

SUPPLY CHAIN IMPROVEMENT ACT

NOVEMBER 26, 2024.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. GRAVES of Missouri, from the Committee on Transportation and Infrastructure, submitted the following

R E P O R T

[To accompany H.R. 3365]

[Including cost estimate of the Congressional Budget Office]

The Committee on Transportation and Infrastructure, to whom was referred the bill (H.R. 3365) to direct the Secretary of Transportation to give priority consideration for certain Department of Transportation grant programs to eligible projects that improve or build resiliency in the supply chain, and for other purposes, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

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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 “Supply Chain Improvement Act”.

SEC. 2. PRIORITIZATION FOR SUPPLY CHAIN RESILIENCY.

In making grants under section 117 of title 23, United States Code, and section 6701 of title 49, United States Code, in addition to adhering to any prioritization, project evaluation and selection criteria, set aside, State limitation, or any other criteria, limitation, or requirements described under such sections, the Secretary of Transportation shall give priority consideration to eligible projects, including multimodal projects, that improve or build resiliency in the supply chain.

SEC. 3. FLEXIBILITY FOR SUPPLY CHAIN RESILIENCY.

Section 117(d)(2)(A) of title 23, United States Code, is amended by striking “Not more than 30” and all that follows through “such a project” and inserting “Projects described in paragraph (1)(A)(iii)”.

SEC. 4. LIMITATION.

(a) **IN GENERAL.**—In carrying out section 2, the Secretary shall not give priority consideration to a project supporting electric vehicles until Congress enacts a law allowing priority consideration for such a project that is based on the results of the study required under subsection (b).

(b) **STUDY REQUIRED.**—The Comptroller General of the United States shall conduct a study to evaluate any adverse effects of electric vehicles, including adverse effects of electric vehicles on United States infrastructure integrity, grid security, fire safety, and the labor market (including slave labor in China and in other countries), and any adverse implications for American competitiveness.

PURPOSE OF LEGISLATION

The purpose of H.R. 3365, as amended, is to direct the Secretary of Transportation to give priority consideration for certain Department of Transportation grant programs that improve or build resiliency in the supply chain, and for other purposes.

BACKGROUND AND NEED FOR LEGISLATION

America’s transportation network is essential to facilitating the movement of goods and maintaining an efficient supply chain. According to a 2019 report on global competitiveness by the World Economic Forum, however, United States infrastructure was ranked just 13th.¹ Ensuring the United States’ transportation infrastructure systems are equipped to handle future demand from freight and the traveling public presents a challenge. In 2021, the Department of Transportation (DOT) projected that from 2020 to 2050, freight activity would increase by 50 percent in tonnage and double in value.² This is significant, as the \$20 trillion United States economy relies on the vast network of infrastructure, and poor infrastructure can impose large costs on the economy and negatively affect economic competitiveness.³ Additionally, the need to update and improve America’s aging infrastructure is paramount for mobility and safety.⁴

¹*Declining Global Ranking for U.S. Infrastructure + Looming Highway Trust Fund Insolvency = Need for New Investment*, AM. FOR TRANSP. MOBILITY (Feb. 3, 2020), available at <https://www.fasterbetersafer.org/2020/02/declining-global-ranking-for-u-s-infrastructure-looming-highway-trust-fund-insolvency-urgent-need-for-new-investment/>.

²Press Release, BUREAU OF TRANSP. STATISTICS, *Freight Activity in the U.S. Expected to Grow Fifty Percent by 2050*, (Nov. 22, 2021), available at <https://www.bts.gov/newsroom/freight-activity-us-expected-grow-fifty-percent-2050>.

³Chuin-Wei Yap, William Boston, & Alistair MacDonald, *Global Supply-Chain Problems Escalate, Threatening Economic Recovery*, WALL ST. J., (Oct. 8, 2021), available at <https://www.wsj.com/articles/supply-chain-issues-car-chip-shortage-covid-manufacturing-global-economy-11633713877>.

