To empower States with authority for most taxing and spending for highway programs and mass transit programs, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 26, 2011

Mr. Graves of Georgia (for himself, Mr. Westmoreland, Mr. Duncan of South Carolina, Mr. Gowdy, Mr. Mulvaney, Mr. Broun of Georgia, Mr. Lankford, Mr. Chaffetz, Mr. Wilson of South Carolina, Mr. Woodall, Mr. Scott of South Carolina, and Mr. Gohmert) introduced the following bill; which was referred to the Committee on Transportation and Infrastructure, and in addition to the Committees on Ways and Means and the Budget, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To empower States with authority for most taxing and spending for highway programs and mass transit programs, and for other purposes.

1 Be it enacted by the Senate and House of Representa-
2 tives of the United States of America in Congress assembled,
3 SECTION 1. SHORT TITLE.
4 This Act may be cited as the “Transportation Em-
5 powerment Act”.

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SEC. 2. FINDINGS AND PURPOSES.

(a) FINDINGS.—Congress finds that—

(1) the objective of the Federal highway program has been to facilitate the construction of a modern freeway system that promotes efficient interstate commerce by connecting all States;

(2) that objective has been attained, and the Interstate System connecting all States is near completion;

(3) each State has the responsibility of providing an efficient transportation network for the residents of the State;

(4) each State has the means to build and operate a network of transportation systems, including highways, that best serves the needs of the State;

(5) each State is best capable of determining the needs of the State and acting on those needs;

(6) the Federal role in highway transportation has, over time, usurped the role of the States by taxing motor fuels used in the States and then distributing the proceeds to the States based on the Federal Government’s perceptions of what is best for the States;

(7) the Federal Government has used the Federal motor fuels tax revenues to force all States to
take actions that are not necessarily appropriate for individual States;

(8) the Federal distribution, review, and enforcement process wastes billions of dollars on unproductive activities;

(9) Federal mandates that apply uniformly to all 50 States, regardless of the different circumstances of the States, cause the States to waste billions of hard-earned tax dollars on projects, programs, and activities that the States would not otherwise undertake; and

(10) Congress has expressed a strong interest in reducing the role of the Federal Government by allowing each State to manage its own affairs.

(b) PURPOSES.—The purposes of this Act are—

(1) to return to the individual States maximum discretionary authority and fiscal responsibility for all elements of the national surface transportation systems that are not within the direct purview of the Federal Government;

(2) to preserve Federal responsibility for the Dwight D. Eisenhower National System of Interstate and Defense Highways;

(3) to preserve the responsibility of the Department of Transportation for—
(A) design, construction, and preservation of transportation facilities on Federal public land;

(B) national programs of transportation research and development and transportation safety; and

(C) emergency assistance to the States in response to natural disasters;

(4) to eliminate to the maximum extent practicable Federal obstacles to the ability of each State to apply innovative solutions to the financing, design, construction, operation, and preservation of Federal and State transportation facilities; and

(5) with respect to transportation activities carried out by States, local governments, and the private sector, to encourage—

(A) competition among States, local governments, and the private sector; and

(B) innovation, energy efficiency, private sector participation, and productivity.

SEC. 3. FUNDING FOR CORE HIGHWAY PROGRAMS.

(a) IN GENERAL.—

(1) FUNDING.—For the purpose of carrying out title 23, United States Code, the following sums are
authorized to be appropriated out of the Highway
Trust Fund:

(A) INTERSTATE MAINTENANCE PRO-
gram.—For the Interstate maintenance pro-
gram under section 119 of title 23, United
States Code, $5,200,000,000 for fiscal year
2014, $5,280,000,000 for fiscal year 2015,
$5,360,000,000 for fiscal year 2016,
$5,440,000,000 for fiscal year 2017, and
$5,520,000,000 for fiscal year 2018.

(B) EMERGENCY RELIEF.—For emergency
relief under section 125 of that title,
$100,000,000 for each of fiscal years 2014
through 2018.

