



December 2, 2015

Honorable Bill Shuster
Chairman
Committee on Transportation
and Infrastructure
U.S. House of Representatives
Washington, DC 20515

Re: 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.

Dear Mr. Chairman,

As you requested, the Congressional Budget Office (CBO) has reviewed the conference agreement for H.R. 22, the FAST Act. CBO's estimates of the budgetary impact of enacting the bill, including the status of the Highway Trust Fund under provisions of the FAST Act, are included in the enclosed tables.

CBO estimates that:

- Changes in direct spending and revenues from enacting the conference agreement would reduce budget deficits by \$71 billion over the 2016-2025 period (see Tables 1 and 2). (Following the direction in section 3302 of the Concurrent Resolution on the Budget for Fiscal Year 2016, which specifies the treatment of transfers from the general fund of the Treasury to the Highway Trust Fund for budget enforcement purposes in the House of Representatives, CBO estimates that enacting the legislation would reduce budget deficits by \$1 billion over the 2016-2025 period.)
- Assuming appropriation actions consistent with the conference agreement, implementing the major provisions of the legislation would result in additional discretionary spending totaling \$201 billion over the 2016-2020 period (see Table 4).

Honorable Bill Shuster

Page 2

- All told, under H.R. 22, spending from the Highway Trust Fund would total \$280 billion over the 2016-2020 period, and revenues and interest credited to the fund would amount to \$208 billion (see Table 5). In addition, \$70 billion would be transferred to the trust fund, largely from the general fund of the Treasury.
- Implementing the FAST Act would lead to a balance at the end of fiscal year 2020 of approximately \$8 billion in the highway account of the Highway Trust Fund and about \$2 billion in the transit account of the Highway Trust Fund.
- Enacting the legislation would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2026.

I hope this information is useful to you. If you need additional details, we would be pleased to provide them. The CBO staff contact is Sarah Puro.

Sincerely,

for Robert A. Luskin

Keith Hall
Director

Enclosures

cc: Honorable Peter A. DeFazio
Ranking Member

Identical letter sent to the Honorable Jim Inhofe.

TABLE 1. CHANGES IN DIRECT SPENDING AND REVENUES AND THE EFFECT ON THE DEFICIT OF 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

	By Fiscal Year, in Millions of Dollars											2016-	2016-	
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2020	2025		
CHANGES IN DIRECT SPENDING														
Total Changes in Direct Spending														
Estimated Budget Authority	2,880	4,092	5,485	6,680	295	185	45	-1,576	-2,644	-2,823	19,432	12,619		
Estimated Outlays	252	111	122	363	300	189	52	-1,564	-2,641	-2,826	1,147	-5,641		
CHANGES IN REVENUES														
Total Changes in Revenues ^a	22,137	3,306	3,998	4,121	4,473	4,761	5,133	5,491	5,953	6,462	38,036	65,837		
DECREASE (-) IN THE DEFICIT FROM CHANGES IN DIRECT SPENDING AND REVENUES														
Effect on Deficit	-21,885	-3,196	-3,877	-3,758	-4,174	-4,573	-5,082	-7,055	-8,594	-9,288	-36,889	-71,478		
Memorandum:^b														
General Fund Transfer														
Budget Authority	70,000	0	0	0	0	0	0	0	0	0	70,000	70,000		
Outlays	70,000	0	0	0	0	0	0	0	0	0	70,000	70,000		
INCREASE OR DECREASE (-) IN THE DEFICIT FROM CHANGES IN DIRECT SPENDING AND REVENUES FOR HOUSE ENFORCEMENT UNDER SECTION 3302 OF THE BUDGET RESOLUTION														
Effect on Deficit for House Enforcement	48,115	-3,196	-3,877	-3,758	-4,174	-4,573	-5,082	-7,055	-8,594	-9,288	33,111	-1,478		

Sources: Congressional Budget Office and the staff of the Joint Committee on Taxation.

