortfall in

FY 2009, due in part to reduced gas tax revenue as a result of fewer cars on the road facing stiff gas prices. H.R. 6532 would transfer \$8 billion from the General Treasury to the Highway Trust Fund, which is 150% more than the amount of the projected shortfall. This allows \$8 billion worth of spending for programs in the Highway Trust Fund, that otherwise could not occur under current law, while imposing no requirement that the spending be offset. Consequently, the bill allows an \$8 billion increase to the FY 2009 deficit.

The 2005 highway bill provided \$286 billion in guaranteed spending authority, setting a path for spending to be 23 percent higher in FY 2009 (\$53.5 billion) than in FY 2005 (\$43.5 billion). In terms of overall transportation spending, in 2007, the federal government spent \$78.7 billion compared to \$41.1 billion in 1997—an increase of 91.6% compared to ten years earlier. The current highway bill lapses at the end of FY 2009. Chairman Oberstar has suggested that the next highway bill might spend between \$450 billion or \$500 billion over six years.

Within the federal transportation budget, choices are made about where to devote resources. For example, the 2005 highway bill included 6,300 earmarks at a cost to taxpayers of \$24 billion, including many parking garages, bike paths, and non-interstate local roads. Congress recently enacted H.R. 1195, the highway “technical corrections” bill, which made changes to approximately 500 earmarks, but did not address the HTF shortfall.

The President has proposed to make up for the shortfall by borrowing from the Mass Transit Account, and then to repay the amount borrowed as part of the next highway authorization. Representative Jeff Flake has introduced legislation, H.R. 6534, which would eliminate the Highway Trust Fund’s shortfall by rescinding unexpended earmarks included in the 2005 highway bill.

**Possible Conservative Concerns:** Some conservatives note that this legislation allows \$8 billion of additional deficit spending, since this provision enables the Highway Trust Fund to spend \$8 billion more than it would otherwise be able to spend—and there is no requirement that any additional spending enabled by this provision be offset with savings from the non-HTF portion of the budget.

Since the HTF’s deficit is not projected to occur until FY 2009, Congress has more than two months to find another solution that does not involve increasing the FY 2009 federal deficit. Through the first nine months of FY 2008, the federal deficit is \$148 billion higher than last year (\$268 billion compared to \$120 billion at this point last year). Some private economists predict that this year’s final deficit figure could end up being the highest in U.S. history, and many economists also expect the FY 2009 deficit to be one of the highest in U.S. history.

Some conservatives may also have concerns with establishing a new precedent of transferring funds from the General Treasury to the Highway Trust Fund, which could open the way for more deficit financing of the HTF in the future.

**Committee Action:** H.R. 6532 was introduced on July 17, 2008, and was referred to the Committee on Ways and Means which took no official action.

**Cost to Taxpayers:** A CBO score for H.R. 6532 is not currently available. However, the bill transfers \$8 billion to the HTF, which will allow overall federal spending to increase by the same amount.

**Does the Bill Expand the Size and Scope of the Federal Government?** Yes. The bill transfers \$8 billion from the General Treasury to the HTF, allowing for additional spending beyond what it currently can bare.

**Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates?** No.

**Does the Bill Comply with House Rules Regarding Earmarks/Limited Tax Benefits/Limited Tariff Benefits?** A Committee report designating compliance with clause 9 of rule XXI is unavailable.

**Constitutional Authority:** A Committee report citing Constitutional authority is unavailable. House Rule XIII, Section 3(d)(1), requires that all committee reports contain a statement citing the *specific* powers granted to Congress in the Constitution to enact the law proposed by the bill or joint resolution. [*emphasis added*]

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