⁴*Declining Global Ranking for U.S. Infrastructure + Looming Highway Trust Fund Insolvency = Need for New Investment*, AMERICANS FOR TRANSP. MOBILITY (Feb. 3, 2020), available at <https://www.fasterbetersafer.org/2020/02/declining-global-ranking-for-u-s-infrastructure-looming-highway-trust-fund-insolvency-urgent-need-for-new-investment/>.

On November 15, 2021, the President signed into law the *Infrastructure Investment and Jobs Act (IIJA)* (P.L. 117–58).⁵ This legislation provided \$1.2 trillion for infrastructure programs over five years, from fiscal year (FY) 2022 to FY 2026, of which \$660 billion will be administered by DOT.⁶ *IIJA* significantly expanded the discretionary grant programs administered by the Office of the Secretary.

The significant expansion of discretionary grants provides an opportunity to ensure resources reach projects that will strengthen and address challenges within the supply chain. The rapid spread of COVID–19 exposed fragilities in transportation networks, with a disruption in one part of the supply chain having a ripple effect across all parts of the supply chain, from manufacturers to suppliers and distributors.⁷ Weaknesses in the global supply chain were exacerbated by supply and demand imbalances, restrictions and regulations, and workforce and infrastructure challenges.⁸ H.R. 3365 directs the Secretary of Transportation to give priority consideration to those projects that would bolster the supply chain under specified discretionary grant programs to help address supply chain deficiencies and avoid similar challenges in the future. This legislation will ensure that infrastructure investments made under several competitive grant programs target projects that will improve the supply chain.

HEARINGS

For the purposes of rule XIII, clause 3(c)(6)(A) of the 118th Congress, the following hearing was used to develop or consider H.R. 3365:

On Wednesday, February 1, 2023, the Committee on Transportation and Infrastructure held a hearing entitled, “*The State of Transportation Infrastructure and Supply Chain Challenges.*” The hearing provided an opportunity for Members of the Committee to discuss the current state of our Nation’s transportation infrastructure, the implementation of the *IIJA*, and receive updates on North American supply chain challenges. Members received testimony from Mr. Chris Spear, President and Chief Executive Officer, American Trucking Associations; Mr. Ian Jefferies, President and Chief Executive Officer, Association of American Railroads (AAR); Mr. Jeff Firth, President, Hamilton Construction, on behalf of Associated General Contractors of America (AGC); Mr. Roger Guenther, Executive Director, Port Houston; and Mr. Greg Regan, President, Transportation Trades Department, AFL–CIO (TTD). The witnesses testified about the need to address National supply chain policies, including surface transportation safety and efficiency challenges.

⁵ *IIJA*, Pub. L. No. 117–58, 135 Stat. 429.

⁶ FED. HIGHWAY ADMIN., *Bipartisan Infrastructure Law*, available at <https://www.fhwa.dot.gov/bipartisan-infrastructure-law/>.

⁷ Peter S. Goodman, *How the Supply Chain Broke, and Why it Won't Be Fixed Anytime Soon*, N.Y. TIMES (Oct. 21, 2021), available at <https://www.nytimes.com/2021/10/22/business/shortages-supply-chain.html> [hereinafter *How the Supply Chain Broke*].

⁸ Chuin-Wei Yap, William Boston, & Alistair MacDonald, *Global Supply-Chain Problems Escalate, Threatening Economic Recovery*, WALL ST. J., (Oct. 8, 2021), available at <https://www.wsj.com/articles/supply-chain-issues-car-chip-shortage-covid-manufacturing-global-economy-11633713877>.

On Tuesday, March 28, 2023, the Subcommittee on Highways and Transit held a hearing entitled, “*Reviewing the Implementation of the Infrastructure Investment and Jobs Act.*” At the hearing Members received testimony from Mr. Marc Williams, American Association of State Highway and Transportation Officials (AASHTO); Mr. Dwayne Boyd, Regional President, CRH, on behalf of the National Association of Stone Sand and Gravel (NSSG); Mr. Aric Dreher, Assistant General Manager, CIANBRO, on behalf of the Associated Builders and Contractors (ABC); and Ms. Paula Hammond, Senior Vice President, WSP USA, on behalf of the American Road and Transportation Builders Association (ARTBA). This hearing allowed Members to hear stakeholders’ perspectives on the issues and challenges associated with the Administration’s implementation of *IJA*.