Notes: Amounts may not sum to totals because of rounding.

a. Positive numbers represent a decrease in the deficit and negative numbers represent an increase in the deficit.

b. Pursuant to section 3302 of S. Con. Res. 11, the Concurrent Resolution on the Budget for Fiscal Year 2016, general fund transfers to the Highway Trust Fund are considered to be new budget authority and outlays for budget enforcement purposes in the House of Representatives.

For any conference report that transfers money from the general fund of the Treasury to the Highway Trust Fund, section 3107 of S. Con Res 11, the Concurrent Resolution on the Budget, requires CBO to provide estimates of changes in budget authority, outlays, and revenues under the conference report for fiscal years 2016 through 2045. CBO estimates that, in each year during that period, budget authority and outlays would be lower, and revenues would be higher under the conference agreement for H.R. 22 than under current law. The amounts of those changes would be much less than one-quarter of one percent of the United States gross domestic product in each of those years.

TABLE 2. SUMMARY OF ESTIMATED EFFECTS ON DIRECT SPENDING AND REVENUES OF 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

	By Fiscal Year, in Millions of Dollars											2016-	2016-
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2020	2025	
CHANGES IN DIRECT SPENDING													
Provide Contract Authority For Surface Transportation Programs ^a													
Budget Authority	2,603	3,972	4,969	6,233	7,569	7,569	7,569	7,569	7,569	7,569	25,346	63,192	
Estimated Outlays	0	0	0	0	0	0	0	0	0	0	0	0	
Rescind Contract Authority ^a													
Budget Authority	0	0	0	0	-7,569	-7,569	-7,569	-7,569	-7,569	-7,569	-7,569	-45,414	
Estimated Outlays	0	0	0	0	0	0	0	0	0	0	0	0	
Contract Authority Subtotal ^a													
Budget Authority	2,603	3,972	4,969	6,233	0	0	0	0	0	0	17,777	17,778	
Estimated Outlays	0	0	0	0	0	0	0	0	0	0	0	0	
Contract with Private Entities for Tax Collection													
Estimated Budget Authority	*	187	235	246	257	269	282	296	310	325	925	2,408	
Estimated Outlays	*	187	235	246	257	269	282	296	310	325	925	2,408	
Increase Customs User Fees													
Estimated Budget Authority	-7	-99	-190	-291	-407	-529	-673	-833	-1,010	-1,149	-994	-5,188	
Estimated Outlays	-7	-99	-190	-291	-407	-529	-673	-833	-1,010	-1,149	-994	-5,188	
Sell Strategic Petroleum Reserve Oil													
Estimated Budget Authority	0	0	0	0	0	0	0	-1,450	-2,350	-2,400	0	-6,200	
Estimated Outlays	0	0	0	0	0	0	0	-1,450	-2,350	-2,400	0	-6,200	
Increase Payments From Abandoned Mine Reclamation Fund													
Estimated Budget Authority	284	35	86	87	38	39	26	0	0	0	530	595	
Estimated Outlays	259	26	54	72	62	53	38	19	9	3	473	595	
Reverse Balanced Budget Act Provisions on Crop Insurance													
Estimated Budget Authority	0	0	399	417	435	444	448	454	459	464	1,251	3,520	
Estimated Outlays	0	0	36	348	416	434	443	448	454	459	800	3,038	
End Interest Payments on Overpayment of Royalties													
Estimated Budget Authority	0	-5	-15	-25	-30	-40	-40	-45	-55	-65	-75	-320	
Estimated Outlays	0	-5	-15	-25	-30	-40	-40	-45	-55	-65	-75	-320	
Other Spending ^b													
Estimated Budget Authority	0	2	2	13	2	2	2	2	2	2	18	26	
Estimated Outlays	0	2	2	13	2	2	2	2	2	2	18	26	
Total Changes in Direct Spending ^c													
Estimated Budget Authority	2,880	4,092	5,485	6,680	295	185	45	-1,576	-2,644	-2,823	19,432	12,619	
Estimated Outlays	252	111	122	363	300	189	52	-1,564	-2,641	-2,826	1,147	-5,641	
CHANGES IN REVENUES^d													
Reduce Federal Reserve Dividends	450	561	573	573	611	673	733	814	904	1,012	2,768	6,904	
Increase Motor Vehicle Safety Penalties	3	20	35	45	50	50	55	55	55	55	153	423	
Contract with Private Entities for Tax Collection	*	374	470	492	514	538	564	592	620	650	1,850	4,816	
Limit Size of Federal Reserve Surplus Fund	21,666	2,294	2,856	2,964	3,264	3,470	3,755	4,003	4,346	4,716	33,044	53,334	
Revocation or Denial of Passports	18	57	65	48	39	35	32	33	34	35	227	395	

