107TH CONGRESS
2d Session

HOUSE OF REPRESENTATIVES

REPORT
107–439

HIGHWAY FUNDING RESTORATION ACT

MAY 7, 2002.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. YOUNG of Alaska, from the Committee on Transportation and Infrastructure, submitted the following

REPORT

[To accompany H.R. 3694]

[Including cost estimate of the Congressional Budget Office]

The Committee on Transportation and Infrastructure, to whom was referred the bill (H.R. 3694) to provide for highway infrastructure investment at the guaranteed funding level contained in the Transportation Equity Act for the 21st Century, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Highway Funding Restoration Act".

SEC. 2. FEDERAL-AID HIGHWAY PROGRAM OBLIGATION CEILING.

Section 1102 of the Transportation Equity Act for the 21st Century (23 U.S.C. 104 note; 112 Stat. 115, 113 Stat. 1753) is amended by adding at the end the following:

"(k) RESTORATION OF OBLIGATION LIMITATION FOR FISCAL YEAR 2003.—Notwithstanding any other provision of law, for fiscal year 2003, the obligations for Federal-aid highway and highway safety construction programs that are subject to the obligation limitation set forth in subsection (a)(6)—

"(1) shall be not less than $27,746,000,000; and

"(2) shall be distributed in accordance with this section.".

SEC. 3. RESTORATION OF OBLIGATION CEILING.

Notwithstanding any other provision of law, the adjustment made pursuant to section 1102(h) of the Transportation Equity Act for the 21st Century for fiscal year 2003 shall be deemed to be zero.

SEC. 4. ADJUSTMENTS TO GUARANTEE FUNDING LEVELS.

Notwithstanding any other provision of law, all adjustments made pursuant to section 251(b)(1)(B) of the Balanced Budget and Emergency Deficit Control Act of 1985 to the highway category and to section 8103(a)(5) of the Transportation Equity Act for the 21st Century for fiscal year 2003 shall be deemed to be zero. This section shall apply immediately to all reports issued pursuant to section 254 of the Balanced Budget and Emergency Deficit Control Act of 1985 for fiscal year 2003, including the discretionary sequestration preview report.

SEC. 5. SENSE OF CONGRESS REGARDING REVENUE ALIGNED BUDGET AUTHORITY.

It is the sense of Congress that the revenue aligned budget authority provision in section 251(b)(1)(B) of the Balanced Budget and Emergency Deficit Control Act of 1985 should be amended in the future to more accurately align highway spending with highway revenues while maintaining predictability and stability in highway funding levels.

PURPOSE OF THE LEGISLATION

The purpose of H.R. 3694 is to restore not less than $4.4 billion to the Federal-aid highway and highway safety construction programs in fiscal year (FY) 2003 and to ensure that this money is spent according to the formula established by the Transportation Equity Act for the 21st Century (TEA 21). To accomplish this, the bill deems the adjustment made pursuant to the Revenue Aligned Budget Authority (RABA) provision of TEA 21 to the highway budget category and guaranteed highway funding level to be zero in FY 2003. The bill also includes a sense of the Congress section that the RABA provision should be amended to more accurately align highway spending with highway revenues, while maintaining predictability and stability in highway funding.

BACKGROUND AND NEED FOR THE LEGISLATION

Upon enactment of TEA 21, for the first time, funding for the Federal-aid highway program was linked to highway user fee revenues deposited into the Highway Trust Fund (HTF). This was achieved in part by a budgetary mechanism included in TEA 21 called Revenue Aligned Budget Authority (RABA). The purpose of RABA is to adjust the guaranteed amount of highway funding available to reflect the most recent estimates of Highway Trust Fund revenues.

Due to an unexpected downturn in highway revenues, the FY 2003 President's Budget proposed an $8.6 billion or 27 percent cut in highway funding, based on the RABA provision of TEA 21. While the Committee continues to strongly support the principle behind RABA, it has become clear that the method by which RABA is calculated should be improved.

Given the current state-of-the-art in revenue forecasting, the RABA calculation can result in large swings in guaranteed highway funding levels. Just last year, the Treasury Department projected such significant increases in highway revenues that RABA adjusted FY 2002 highway spending upward from the level in TEA 21 by $4.5 billion. Now, one year later, Treasury is projecting such significant decreases in highway revenues that RABA would adjust FY 2003 highway investment downward from the level in TEA 21 by $4.4 billion. This would result in an $8.6 billion decrease below the 2002 enacted level of $32 billion.