LEGISLATIVE HISTORY AND CONSIDERATION

H.R. 3365, the *Supply Chain Improvement Act*, was introduced in the United States House of Representatives on May 16, 2023, by Mr. Duarte of California, with Mr. LaMalfa and Mr. Mann as original cosponsors, and referred to the Committee on Transportation and Infrastructure. Within the Committee on Transportation and Infrastructure, H.R. 3365 was referred to the Subcommittee on Highways and Transit; the Subcommittee on Coast Guard and Maritime Transportation; Subcommittee on Railroads, Pipelines, and Hazardous Materials. The Subcommittees were discharged from further consideration of H.R. 3365 on May 23, 2023.

The Committee considered H.R. 3365 on May 23, 2023, and ordered the measure to be reported to the House with a favorable recommendation, with amendment, by voice vote.

The following amendments were offered:

An amendment to H.R. 3365, offered by Mr. Larsen of Washington (010) (#10A); In section 2 of the bill, strike “Code, and sections 6701 and 6702” and insert “Code, and section 6701”; was AGREED TO by voice vote.

An amendment to H.R. 3365, offered by Ms. Hoyle of Oregon (007) (#10B); At the end of the bill, add the following: SEC. 3. FLEXIBILITY FOR SUPPLY CHAIN RESILIENCY. Section 117(d)(2)(A) of title 23, United States Code, is amended by striking “Not more than 30” and all that follows through “such a project” and inserting “Projects described in paragraph (1)(A)(iii)”; was AGREED TO by voice vote.

An amendment to H.R. 3365, offered by Mr. Rouzer (023) (#10C); Add at the end the following: SEC. 3. LIMITATION. (a) IN GENERAL.—In carrying out section 2, the Secretary shall not give priority consideration to a project supporting electric vehicles until Congress enacts a law allowing priority consideration for such a project that is based on the results of the study required under subsection (b). (b) STUDY REQUIRED.—The Comptroller General of the United States shall conduct a study to evaluate any adverse effects of electric vehicles, including adverse effects of electric vehicles on United States infrastructure integrity, grid security, fire safety, and the labor market (including slave labor in China and in other countries), and any adverse implications for American competitiveness.; was AGREED TO by a recorded vote of 34 yeas and 29 nays.

COMMITTEE VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires each committee report to include the total number of votes cast for and against on each record 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.

The following recorded vote was requested:

Member	Vote	Member	Vote
Mr. Graves of MO	Yea	Mr. Larsen of WA	Nay
Mr. Crawford	Yea	<i>Ms. Norton</i>	Nay
Mr. Webster of FL	Yea	Mrs. Napolitano
Mr. Massie	Yea	Mr. Cohen
Mr. Perry	Yea	Mr. Garamendi	Nay
Mr. Babin	Yea	Mr. Johnson of GA	Nay
Mr. Graves of LA	Yea	Mr. Carson	Nay
Mr. Rouzer	Yea	Ms. Titus	Nay
Mr. Bost	Yea	Mr. Huffman	Nay
Mr. LaMalfa	Yea	Ms. Brownley	Nay
Mr. Westerman	Yea	Ms. Wilson of FL	Nay
Mr. Mast	Yea	Mr. Payne	Nay
<i>Mrs. González-Colón</i>	Yea	Mr. DeSaulnier	Nay
Mr. Stauber	Yea	Mr. Carbajal	Nay
Mr. Burchett	Yea	Mr. Stanton	Nay
Mr. Johnson of SD	Yea	Mr. Allred	Nay
Mr. Van Drew	Yea	Ms. Davids of KS	Nay
Mr. Nehls	Yea	Mr. García of IL	Nay
Mr. Gooden of TX	Yea	Mr. Pappas	Nay
Mr. Mann	Yea	Mr. Moulton	Nay
Mr. Owens	Yea	Mr. Auchincloss	Nay
Ms. Yakym	Yea	Ms. Strickland	Nay
Mrs. Chavez-DeRemer	Nay	Mr. Carter of LA	Nay
Mr. Edwards	Yea	Mr. Ryan	Nay
Mr. Kean of NJ	Yea	Mrs. Peltola	Nay
Mr. D'Esposito	Yea	Mr. Menendez	Nay
Mr. Burlison	Yea	Ms. Hoyle of OR	Nay
Mr. James	Yea	Mrs. Sykes	Nay
Mr. Van Orden	Yea	Ms. Scholten	Nay
Mr. Williams of NY	Yea	Mrs. Foushee	Nay
Mr. Molinaro	Yea		
Mr. Collins	Yea		
Mr. Ezell	Yea		
Mr. Duarte	Yea		
Mr. Bean of FL	Yea		