Continued

TABLE 2. Continued.

	By Fiscal Year, in Millions of Dollars											
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016-2020	2016-2025
Increases In Tax-Exempt Bond Issuances ^e	0	0	-1	-1	-5	-5	-6	-6	-6	-6	-6	-35
Total Changes in Revenues	22,137	3,306	3,998	4,121	4,473	4,761	5,133	5,491	5,953	6,462	38,036	65,837
DECREASE (-) IN THE DEFICIT FROM CHANGES IN DIRECT SPENDING AND REVENUES												
Effect on Deficit	-21,885	-3,196	-3,877	-3,758	-4,174	-4,573	-5,082	-7,055	-8,594	-9,288	-36,889	-71,478
Memorandum:^c												
General Fund Transfer												
Estimated Budget Authority	70,000	0	0	0	0	0	0	0	0	0	70,000	70,000
Estimated Outlays	70,000	0	0	0	0	0	0	0	0	0	70,000	70,000
INCREASE OR DECREASE (-) IN THE DEFICIT FROM CHANGES IN DIRECT SPENDING AND REVENUES FOR HOUSE ENFORCEMENT UNDER SECTION 3302 OF THE BUDGET RESOLUTION												
Effect on Deficit for House Enforcement of Section 3302 of the Budget Resolution	48,115	-3,196	-3,877	-3,758	-4,174	-4,573	-5,082	-7,055	-8,594	-9,288	33,111	-1,478

Sources: Congressional Budget Office and the staff of the Joint Committee on Taxation.

Notes: Amounts may not sum to totals because of rounding.

a. As shown in Table 3, the FAST Act would provide about \$281 billion in contract authority for surface transportation programs over the 2016-2020 period. The bill also would rescind \$8 billion in 2020. As a result, the net contract authority provided by the bill over the 2016-2020 period would total \$273 billion.

As shown in Table 3, and 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 (\$59 billion) for 2020, the last year of the authorization, at the same amount in each of the following years. Under the same rules, CBO extends the rescission contained in section 1438 (\$8 billion) at the same amount in each of the following years. Under those assumptions, CBO estimates the FAST Act would provide contract authority equal to the contract authority projected in CBO's baseline for the years 2020 through 2025. Thus, following the baseline construction rules, the changes contained in the FAST Act would result in contract authority in CBO's baseline totaling about \$529 billion over the 2016-2025 period.

Provisions of section 1403 would increase contract authority for surface transportation programs funded by the bill upon enactment of subsequent legislation that deposited additional money into the Highway Trust Fund. Any changes in direct spending resulting from such a deposit would be attributed to the subsequent legislation that made the deposit or transfer.

b. Other mandatory spending includes rulemaking and other administrative costs incurred by the Consumer Financial Protection Bureau to comply with provisions of Division G, costs from provisions in section 11604 to expand a loan program for railroads, costs for payments to whistleblowers in section 24352, costs from provisions in section 5524 to exempt certain trucks from registration requirements, and costs from provisions in Title LXXIII, related to the production of bullion and collectable coins.

c. Pursuant to section 3302 of S. Con. Res. 11, the Concurrent Resolution on the Budget for Fiscal Year 2016, general fund transfers to the Highway Trust Fund are considered to be new budget authority and outlays for budget enforcement purposes in the House of Representatives. The estimated spending and deficit effect under the budget resolution is shown in the memorandum to this table.

d. Positive numbers represent a decrease in the deficit and negative numbers represent an increase in the deficit.

e. These changes stem from effects of increases in tax-exempt bonding induced by provisions in sections 1445 and 11604.