(C) INTERSTATE BRIDGE PROGRAM.—For
the Interstate bridge program under section
144 of that title, $2,527,000,000 for fiscal year
2014, $2,597,000,000 for fiscal year 2015,
$2,667,000,000 for fiscal year 2016,
$2,737,000,000 for fiscal year 2017, and
$2,807,000,000 for fiscal year 2018.

(D) FEDERAL LANDS HIGHWAYS PRO-
GRAM.—

(i) INDIAN RESERVATION ROADS.—
For Indian reservation roads under section
204 of that title, $470,000,000 for fiscal year 2014, $510,000,000 for fiscal year 2015, $550,000,000 for fiscal year 2016, $590,000,000 for fiscal year 2017, and $630,000,000 for fiscal year 2018.

(ii) Public lands highways.—For public lands highways under section 204 of that title, $300,000,000 for fiscal year 2014, $310,000,000 for fiscal year 2015, $320,000,000 for fiscal year 2016, $330,000,000 for fiscal year 2017, and $340,000,000 for fiscal year 2018.

(iii) Parkways and park roads.—For parkways and park roads under section 204 of that title, $255,000,000 for fiscal year 2014, $270,000,000 for fiscal year 2015, $285,000,000 for fiscal year 2016, $300,000,000 for fiscal year 2017, and $315,000,000 for fiscal year 2018.

(iv) Refuge roads.—For refuge roads under section 204 of that title, $32,000,000 for each of fiscal years 2014 through 2018.

(E) Highway safety programs.—
(i) IN GENERAL.—For highway safety programs under section 402 of that title, $170,000,000 for each of fiscal years 2014 through 2018.

(ii) HIGHWAY SAFETY RESEARCH AND DEVELOPMENT.—For highway safety research and development under section 403 of that title, $35,000,000 for each of fiscal years 2014 through 2018.

(F) SURFACE TRANSPORTATION RESEARCH.—For cooperative agreements with nonprofit research organizations to carry out applied pavement research under section 502 of that title, $200,000,000 for each of fiscal years 2014 through 2018.

(G) ADMINISTRATIVE EXPENSES.—For administrative expenses incurred in carrying out the programs referred to in subparagraphs (A) through (F), $92,890,000 for fiscal year 2014, $95,040,000 for fiscal year 2015, $97,190,000 for fiscal year 2016, $99,340,000 for fiscal year 2017, and $101,490,000 for fiscal year 2018.

(2) TRANSFERABILITY OF FUNDS.—Section 104 of title 23, United States Code, is amended by striking subsection (g) and inserting the following:
“(g) Transferability of Funds.—

“(1) In General.—To the extent that a State determines that funds made available under this title to the State for a purpose are in excess of the needs of the State for that purpose, the State may transfer the excess funds to, and use the excess funds for, any surface transportation (including mass transit and rail) purpose in the State.

“(2) Enforcement.—If the Secretary determines that a State has transferred funds under paragraph (1) to a purpose that is not a surface transportation purpose as described in paragraph (1), the amount of the improperly transferred funds shall be deducted from any amount the State would otherwise receive from the Highway Trust Fund for the fiscal year that begins after the date of the determination.”.

(3) Federal-Aid System.—Section 103(a) of title 23, United States Code, is amended by striking “systems are the Interstate System and the National Highway System” and inserting “system is the Interstate System”.

(4) Interstate Maintenance Program.—Section 104(b) of title 23, United States Code, is
amended by striking paragraph (4) and inserting the following:

“(4) **INTERSTATE MAINTENANCE COMPONENT.**—For each of fiscal years 2014 through 2018, for the Interstate maintenance program under section 119, 1 percent to the Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands and the remaining 99 percent apportioned as follows:

“(A)(i) For each State with an average population density of 20 persons or fewer per square mile, and each State with a population of 1,500,000 persons or fewer and with a land area of 10,000 square miles or less, the greater of—

“(I) a percentage share of apportionments equal to the percentage for the State described in clause (ii); or

“(II) a share determined under subparagraph (B).