COMMITTEE OVERSIGHT FINDINGS AND RECOMMENDATIONS

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.

NEW BUDGET AUTHORITY AND TAX EXPENDITURES

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.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

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 enclosed cost estimate for H.R. 3365 from the Director of the Congressional Budget Office:

At a Glance			
Supply Chain Legislation			
As ordered reported by the House Committee on Transportation and Infrastructure on May 23, 2023			
On May 23, 2023, the House Committee on Transportation and Infrastructure ordered the following 12 bills to be reported—all aimed at easing concerns about the U.S. supply chain. This single, comprehensive document provides estimates for those bills.			
Pay-as-you-go procedures apply to three bills that would affect direct spending—and thus affect the deficit. One bill would affect only direct spending; two bills would affect direct spending and spending subject to appropriation. Nine bills would affect only spending subject to appropriation. None of the bills would affect revenues.			
None of the bills would increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2034.			
None of the bills would impose intergovernmental or private-sector mandates.			
Details of the estimated costs of each bill are discussed in the text below.			
Bill	Net Increase or Decrease (-) in the Deficit Over the 2023-2033 Period (Millions of Dollars)	Changes in Spending Subject to Appropriation Over the 2023-2028 Period (Outlays, Millions of Dollars)	Mandate Effects?
H.R. 915	0	*	No
H.R. 1500	0	30	No
H.R. 1836	0	7	No
H.R. 2948	0	*	No
H.R. 3013	0	*	No
H.R. 3316	*	*	No
H.R. 3317 ^a	*	0	No
H.R. 3318	0	*	No
H.R. 3365 ^a	*	*	No
H.R. 3372	0	*	No
H.R. 3395	0	*	No
H.R. 3447	0	*	No
* = between -\$500,000 and \$500,000.			
a. Funding for programs affected by H.R. 3317 and H.R. 3365 was designated as an emergency requirement in keeping with section 4112(a) of H. Con. Res. 71 (115th Congress); the Concurrent Resolution on the Budget for Fiscal Year 2018; and section 251(b) of the Balanced Budget and Emergency Deficit Control Act of 1985.			

Summary: On May 23, 2023, the House Committee on Transportation and Infrastructure considered multiple pieces of legislation. This document provides estimates for 12 bills that were ordered reported.

The bills would, among other things, direct the Department of Transportation (DOT) or the Federal Maritime Commission to:

- Prioritize grant applications for projects that would improve the resiliency of the supply chain and revise the permit-

ting process for certain port, airport, and pipeline projects, with the goal of accelerating approval;

- Change restrictions on the type, size, and weight of vehicles that can travel on the Interstate highways; and
- Require data collection and new studies aimed at improving the safety and efficiency of domestic transportation systems.

Estimated Federal cost: The bills' estimated budgetary effects are shown in Table 1. This cost estimate does not include any effects of interaction among the bills. If all 12 bills were combined and enacted as a single piece of legislation, the effects could be different from the sum of the separate estimates, although CBO expects that any differences would be small. The bills' costs fall within budget function 400 (transportation).

TABLE 1.—ESTIMATED BUDGETARY EFFECTS OF THE SUPPLY CHAIN LEGISLATION

	By fiscal year, millions of dollars—						
	2023	2024	2025	2026	2027	2028	2023–2028
CHANGES IN SPENDING SUBJECT TO APPROPRIATION							
H.R. 1500, Intelligent Transportation Integration Act							
Estimated Authorization	0	6	6	6	6	7	31
Estimated Outlays	0	5	6	6	6	7	30
H.R. 1836, Ocean Shipping Reform Implementation Act of 2023							
Estimated Authorization	0	1	1	1	2	2	7
Estimated Outlays	0	1	1	1	2	2	7

CBO estimates that H.R. 915, H.R. 2948, H.R. 3013, H.R. 3316, H.R. 3318, H.R. 3365, H.R. 3372, H.R. 3395, and H.R. 3447, would each increase spending subject to appropriation by less than \$500,000 in every year and over the 2023–2028 period.