TABLE 3. CONTRACT AUTHORITY PROVIDED BY CONFERENCE AGREEMENT ON H.R. 22, THE FAST ACT, AS POSTED ON THE WEBSITE OF THE HOUSE COMMITTEE ON RULES ON DECEMBER 1, 2015

	By Fiscal Year, in Millions of Dollars											
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016-2025	
Contract Authority Assumed In CBO's Baseline (before the enactment of the FAST Act)	51,143	51,143	51,143	51,143	51,143	51,143	51,143	51,143	51,143	51,143	51,143	511,430
Contract Authority Under the FAST ACT												
Specified by the FAST Act	53,746	55,115	56,112	57,376	58,712	--	--	--	--	--	--	281,061
Rescission	--	--	--	--	-7,569	--	--	--	--	--	--	-7,569
Assumed in the Baseline After 2020 ^a	--	--	--	--	--	51,143	51,143	51,143	51,143	51,143	51,143	255,715
Total Contract Authority Under the FAST Act	53,746	55,115	56,112	57,376	51,143	51,143	51,143	51,143	51,143	51,143	51,143	529,207
Change in Contract Authority ^b	2,603	3,972	4,969	6,233	0	0	0	0	0	0	0	17,778

a. As required by law, CBO's baseline reflects the assumption that most mandatory programs (including programs funded from the Highway Trust Fund) that expire on specific dates will continue to operate as they did immediately before their expiration.

b. This line appears under the heading "Contract Authority Subtotal" in Table 2.

TABLE 4. ESTIMATED CHANGES IN SPENDING SUBJECT TO APPROPRIATION FROM MAJOR PROVISIONS OF 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

	By Fiscal Year, in Millions of Dollars					2016-
	2016	2017	2018	2019	2020	2020
CHANGES IN SPENDING SUBJECT TO APPROPRIATION^a						
Spending from the Highway Trust Fund ^a						
Obligation Limitation	53,006	54,375	55,372	56,636	57,972	277,361
Estimated Outlays	12,544	33,192	42,277	46,607	50,387	185,006
Other Surface Transportation Programs ^b						
Authorization Level	4,595	4,796	4,980	5,241	5,428	25,040
Estimated Outlays	1,882	2,992	3,831	4,374	4,821	17,901
Reauthorize the Export-Import Bank ^c						
Estimated Authorization						
Level	-81	-260	-536	-679	-515	-2,071
Estimated Outlays	-93	-277	-549	-691	-515	-2,125
Total Changes in Spending Subject to Appropriation						
Estimated Budgetary						
Resources	57,520	58,911	59,816	61,198	62,885	300,330
Estimated Outlays	14,333	35,907	45,559	50,290	54,693	200,782

- a. Section 1403 would increase obligation limitations for surface transportation programs funded by the bill upon enactment of subsequent legislation that deposited additional money into the Highway Trust Fund. Any changes in outlays resulting from such a deposit would be attributed to the subsequent legislation that made the deposit or transfer and are not reflected in this table.
- b. The FAST Act also would authorize appropriations for many other programs; however, CBO has not completed an estimate of those effects on discretionary spending. The amounts in the table only include spending subject to appropriation for transportation programs specified in the bill. CBO has not completed an estimate of surface transportation programs without specified authorization levels.
- c. For a discussion of the costs of implementing provisions reauthorizing the Export-Import Bank see CBO's cost estimate for H.R. 3611, the Export-Import Bank Reform and Reauthorization Act of 2015 (<https://www.cbo.gov/publication/50937>).