H.R. 3694 reverses this $4.4 billion downward adjustment, thereby restoring the highway budget category and guaranteed funding level to the $28 billion level that was envisioned in TEA 21 for FY 2003.

Restoring the $4.4 billion is important for the following three reasons.

First, state departments of transportation cannot be expected to absorb a cut of this magnitude in one year, especially at a time when State revenues are also declining. The States depend on a predictable and sustainable level of funding from the federal government to ensure that highway programs will have a continuous flow of investment to the meet the needs of the American people. The 27 percent cut in highway funds proposed in the President's Budget will decimate State transportation programs, delay efforts to decrease road congestion and deny the traveling pubic all of the benefits that would result from reduced congestion—shortened travel times, increased productivity and economic growth, and improved safety.

Second, transportation spending keeps people employed. Cutting highway spending by 27 percent would lead to significant job loss and threaten economic recovery. States have already begun to slow construction of projects in anticipation of the funding cut proposed in the President's Budget. Restoring FY 2003 highway spending to the $28 billion level envisioned in TEA 21 would save more than 180,000 family-wage jobs across the country.

Third, the cash balance in the Highway Trust Fund is currently about $20 billion, more than adequate to accommodate the restoration of $4.4 billion. By law, Highway Trust Fund balances can only be used for highway and transit programs. The funds are there, and the Committee believes they should be used to restore the highway program to a reasonable, sustainable funding level.

Summary of the Legislation

Section 1.—Short title

This Act may be cited as the "Highway Funding Restoration Act".

Section 2.—Federal-aid highway program obligation ceiling

This section amends section 1102 of TEA 21 to provide that, for FY 2003, the obligations for federal-aid highway and highway safety construction programs shall not be less than $27,746,000,000. This section also requires the funding to be distributed according to TEA 21.

Section 3.—Restoration of obligation ceiling

This section provides that, for FY 2003, the RABA adjustment to the obligation ceiling in section 1102 of TEA 21 is deemed to be zero.

Section 4.—Adjustments to guarantee funding levels

Section 4 provides that, for FY 2003, the RABA adjustments made to the highway budget category and the guaranteed highway funding level are deemed to be zero. This section will immediately apply to all discretionary sequestration reports that are produced by OMB for FY 2003, including the discretionary sequestration preview report.

Section 5.—Sense of Congress regarding revenue aligned budget authority

In this section Congress expresses the need to make the RABA calculation more accurate and predictable in order to stabilize highway program funding.

LEGISLATIVE HISTORY AND COMMITTEE CONSIDERATION

H.R. 3694 was introduced by Chairman Don Young, Ranking Minority Member Jim Oberstar, Highway and Transit Subcommittee Chairman Tom Petri, and Highway and Transit Subcommittee Ranking Minority Member Robert Borski on February 7, 2002. It was referred the Committee on Transportation and Infrastructure and has 317 cosponsors. No hearings were held on the bill. A full committee mark-up was held on May 1, 2002, where the bill, as introduced, was amended. The amendment passed unanimously by voice vote. The amended legislation was ordered reported to the House unanimously by voice vote.

ROLLCALL VOTES

Clause 3(b) of rule XIII of the House of Representatives requires each committee report to include the total number of votes cast for and against on each rollcall vote on a motion to report and on any amendment offered to the measure or matter, and the names of those members voting for and against. There were no rollcall votes during consideration of the bill.

COMMITTEE OVERSIGHT FINDINGS

With respect to the requirements of clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee's oversight findings and recommendations are reflected in this report.

COST OF LEGISLATION

Clause 3(c)(2) of rule XIII of the Rules of the House of Representatives does not apply where a cost estimate and comparison prepared by the Director of the Congressional Budget Office under section 402 of the Congressional Budget Act of 1974 has been timely submitted prior to the filing of the report and is included in the report. Such a cost estimate is included in this report.

COMPLIANCE WITH HOUSE RULE XIII

1. With respect to the requirement of clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, and 308(a) of the Congressional Budget Act of 1974, the Committee references the report of the Congressional Budget Office included below.

2. With respect to the requirement of clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the Committee advises that the general performance goals and objectives of the legislation are to provide for additional infrastructure investment which will reduce highway congestion, shorten travel times, increase productivity and economic growth, and improve safety. It is also the goal of the bill to provide additional jobs in the construction industry.