“(ii) The percentage referred to in clause (i)(I) for a State for a fiscal year shall be the percentage calculated for the State for the fiscal year under section 105(b) of title 23, United States Code.
“(B) For each State not described in subparagraph (A), a share of the apportionments remaining determined in accordance with the following formula:

“(i) \( \frac{1}{9} \) in the ratio that the total rural lane miles in each State bears to the total rural lane miles in all States with an average population density greater than 20 persons per square mile and all States with a population of more than 1,500,000 persons and with a land area of more than 10,000 square miles.

“(ii) \( \frac{1}{9} \) in the ratio that the total rural vehicle miles traveled in each State bears to the total rural vehicle miles traveled in all States described in clause (i).

“(iii) \( \frac{2}{9} \) in the ratio that the total urban lane miles in each State bears to the total urban lane miles in all States described in clause (i).

“(iv) \( \frac{2}{9} \) in the ratio that the total urban vehicle miles traveled in each State bears to the total urban vehicle miles traveled in all States described in clause (i).
“(v) 3/9 in the ratio that the total diesel fuel used in each State bears to the total diesel fuel used in all States described in clause (i).”.

(5) INTERSTATE BRIDGE PROGRAM.—Section 144 of title 23, United States Code, is amended—

(A) in subsection (d)—

(i) by inserting “on the Federal-aid system or described in subsection (c)(3)” after “highway bridge” each place it appears; and

(ii) by inserting “on the Federal-aid system or described in subsection (c)(3)” after “highway bridges” each place it appears;

(B) in the second sentence of subsection (e)—

(i) in paragraph (1), by adding “and” at the end;

(ii) in paragraph (2), by striking the comma at the end and inserting a period; and

(iii) by striking paragraphs (3) and (4);
(C) in the first sentence of subsection (k), by inserting “on the Federal-aid system or described in subsection (c)(3)” after “any bridge”;

(D) in subsection (l)(1), by inserting “on the Federal-aid system or described in subsection (c)(3)” after “construct any bridge”; and

(E) in the first sentence of subsection (m), by inserting “for each of fiscal years 1991 through 2013,” after “of law.”

(6) NATIONAL DEFENSE HIGHWAYS.—Section 311 of title 23, United States Code, is amended—

(A) in the first sentence, by striking “under subsection (a) of section 104 of this title” and inserting “to carry out this section”; and

(B) by striking the second sentence.

(7) FEDERALIZATION AND DEFEDERALIZATION OF PROJECTS.—Notwithstanding any other provision of law, beginning on October 1, 2013—

(A) a highway construction or improvement project shall not be considered to be a Federal highway construction or improvement project unless and until a State expends Fed-
eral funds for the construction portion of the
project;

(B) a highway construction or improve-
ment project shall not be considered to be a
Federal highway construction or improvement
project solely by reason of the expenditure of
Federal funds by a State before the construc-
tion phase of the project to pay expenses relat-
ing to the project, including for any environ-
mental document or design work required for
the project; and

(C)(i) a State may, after having used Fed-
eral funds to pay all or a portion of the costs
of a highway construction or improvement
project, reimburse the Federal Government in
an amount equal to the amount of Federal
funds so expended; and

(ii) after completion of a reimbursement
described in clause (i), a highway construction
or improvement project described in that clause
shall no longer be considered to be a Federal
highway construction or improvement project.

(8) REPORTING REQUIREMENTS.—No reporting
requirement, other than a reporting requirement in
effect as of the date of enactment of this Act, shall
apply on or after October 1, 2013, to the use of Federal funds for highway projects by a public-private partnership.