TABLE 5. SUMMARY OF CASH FLOWS FOR ACCOUNTS IN THE HIGHWAY TRUST FUND UNDER PROVISIONS OF 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

	By Fiscal Year, in Billions of Dollars										
	ACTUAL 2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Highway Account											
Start-of-Year Balance	11	9	51	42	31	20	8	a	a	a	a
Revenues and Interest ^b	36	36	36	37	37	36	36	36	36	36	35
Intragovernmental Transfers	6	52	*	*	0	0	0	0	0	0	0
Outlays ^c	44	45	46	47	48	49	50	51	51	52	53
End-of-Year Balance	9	51	42	31	20	8	a	a	a	a	a
Transit Account											
Start-of-Year Balance	3	3	18	14	11	7	2	a	a	a	a
Revenues and Interest ^b	5	5	5	5	5	5	5	5	5	5	5
Intragovernmental Transfers	2	18	0	0	0	0	0	0	0	0	0
Outlays ^c	8	8	9	9	9	10	10	10	11	10	11
End-of-Year Balance	3	18	14	11	7	2	a	a	a	a	a
Memorandum:											
Cumulative Shortfall ^d											
Highway Account	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-6	-20	-36	-53	-71
Transit Account	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-3	-9	-14	-20	-26

Source: Congressional Budget Office.

Notes: Details may not add to totals because of rounding.

n.a. = not applicable

* = less than \$500 million

Contract authority is a mandatory form of budget authority typically provided in authorization acts.

Obligation limitations are the limitations on the obligation of contract authority typically provided in appropriation acts.

- a. Beginning in fiscal year 2021, CBO projects, that revenues credited to the highway and transit accounts of the Highway Trust Fund would be insufficient to meet the fund's obligations. Under current law, the trust fund cannot incur negative balances, nor is it permitted to borrow to cover unmet obligations presented to the fund. Under the Balanced Budget and Emergency Deficit Control Act of 1985, however, CBO's baseline for highway and transit spending must incorporate the assumption that obligations incurred by the Highway Trust Fund will be paid in full. As a result, the cumulative shortfalls shown here are estimated on the basis of spending that would occur if obligations from the fund each year were equal to the obligation limitations contained in the bill for 2016 through 2020 and were adjusted for projected inflation thereafter. To meet obligations as they come due, the Department of Transportation estimates, the highway account must maintain a cash balance of at least \$4 billion and the transit account must maintain a balance of at least \$1 billion.
- b. Interest is credited to the Highway Trust Fund based on balances in the fund. With the transfer of \$70 billion, largely from the general fund of the Treasury, to the Highway Trust Fund in 2016, the Highway Trust Fund would be credited with about \$3 billion in interest over the 2016-2020 period, CBO estimates. Those amounts are intragovernmental transfers and would not represent additional collections from the public.
- c. Outlays include amounts transferred between the highway and transit accounts. CBO estimates that those amounts would total about \$1 billion annually.

Continued

TABLE 5. Continued.

Section 1403 would increase obligation limitations for surface transportation programs funded by the bill upon enactment of subsequent legislation that deposited additional money into the Highway Trust Fund. Any changes in outlays resulting from such a deposit would be attributed to the subsequent legislation that made the deposit or transfer and are not reflected in this table.

- d. CBO projects that under provisions of the FAST Act, the highway account and the transit account would be unable to meet obligations during 2021. Under current law, the Highway Trust Fund cannot incur negative balances. However, following the rules of the Deficit Control Act of 1985, CBO's baseline for surface transportation spending reflects the assumption that obligations presented to the Highway Trust Fund will be paid in full. The memorandum to this table shows the cumulative shortfall of fund balances, assuming spending levels that would be authorized by the FAST Act continue after 2020.
-