3. With respect to the requirement of clause 3(c)(3) of rule XIII of the Rules of the House of Representatives and section 402 of the Congressional Budget Act of 1974, the Committee has received the following cost estimate for H.R. 3694 from the Director of the Congressional Budget Office.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, May 6, 2002.

Hon. DON YOUNG,
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. 3694, the Highway Funding Restoration Act.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Rachel Milberg.

Sincerely,

BARRY B. ANDERSON
(For Dan L. Crippen, Director).

Enclosure.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

H.R. 3694—Highway Funding Restoration Act

Summary: H.R. 3694 would amend the Transportation Equity Act for the 21st Century (TEA–21) by authorizing an increase in the obligation limitation for the Federal-Aid Highway program of nearly $4.4 billion in 2003. TEA–21 provides budget authority for the Federal-Aid Highway program in the form of contract authority, the authority to incur obligations in advance of appropriations. Spending from the program, however, is largely controlled by limits on annual obligations set in appropriations acts. Although TEA–21 includes specific obligation limitations for the Federal-Aid Highway program, each year appropriations acts include a limitation that may or may not be the same as the amounts in TEA–21.

Assuming the 2003 appropriations act includes an obligation limitation equal to the limitation in the bill, CBO estimates that H.R. 3694 would cost $4.2 billion over the 2003–2007 period, and an additional $0.2 billion after 2007. H.R. 3694 would not affect direct spending or receipts; therefore, pay-as-you-go procedures would not apply. The bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would benefit states.

Estimated cost to the Federal Government: The estimated budgetary impact of H.R. 3694 is shown in the following table. The costs of this legislation fall within budget function 400 (transportation).

	By fiscal year, in millions of dollars—				
	2003	2004	2005	2006	2007
CHANGES IN SPENDING SUBJECT TO APPROPRIATION					
Authorization level [1]	0	0	0	0	0
Estimated outlays	1,180	1,835	743	262	175

[1] Budget authority for the Federal-Aid Highway program is provided as mandatory contract authority in authorization legislation such as TEA–21. Changing the obligation limitation, as H.R. 3694 would do, does not affect such budget authority.

Basis of estimate: For this estimate, CBO assumes that H.R. 3694 will be enacted in fiscal year 2002, that the appropriation action for 2003 will adopt the new obligation limitation, and that spending from the Federal-Aid Highway program will follow historical patterns.

Under current law, the Office of Management and Budget (OMB) must calculate an annual adjustment to TEA–21 known as revenue-aligned budget authority (RABA). To calculate this adjustment, OMB compares current estimates of receipts to the Highway Trust Fund to amounts specified in TEA–21. This number is used to adjust the level of contract authority for the Federal-Aid Highway program, the obligation limitation for that program in TEA–21, the outlay cap for the highway category of discretionary spending, and the obligation limitation associated with the highway category.

OMB has calculated a reduction of almost $4.4 billion for the 2003 RABA adjustment. (The adjustment applies TEA–21's obligation limitation for 2003; but the adjustment to contract authority is scheduled for 2004.) For the purposes of adjusting the TEA–21 obligation limitation for the Federal-Aid Highway program, the outlay cap of the highway category, and the obligation limitation of the highway category for 2003, H.R. 3694 would make the RABA adjustment equal zero. H.R 3694 would not affect the RABA adjustment to contract authority.

By exempting the 2003 TEA–21 obligation limitation for the Federal-Aid Highway program from any RABA adjustment, H.R. 3694 would increase that limitation by almost $4.4 billion. Assuming the 2003 appropriation acts set a limitation equal to the amount in TEA–21, implementing H.R. 3694 would cost about $4.4 billion over the next seven years.

Exempting the highway category from any RABA adjustment in 2003 would affect the enforcement of Congressional Budget rules, but it would not have a direct effect on the federal budget. The highway category includes the Federal-Aid Highway program, programs for motor carrier safety, and programs for highway traffic safety. Discretionary spending from these programs depends on the budget authority and obligation limitations set in annual appropriations acts. Increasing the highway category would not authorize additional appropriations, but it would increase the amount of spending authorized under current law that would be considered under the highway category.

Pay-as-you-go considerations: None.