(b) EXPENDITURES FROM HIGHWAY TRUST FUND.—

(1) EXPENDITURES FOR CORE PROGRAMS.—
Section 9503(c) of the Internal Revenue Code of 1986 is amended—

(A) in paragraph (1), by striking “Surface Transportation Extension Act of 2011” and inserting “Transportation Empowerment Act”;

(B) in paragraph (1), by striking “October 1, 2011” and inserting “October 1, 2018”;

(C) in paragraphs (3)(A)(i), (4)(A), and (5), by striking “October 1, 2011” each place it appears and inserting “October 1, 2020”; and

(D) in paragraph (2), by striking “July 1, 2012” and inserting “July 1, 2021”.

(2) AMOUNTS AVAILABLE FOR CORE PROGRAM EXPENDITURES.—Section 9503 of such Code is amended by adding at the end the following:

“(g) CORE PROGRAMS FINANCING RATE.—For purposes of this section—
“(1) IN GENERAL.—Except as provided in paragraph (2)—

“(A) in the case of gasoline and special motor fuels the tax rate of which is the rate specified in section 4081(a)(2)(A)(i), the core programs financing rate is—

“(i) after September 30, 2013, and before October 1, 2014, 18.3 cents per gallon,

“(ii) after September 30, 2014, and before October 1, 2015, 9.6 cents per gallon,

“(iii) after September 30, 2015, and before October 1, 2016, 6.4 cents per gallon,

“(iv) after September 30, 2016, and before October 1, 2017, 5.0 cents per gallon, and

“(v) after September 30, 2017, 3.7 cents per gallon, and

“(B) in the case of kerosene, diesel fuel, and special motor fuels the tax rate of which is the rate specified in section 4081(a)(2)(A)(iii), the core programs financing rate is—
'“(i) after September 30, 2013, and before October 1, 2014, 24.3 cents per gallon,
“(ii) after September 30, 2014, and before October 1, 2015, 12.7 cents per gallon,
“(iii) after September 30, 2015, and before October 1, 2016, 8.5 cents per gallon,
“(iv) after September 30, 2016, and before October 1, 2017, 6.6 cents per gallon, and
“(v) after September 30, 2017, 5.0 cents per gallon.
“(2) Application of rate.—In the case of fuels used as described in paragraph (3)(C), (4)(B), and (5) of subsection (c), the core programs financing rate is zero.”.

(c) Termination of Transfers to Mass Transit Account.—

(1) In general.—Section 9503(e)(2) of the Internal Revenue Code of 1986 is amended by inserting “, and before October 1, 2013” after “March 31, 1983”.'
technical amendment.—Section 9503(e)(4) of such Code is amended by striking “24-month” and inserting “48-month”.

(d) effective date.—The amendments made by this section take effect on October 1, 2013.

sec. 4. infrastructure special assistance fund.

(a) balance of core programs financing rate deposited in fund.—Section 9503 of the Internal Revenue Code of 1986 is amended by adding at the end the following:

“(h) establishment of infrastructure special assistance fund.—

“(1) creation of fund.—There is established in the Highway Trust Fund a separate fund to be known as the ‘Infrastructure Special Assistance Fund’ consisting of such amounts as may be transferred or credited to the Infrastructure Special Assistance Fund as provided in this subsection or section 9602(b).

“(2) transfers to infrastructure special assistance fund.—On the first day of each fiscal year, the Secretary, in consultation with the Secretary of Transportation, shall determine the excess (if any) of—

“(A) the sum of—
“(i) the amounts appropriated in such fiscal year to the Highway Trust Fund under subsection (b) which are attributable to the core programs financing rate for such year, plus

“(ii) the amounts appropriated in such fiscal year to the Highway Trust Fund under subsection (b) which are attributable to taxes under sections 4051, 4071, and 4481 for such year, over

“(B) the amount appropriated under subsection (c) for such fiscal year,

and shall transfer such excess to the Infrastructure Special Assistance Fund.

