



February 10, 2012

Honorable David Dreier  
Chairman  
Committee on Rules  
U.S. House of Representatives  
Washington, DC 20515

Dear Mr. Chairman:

As you requested, the Congressional Budget Office (CBO) has reviewed H.R. 7, the American Energy and Infrastructure Jobs Act of 2012, as posted on the Web site of the House Committee on Rules on February 8, 2012. CBO estimates that enacting the bill would reduce direct spending and increase revenues; therefore, pay-as-you-go procedures apply. Together, those changes to direct spending and revenues would reduce future deficits by \$18 billion over the 2012-2017 period and by \$48 billion over the 2012-2022 period (see enclosed Table 1). In addition, CBO estimates that implementing the bill would add \$155 billion to discretionary spending over the 2012-2017 period, assuming appropriation of the necessary amounts (see enclosed Table 2).

CBO has determined that the nontax provisions of H.R. 7 contain intergovernmental and private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) on manufacturers, owners, and operators of motorcoaches and on driving schools. The bill would impose other intergovernmental mandates on states and would preempt state, local, and tribal laws. The bill also would impose private-sector mandates on owners and operators of commercial vehicles, brokers for motor carriers, coordinators of freight shipments, and other private entities in the transportation sector; in addition, the bill would impose a private-sector mandate on some federal workers who are eligible by December 31, 2012, to retire and receive an annuity supplement.

Primarily because of uncertainty about the costs of the motorcoach safety and retirement provisions, CBO cannot determine whether the aggregate cost of the mandates in the bill would exceed the annual thresholds established in UMRA for intergovernmental or private-sector mandates (\$73 million and \$146 million in 2012, respectively, adjusted annually for inflation). The Joint Committee on Taxation determined that the tax provisions of H.R. 7 contain no intergovernmental or private-sector mandates as defined in UMRA.

Honorable David Dreier


Page 2

This week, CBO has prepared cost estimates for the following bills that are components of H.R. 7 as posted on the Web site of the House Committee on Rules on February 8, 2012:

- H.R. 7, the American Energy and Infrastructure Jobs Act of 2012, as ordered reported by the House Committee on Transportation and Infrastructure on February 2, 2012;
- H.R. 3407, the Alaskan Energy for American Jobs Act, as ordered reported by the House Committee on Natural Resources on February 1, 2012;
- H.R. 3408, the PIONEERS Act, as ordered reported by the House Committee on Natural Resources on February 1, 2012;
- H.R. 3410, the Energy Security and Transportation Jobs Act, as ordered reported by the House Committee on Natural Resources on February 1, 2012;
- H.R. 3548, the North American Energy Access Act, as ordered reported by the House Committee on Energy and Commerce on February 7, 2012;
- H.R. 3813, the Securing Annuities for Federal Employees Act of 2012, as ordered reported by the House Committee on Oversight and Government Reform on February 7, 2012; and
- H.R. 3864, the American Energy and Infrastructure Jobs Financing Act of 2012, as ordered reported by the House Committee on Ways and Means on February 3, 2012.

If you wish further details on this estimate, we will be pleased to provide them.

Sincerely,

*for* 

Douglas W. Elmendorf  
Director

Enclosures

cc: Honorable Louise Slaughter  
Ranking Minority Member

**TABLE 1. NET CHANGES IN DIRECT SPENDING AND REVENUES UNDER H.R. 7, THE AMERICAN ENERGY AND INFRASTRUCTURE JOBS ACT OF 2012, AS POSTED ON THE WEB SITE OF THE HOUSE COMMITTEE ON RULES ON FEBRUARY 8, 2012**