Intergovernmental and private-sector impact: H.R. 3694 contains no intergovernmental or private-sector mandates as defined in UMRA. The bill would retain the 2003 obligation limitation for federal aid to highways at the level set in TEA–21. In the absence of the bill, states would receive about $4.4 billion less in federal aid than the level set in TEA–21 for 2003. Because states voluntarily participate in the programs that provide federal aid for highways, any costs they incur as a result of enactment of this bill would be voluntary as well.

Estimate prepared by: Federal costs: Rachel Milberg; impact on state, local, and tribal governments: Susan Sieg Tompkins; impact on the private sector: Jean Talarico.

Estimate approved by: Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

CONSTITUTIONAL AUTHORITY STATEMENT

Pursuant to clause (3)(d)(1) of rule XIII of the Rules of the House of Representatives, committee reports on a bill or joint resolution of a public character shall include a statement citing the specific powers granted to the Congress in the Constitution to enact the measure. The Committee on Transportation and Infrastructure finds that Congress has the authority to enact this measure pursuant to its powers granted under article I, section 8 of the Constitution.

FEDERAL MANDATES STATEMENT

The Committee adopts as its own the estimate of federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act. (Public Law 104–4).

ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act are created by this legislation.

APPLICABILITY TO THE LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act. (Public Law 104–1).

COMMITTEE CORRESPONDENCE

HOUSE OF REPRESENTATIVES,
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,
Washington, DC, May 2, 2002.

Hon. JIM NUSSLE,
Chairman, Committee on the Budget,
Cannon Building, Washington, DC.

DEAR MR. CHAIRMAN: Thank you for your letter of May 2, 2002, regarding H.R. 3694, the Highway Funding Restoration Act and for your willingness to waive consideration of provisions in the bill that fall within your Committee's jurisdiction under House Rules.

I agree that your waiving consideration of relevant provisions of H.R. 3694 does not waive your Committee's jurisdiction over the bill. I also acknowledge your right to seek conferees on any provisions that are under your Committee's jurisdiction during any House-Senate conference on H.R. 3694 or similar legislation, and will support your request for conferees on such provisions.

As you request, your letter and this response will be included in the committee report on the legislation as well the Congressional Record during consideration of the House Floor.

Thank you for your cooperation in moving this important legislation.

Sincerely,

DON YOUNG,
Chairman.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON THE BUDGET,
Washington, DC, May 2, 2002.

Hon. DON YOUNG,
Chairman, Committee on Transportation and Infrastructure,
Rayburn House Office Building, Washington, DC.

DEAR MR. YOUNG: On May 1, 2002 the Committee on Transportation and Infrastructure ordered reported H.R. 3694, the Highway Funding Restoration Act. At introduction, H.R. 3694 was referred solely to the Committee on Transportation and Infrastructure. In committee, however, an amendment was adopted that added three new sections to the bill. Section four, "Adjustments to Guarantee Funding Levels," and section five "Sense of Congress Regarding Aligned Budget Authority" are within the primary jurisdiction of the Budget Committee. I want to thank you for working closely with me to ensure that those provisions were acceptable to the Budget Committee.

Because of our close working relationship on this matter and in order to expedite the consideration of H.R. 3694, I do not intend to seek a sequential referral of the bill as ordered reported. In not seeking a sequential referral of H.R. 3694, the committee does not waive its jurisdiction or its prerogatives over this legislation. The Budget Committee also reserves the authority to seek conferees on H.R. 3694 or a similar Senate bill with respect to provisions that are within the committee's jurisdiction; and, I ask your commitment to support any such request by the Budget Committee.

Finally, I would ask that you include a copy of our exchange of letters on this matter in your committee report and in the Congressional Record during floor consideration. Thank you for your assistance and cooperation in this matter.

Sincerely,

JIM NUSSLE,
Chairman.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (new matter is printed in italic and existing law in which no change is proposed is shown in roman):

SECTION 1102 OF THE TRANSPORTATION EQUITY ACT FOR THE 21ST CENTURY

SEC. 1102. OBLIGATION CEILING.

(a) * * *

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(k) Restoration of Obligation Limitation for Fiscal Year 2003.—Notwithstanding any other provision of law, for fiscal year 2003, the obligations for Federal-aid highway and highway safety construction programs that are subject to the obligation limitation set forth in subsection (a)(6)—

(1) shall be not less than $27,746,000,000; and

(2) shall be distributed in accordance with this section.

○