“(3) EXPENDITURES FROM INFRASTRUCTURE SPECIAL ASSISTANCE FUND.—

“(A) TRANSITIONAL ASSISTANCE.—

“(i) IN GENERAL.—Except as provided in clause (iii), during fiscal years 2014 through 2017, $1,000,000,000 in the Infrastructure Special Assistance Fund shall be available to States for transportation-related program expenditures.

“(ii) STATE SHARE.—Each State is entitled to a share of the amount specified
in clause (i) determined in the following manner:

“(I) Multiply the percentage of the amounts appropriated in the latest fiscal year for which such data are available to the Highway Trust Fund under subsection (b) which is attributable to taxes paid by highway users in the State, by the amount specified in clause (i). If the result does not exceed $15,000,000, the State’s share equals $15,000,000. If the result exceeds $15,000,000, the State’s share is determined under subclause (II).

“(II) Multiply the percentage determined under subclause (I), by the amount specified in clause (i) reduced by an amount equal to $15,000,000 times the number of States the share of which is determined under subclause (I).

“(iii) Distribution of remaining amount.—If after September 30, 2017, a portion of the amount specified in clause (i) remains, the Secretary, in consultation
with the Secretary of Transportation, shall, on October 1, 2017, apportion the portion among the States using the percentages determined under clause (ii)(I) for such States.

“(B) ADDITIONAL EXPENDITURES FROM FUND.—

“(i) IN GENERAL.—Amounts in the Infrastructure Special Assistance Fund, in excess of the amount specified in subparagraph (A)(i), shall be available, as provided by appropriation Acts, to the States for any surface transportation (including mass transit and rail) purpose in such States, and the Secretary shall apportion such excess amounts among all States using the percentages determined under clause (ii)(I) for such States.

“(ii) ENFORCEMENT.—If the Secretary determines that a State has used amounts under clause (i) for a purpose which is not a surface transportation purpose as described in clause (i), the improperly used amounts shall be deducted from any amount the State would otherwise re-
ceive from the Highway Trust Fund for the fiscal year which begins after the date of the determination.”.

(b) EFFECTIVE DATE.—The amendment made by this section takes effect on October 1, 2013.

SEC. 5. RETURN OF EXCESS TAX RECEIPTS TO STATES.

(a) IN GENERAL.—Section 9503(c) of the Internal Revenue Code of 1986 is amended by adding at the end the following:

“(6) RETURN OF EXCESS TAX RECEIPTS TO STATES FOR SURFACE TRANSPORTATION PURPOSES.—

“(A) IN GENERAL.—On the first day of each of fiscal years 2014, 2015, 2016, and 2017, the Secretary, in consultation with the Secretary of Transportation, shall—

“(i) determine the excess (if any) of—

“(I) the amounts appropriated in such fiscal year to the Highway Trust Fund under subsection (b) which are attributable to the taxes described in paragraphs (1) and (2) thereof (after the application of paragraph (4) thereof) over the sum of—
“(II) the amounts so appropriated which are equivalent to—

“(aa) such amounts attributable to the core programs financing rate for such year, plus

“(bb) the taxes described in paragraphs (3)(C), (4)(B), and (5) of subsection (c), and

“(ii) allocate the amount determined under clause (i) among the States (as defined in section 101(a) of title 23, United States Code) for surface transportation (including mass transit and rail) purposes so that—

“(I) the percentage of that amount allocated to each State, is equal to

“(II) the percentage of the amount determined under clause (i)(I) paid into the Highway Trust Fund in the latest fiscal year for which such data are available which is attributable to highway users in the State.

“(B) ENFORCEMENT.—If the Secretary determines that a State has used amounts
under subparagraph (A) for a purpose which is not a surface transportation purpose as described in subparagraph (A), the improperly used amounts shall be deducted from any amount the State would otherwise receive from the Highway Trust Fund for the fiscal year which begins after the date of the determination.”.

(b) **Effective Date.**—The amendment made by this section takes effect on October 1, 2013.