CBO estimates that H.R. 3316, H.R. 3317, and H.R. 3365 would each affect direct spending by less than \$500,000 in every year and over the 2023–2033 period.

Basis of estimate: For this estimate, CBO assumes that the bills will be enacted near the end of fiscal year 2023 and that the authorized and estimated amounts will be appropriated each year. Outlays for discretionary programs are estimated based on historical spending patterns for similar programs.

As discussed below, one bill would affect direct spending only and two bills would affect both direct spending and spending subject to appropriation. CBO estimates that the effects of each bill on direct spending would be insignificant over the 2023–2033 period. The other bills would affect spending subject to appropriation alone. None of the bills would affect revenues.

Bill that affects direct spending only: CBO estimates that just one bill would have an insignificant effect on direct spending and no effects on revenues or spending subject to appropriation.

H.R. 3317, the Rolling Stock Protection Act, would remove an exemption from current law that allows a small number of public transit agencies to procure rolling stock from entities owned, controlled, or associated with certain countries. CBO estimates that enacting the bill could change the pace of spending for amounts previously appropriated for the Federal Transit Administration's Capital Investment Grants, relative to current law. (Those amounts could include funds that were designated as an emergency requirement under the Infrastructure Investment and Jobs Act.) However, because few transit agencies would be affected, CBO expects that

any changes in spending would total less than \$500,000 in any year and over the 2023–2033 period.

Bills that affect direct spending and spending subject to appropriation: CBO estimates that two bills could have insignificant effects on direct spending and spending subject to appropriation but would not affect revenues.

H.R. 3316, a bill to amend titles 46 and 49, United States Code, to streamline the environmental review process for major projects, and for other purposes, would require DOT to revise the permitting process for certain port, airport, and pipeline projects, with the aim of making the process more efficient. The bill also would require DOT to maintain a database of projects and to update agency regulations.

Under current law, if an agency fails to meet certain permitting deadlines, specified amounts of funding would be rescinded from that agency's account. Because the bill would expand the number of projects subject to those conditions, enacting H.R. 3316 could reduce direct spending. CBO estimates that any effect would not be significant over the 2023–2033 period because of the small number of projects likely to be affected.

CBO estimates that implementing the bill would increase spending subject to appropriation by less than \$500,000 over the 2023–2028 period, mostly for administrative activities.

H.R. 3365, the Supply Chain Improvement Act, would direct DOT to prioritize consideration of grant applications for projects aimed at improving resiliency in the supply chain, unless those projects support the use of electric vehicles. In particular, the requirement would apply to grants under the Nationally Significant Multimodal Freight and Highway Projects program (known as the INFRA grant program) and the National Infrastructure Project Assistance program. The bill would increase the share of INFRA grants that could be used for intermodal freight rail projects.

The Infrastructure Investment and Jobs Act provided \$21 billion for those two programs over the 2022–2026 period. (The appropriated amounts were designated as an emergency requirement.) CBO estimates that H.R. 3365 could alter the spending patterns for those previously appropriated amounts, which would be recorded as changes in direct spending. CBO estimates that, on net, those changes would amount to less than \$500,000 in any year and over the 2023–2033 period.

H.R. 3365 also would direct the Government Accountability Office to report on the effects of electric vehicles in several areas, including infrastructure integrity and grid security. The bill also would prevent agencies from prioritizing any project seeking to use grants that would support electric vehicles until a subsequent act of Congress has been passed allowing such prioritization. Using information about similar reports, CBO estimates that the report would cost less than \$500,000 over the 2023–2028 period; such spending would be subject to the availability of appropriated amounts.