	By Fiscal Year, in Millions of Dollars											2013-	2013-	
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2017	2022		
<b>CHANGES IN DIRECT SPENDING</b>														
DOT Contract Authority														
Budget Authority <sup>a</sup>	1,035	1,290	1,345	1,665	1,665	1,665	1,665	1,665	1,665	1,665	7,000	15,325		
Estimated Outlays <sup>b</sup>	0	0	0	0	0	0	0	0	0	0	0	0		
DOT Loan and Loan Guarantee Programs														
Estimated Budget Authority	22	22	22	22	32	32	32	42	42	42	120	310		
Estimated Outlays	15	20	21	22	32	32	32	42	42	42	110	300		
Federal Employee Retirement														
Estimated Budget Authority	-24	-89	-134	-176	-213	-242	-266	-298	-338	-390	-636	-2,169		
Estimated Outlays	-24	-89	-134	-176	-213	-242	-266	-298	-338	-390	-636	-2,169		
Leasing of Oil Shale Resources														
Estimated Budget Authority	*	0	0	-5	*	*	*	*	*	5	-5	0		
Estimated Outlays	*	0	0	-5	*	*	*	*	*	5	-5	0		
Oil and Gas Leasing on the Outer Continental Shelf														
Estimated Budget Authority	0	0	-50	-500	-360	-300	-120	-150	-150	-150	-910	-1,780		
Estimated Outlays	0	0	-50	-500	-360	-300	-120	-150	-150	-150	-910	-1,780		
Oil and Gas Leasing in the Arctic National Wildlife Refuge														
Estimated Budget Authority	0	-375	-750	-375	*	-450	-450	*	-100	*	-1,500	-2,502		
Estimated Outlays	0	-375	-750	-375	*	-450	-450	*	-100	*	-1,500	-2,502		
Total Changes														
Estimated Budget Authority	1,033	848	433	631	1,124	705	861	1,259	1,119	1,172	4,069	9,184		
Estimated Outlays	-9	-444	-913	-1,034	-541	-960	-804	-406	-546	-493	-2,941	-6,151		
<b>CHANGES IN REVENUES</b>														
Federal Employee Retirement	1,163	2,342	3,470	3,977	4,305	4,664	5,060	5,465	5,898	5,807	15,257	42,151		
<b>NET INCREASE OR DECREASE (-) IN THE DEFICIT FROM CHANGES IN DIRECT SPENDING AND RECEIPTS</b>														
Net Impact on Deficit	-1,172	-2,786	-4,383	-5,011	-4,846	-5,624	-5,864	-5,871	-6,444	-6,300	-18,198	-48,302		

Source: Congressional Budget Office

Notes: DOT = Department of Transportation; \* = between -\$500,000 and \$0. Amounts may not sum to totals because of rounding.

a. Consistent with the rules in the Balanced Budget and Emergency Deficit Control Act for constructing its baseline for future contract authority for transportation programs, CBO assumes that the contract authority for years after 2016 would be equal to the amount provided by the bill for 2016, the last year of the authorization.

The Surface and Air Transportation Programs Extension Act of 2011 (Public Law 112-30) provided about \$25 billion in contract authority through March 31, 2012, for programs funded by H.R. 7. Following baseline construction rules, CBO assumes that this funding would continue at the same rate for the remainder of fiscal year 2012. Although H.R. 7 would provide contract authority of \$25 billion for the second half of fiscal year 2012, the contract authority for that year would be equal to CBO's baseline projections, and thus no additional cost is shown for 2012.

b. CBO expects that outlays from contract authority (a mandatory form of budget authority) for surface transportation programs will continue to be controlled by obligation limitations enacted in future appropriation acts. For that reason no expenditures of that contract authority are estimated as a result of enacting H.R. 7. Those expenditures are displayed in Table 2.

**TABLE 2. CHANGES IN SPENDING SUBJECT TO APPROPRIATION UNDER H.R. 7, THE AMERICAN ENERGY AND INFRASTRUCTURE JOBS ACT OF 2012, AS POSTED ON THE WEB SITE OF THE HOUSE COMMITTEE ON RULES ON FEBRUARY 8, 2012**

	By Fiscal Year, in Millions of Dollars						2012- 2017
	2012	2013	2014	2015	2016	2017	
<b>CHANGES IN SPENDING SUBJECT TO APPROPRIATION</b>							
<b>Spending from the Highway Trust Fund</b>							
Estimated Obligation Limitation <sup>a</sup>	0	50,124	50,379	50,434	50,758	0	201,695
Estimated Outlays	0	12,551	32,196	40,161	43,807	35,568	164,283
<b>Other Transportation Programs</b>							
Estimated Authorization Level	0	2,203	2,152	2,137	2,137	0	8,629
Estimated Outlays	0	368	953	1,352	1,636	1,507	5,816
<b>Federal Employee Retirement</b>							
Estimated Authorization Level	0	-1,175	-2,353	-3,478	-3,986	-4,315	-15,306
Estimated Outlays	0	-1,175	-2,353	-3,478	-3,986	-4,315	-15,306
<b>Other Authorized Programs</b>							
Authorization Level	2	17	17	7	6	4	53
Estimated Outlays	1	16	17	9	6	4	53
<b>Total Changes</b>							
Estimated Budgetary Resources	2	51,169	50,195	49,100	48,915	-4,311	195,071
Estimated Outlays	1	11,760	30,813	38,044	41,463	32,764	154,846

**Memorandum**

Intergovernmental Collections from Employer Contributions <sup>b</sup>	0	1,175	2,353	3,478	3,986	4,315	15,306
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Source: Congressional Budget Office.

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

a. Estimated discretionary outlays reflect use of funds from the contract authority provided by the bill (through 2016) under the obligation limitations specified by the bill or estimated by CBO. (Outlays stemming from any additional contract authority that would be provided for years after 2016 would be attributable to future legislation.)

b. Employer contributions for federal employee retirement are intragovernmental transactions that do not affect the deficit.