**SEC. 6. REDUCTION IN TAXES ON GASOLINE, DIESEL FUEL, KEROSENE, AND SPECIAL FUELS FUNDING HIGHWAY TRUST FUND.**

(a) **Reduction in Tax Rate.**—

(1) **In General.**—Section 4081(a)(2)(A) of the Internal Revenue Code of 1986 is amended—

(A) in clause (i), by striking “18.3 cents” and inserting “3.7 cents”; and

(B) in clause (iii), by striking “24.3 cents” and inserting “5.0 cents”.

(2) **Conforming Amendments.**—

(A) Section 4081(a)(2)(D) of such Code is amended—

(i) by striking “19.7 cents” and inserting “4.1 cents”, and
(ii) by striking “24.3 cents” and inserting “5.0 cents”.

(B) Section 6427(b)(2)(A) of such Code is amended by striking “7.4 cents” and inserting “1.5 cents”.

(b) ADDITIONAL CONFORMING AMENDMENTS.—

(1) Section 4041(a)(1)(C)(iii)(I) of the Internal Revenue Code of 1986 is amended by striking “7.3 cents per gallon (4.3 cents per gallon after September 30, 2011)” and inserting “1.4 cents per gallon (zero after September 30, 2020)”.

(2) Section 4041(a)(2)(B)(ii) of such Code is amended by striking “24.3 cents” and inserting “5.0 cents”.

(3) Section 4041(a)(3)(A) of such Code is amended by striking “18.3 cents” and inserting “3.7 cents”.

(4) Section 4041(m)(1) of such Code is amended—

(A) in subparagraph (A), by striking “2011” and inserting “2020,”;

(B) in subparagraph (A)(i), by striking “9.15 cents” and inserting “1.8 cents”;

(C) in subparagraph (A)(ii), by striking “11.3 cents” and inserting “2.3 cents”; and
(D) by striking subparagraph (B) and inserting the following:

“(B) zero after September 30, 2020.”.

(5) Section 4081(d)(1) of such Code is amended by striking “4.3 cents per gallon after September 30, 2011” and inserting “zero after September 30, 2020”.

(6) Section 9503(b) of such Code is amended—

(A) in paragraphs (1) and (2), by striking “October 1, 2011” both places it appears and inserting “October 1, 2020”;

(B) in the heading of paragraph (2), by striking “OCTOBER 1, 2011” and inserting “OCTOBER 1, 2020”;

(C) in paragraph (2), by striking “after September 30, 2011, and before July 1, 2012” and inserting “after September 30, 2020, and before July 1, 2021”; and

(D) in paragraph (6)(B), by striking “October 1, 2011” and inserting “October 1, 2018”.

(c) FLOOR STOCK REFUNDS.—

(1) IN GENERAL.—If—
(A) before October 1, 2017, tax has been imposed under section 4081 of the Internal Revenue Code of 1986 on any liquid; and

(B) on such date such liquid is held by a dealer and has not been used and is intended for sale;

there shall be credited or refunded (without interest) to the person who paid such tax (in this subsection referred to as the “taxpayer”) an amount equal to the excess of the tax paid by the taxpayer over the amount of such tax which would be imposed on such liquid had the taxable event occurred on such date.

(2) TIME FOR FILING CLAIMS.—No credit or refund shall be allowed or made under this subsection unless—

(A) claim therefor is filed with the Secretary of the Treasury before April 1, 2018; and

(B) in any case where liquid is held by a dealer (other than the taxpayer) on October 1, 2017—

(i) the dealer submits a request for refund or credit to the taxpayer before January 1, 2018; and
(ii) the taxpayer has repaid or agreed to repay the amount so claimed to such dealer or has obtained the written consent of such dealer to the allowance of the credit or the making of the refund.

(3) Exception for fuel held in retail stocks.—No credit or refund shall be allowed under this subsection with respect to any liquid in retail stocks held at the place where intended to be sold at retail.