Bills that affect spending subject to appropriation by a significant amount: CBO estimates that two bills would affect spending subject to appropriation by more than \$500,000 over the 2023–2028 period. The costs for those two bills are shown in Table 1. Neither bill would affect direct spending or revenues.

H.R. 1500, the Intelligent Transportation Integration Act, would require DOT to purchase certain data from public and private entities to help improve the department's management of traffic and transportation infrastructure. DOT would be required to report to the Congress annually on those activities. Using information from the agency about similar contracting activities, CBO estimates that implementing H.R. 1500 would cost \$30 million over the 2023–2028 period, assuming appropriation of the estimated amounts.

H.R. 1836, the Ocean Shipping Reform Implementation Act of 2023, would create additional administrative and reporting requirements for the Federal Maritime Commission, including a requirement to issue two new regulations and publish a study. The bill also would establish two advisory committees to assist the commission in creating policies to ensure competitiveness, reliability, and efficiency in international ocean shipping.

Using information on similar administrative requirements and accounting for anticipated inflation, CBO estimates that implementing H.R. 1836 would cost \$7 million over the 2023–2028 period; any spending would be subject to the availability of appropriated amounts.

Bills that affect spending subject to appropriation by an insignificant amount: CBO estimates that implementing the following seven bills would cost less than \$500,000 each over the 2023–2028 period. None of the bills would affect direct spending or revenues.

H.R. 915, the Motor Carrier Safety Selection Standard Act, would create new standards for certain motor carriers that transport goods, require DOT to update regulations to be consistent with those standards, and direct the department to stipulate the method for revoking a motor carrier's registration.

H.R. 2948, the CARS Act, would require states to allow certain stinger-steered automobile transporters to operate on Interstate highways. (Such transporters have a fifth wheel located below the rear-most axle of the power unit.)

H.R. 3013, the LICENSE Act of 2023, would require DOT to issue regulations updating the qualifications to be a commercial driver's license examiner. The bill also would allow states to administer those tests to out-of-state applicants.

H.R. 3318, a bill to amend title 23, United States Code, to establish an axle weight tolerance for certain commercial motor vehicles transporting dry bulk goods, and for other purposes, would increase the maximum weight per axle that a commercial vehicle transporting dry bulk goods can carry on an Interstate highway. The bill would not change the overall gross vehicle weight limits for such vehicles.

H.R. 3372, a bill to amend title 23, United States Code, to establish a safety data collection program for certain 6-axle vehicles, and for other purposes, would create a pilot program allowing certain six-axle vehicles to be operated on Interstate highways. Under the bill, participating states would issue permits by vehicle or by group of vehicles that would specify acceptable routes and require permit holders to report on accidents and other details. The program would be discontinued after five years, although DOT could extend the program for five years.

H.R. 3395, the U.S. Supply Chain Security Review Act of 2023, would require the Federal Maritime Commission to study the ef-

fects of foreign ownership of domestic marine terminals on U.S. economic security and report those findings to the Congress.

H.R. 3447, a bill to amend title 23, United States Code, to authorize a hydrogen powered vehicle to exceed certain weight limits on the Interstate Highway System, and for other purposes, would authorize hydrogen-powered vehicles to exceed certain weight limits specified under current law.

Pay-As-You-Go considerations: The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. Over the 2023–2033 period, CBO estimates that none of the bills would increase direct spending by more than \$500,000.

Increase in long-term net direct spending and deficits: None.

Mandates: None.

Estimate prepared by: Federal costs: Aaron Krupkin (for Federal Maritime Commission); Robert Reese (for Department of Transportation). Mandates: Brandon Lever.

Estimate reviewed by: Susan Willie, Chief, Natural and Physical Resources Cost Estimates Unit; Kathleen FitzGerald, Chief, Public and Private Mandates Unit; H. Samuel Papenfuss, Deputy Director of Budget Analysis.

Estimate approved by: Phillip L. Swagel, Director, Congressional Budget Office.

PERFORMANCE GOALS AND OBJECTIVES

With respect to the requirement of clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the performance goal and objective of this legislation is to provide priority consideration to projects that improve or build resiliency into the supply chain under several Federal grant programs authorized in the *Infrastructure Investment and Jobs Act*.