(4) Definitions.—For purposes of this subsection, the terms “dealer” and “held by a dealer” have the respective meanings given to such terms by section 6412 of such Code; except that the term “dealer” includes a producer.

(5) Certain rules to apply.—Rules similar to the rules of subsections (b) and (c) of section 6412 and sections 6206 and 6675 of such Code shall apply for purposes of this subsection.

(d) Effective Dates.—

(1) In general.—Except as provided in paragraph (2), the amendments made by this section shall apply to fuel removed after September 30, 2017.
(2) Certain conforming amendments.—The amendments made by subsections (b)(4) and (b)(6) shall apply to fuel removed after September 30, 2011.

SEC. 7. REPORT TO CONGRESS.

Not later than 180 days after the date of enactment of this Act, after consultation with the appropriate committees of Congress, the Secretary of Transportation shall submit a report to Congress describing such technical and conforming amendments to titles 23 and 49, United States Code, and such technical and conforming amendments to other laws, as are necessary to bring those titles and other laws into conformity with the policy embodied in this Act and the amendments made by this Act.

SEC. 8. EFFECTIVE DATE CONTINGENT ON CERTIFICATION OF DEFICIT NEUTRALITY.

(a) Purpose.—The purpose of this section is to ensure that—

(1) this Act will become effective only if the Director of the Office of Management and Budget certifies that this Act is deficit neutral;

(2) discretionary spending limits are reduced to capture the savings realized in devolving transportation functions to the State level pursuant to this Act; and
(3) the tax reduction made by this Act is not scored under pay-as-you-go and does not inadvertently trigger a sequestration.

(b) Effective Date Contingency.—Notwithstanding any other provision of this Act, this Act and the amendments made by this Act shall take effect only if—

(1) the Director of the Office of Management and Budget (referred to in this section as the “Director”) submits the report as required in subsection (c); and

(2) the report contains a certification by the Director that, based on the required estimates, the reduction in discretionary outlays resulting from the reduction in contract authority is at least as great as the reduction in revenues for each fiscal year through fiscal year 2018.

(c) OMB Estimates and Report.—

(1) Requirements.—Not later than 5 calendar days after the date of enactment of this Act, the Director shall—

(A) estimate the net change in revenues resulting from this Act for each fiscal year through fiscal year 2018;

(B) estimate the net change in discretionary outlays resulting from the reduction in
contract authority under this Act for each fiscal
year through fiscal year 2018;

(C) determine, based on those estimates,
whether the reduction in discretionary outlays
is at least as great as the reduction in revenues
for each fiscal year through fiscal year 2018;

and

(D) submit to Congress a report setting
forth the estimates and determination.

(2) APPLICABLE ASSUMPTIONS AND GUIDE-
LINES.—

(A) REVENUE ESTIMATES.—The revenue
estimates required under paragraph (1)(A)
shall be predicated on the same economic and
technical assumptions and scorekeeping guide-
lines that would be used for estimates made
pursuant to section 252(d) of the Balanced
Budget and Emergency Deficit Control Act of
1985 (2 U.S.C. 902(d)).

(B) OUTLAY ESTIMATES.—The outlay esti-
mates required under paragraph (1)(B) shall be
determined by comparing the level of discre-
tionary outlays resulting from this Act with the
corresponding level of discretionary outlays pro-
jected in the baseline under section 257 of the

(d) **Conforming Adjustment to Discretionary Spending Limits.**—On compliance with the requirements specified in subsection (b), the Director shall adjust the adjusted discretionary spending limits for each fiscal year through fiscal year 2013 under section 601(a)(2) of the Congressional Budget Act of 1974 (2 U.S.C. 665(a)(2)) by the estimated reductions in discretionary outlays under subsection (c)(1)(B).

(e) **PAYGO Interaction.**—On compliance with the requirements specified in subsection (b), no changes in revenues estimated to result from the enactment of this Act shall be counted for the purposes of section 252(d) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 902(d)).