DUPLICATION OF FEDERAL PROGRAMS

Pursuant to clause 3(c)(5) of rule XIII of the Rules of the House of Representatives, the Committee finds that no provision of H.R. 3365 establishes or reauthorizes a program of the Federal government known to be duplicative of another Federal program, a program that was included in any report from the Government Accountability Office to Congress pursuant to section 21 of Public Law 111–139, or a program related to a program identified in the most recent Catalog of Federal Domestic Assistance.

CONGRESSIONAL EARMARKS, LIMITED TAX BENEFITS, AND LIMITED TARIFF BENEFITS

In compliance with clause 9 of rule XXI of the Rules of the House of Representatives, this bill, as reported, contains no congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clause 9(e), 9(f), or 9(g) of the rule XXI.

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).

PREEMPTION CLARIFICATION

Section 423 of the *Congressional Budget Act of 1974* requires the report of any Committee on a bill or joint resolution to include a statement on the extent to which the bill or joint resolution is intended to preempt state, local, or tribal law. The Committee finds that H.R. 3365 does not preempt any state, local, or tribal law.

ADVISORY COMMITTEE STATEMENT

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

APPLICABILITY TO 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).

SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

Section 1. Short title

This section provides that this bill may be cited as the “Supply Chain Improvement Act”.

Section 2. Prioritization for supply chain resiliency

This section directs the Secretary of Transportation to give priority consideration to eligible projects that improve or build resiliency into the supply chain under the Nationally Significant Multimodal Freight and Highway Projects program and the National Infrastructure Project Assistance program, making clear this priority consideration is in addition to all other existing criteria and requirements under each program.

Section 3. Flexibility for supply chain resiliency

This section amends current law to remove the 30 percent cap on multimodal projects under the Nationally Significant Multimodal Freight and Highway Projects program.

Section 4. Limitation

This section states that the Secretary of Transportation shall not give priority to a project supporting electric vehicles unless Congress enacts a law allowing priority consideration for such a project that is based on the results of a study to be completed by the Comptroller General of the United States evaluating any adverse effects of such vehicles.

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 (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

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 (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, and existing law in which no change is proposed is shown in roman):

TITLE 23, UNITED STATES CODE

* * * * *

CHAPTER 1—FEDERAL-AID HIGHWAYS

* * * * *

§ 117. Nationally significant multimodal freight and highway projects

(a) ESTABLISHMENT.—

(1) IN GENERAL.—There is established a nationally significant freight and highway projects program to provide financial assistance for projects of national or regional significance.

(2) GOALS.—The goals of the program shall be to—

(A) improve the safety, efficiency, and reliability of the movement of freight and people in and across rural and urban areas;

(B) generate national or regional economic benefits and an increase in the global economic competitiveness of the United States;

(C) reduce highway or freight congestion and bottlenecks;

(D) improve connectivity between modes of freight transportation;

(E) enhance the resiliency of critical highway or freight infrastructure and help protect the environment;

(F) improve roadways vital to national energy security, including highways that support movement of energy equipment; and

(G) address the impact of population growth on the movement of people and freight.

(b) GRANT AUTHORITY.—

(1) IN GENERAL.—In carrying out the program established in subsection (a), the Secretary may make grants, on a competitive basis, in accordance with this section.

(2) GRANT AMOUNT.—Except as otherwise provided, each grant made under this section shall be in an amount that is at least \$25,000,000.

(3) GRANT ADMINISTRATION.—The Secretary may—

(A) retain not more than a total of 2 percent of the funds made available to carry out this section for the National Surface Transportation and Innovative Finance Bureau to review applications for grants under this section; and

(B) transfer portions of the funds retained under subparagraph (A) to the relevant Administrators to fund the award and oversight of grants provided under this section.

(c) ELIGIBLE APPLICANTS.—

(1) IN GENERAL.—The Secretary may make a grant under this section to the following:

(A) A State or a group of States.

(B) A metropolitan planning organization that serves an urbanized area (as defined by the Bureau of the Census) with a population of more than 200,000 individuals.

(C) A unit of local government or a group of local governments.

(D) A political subdivision of a State or local government.

(E) A special purpose district or public authority with a transportation function, including a port authority.

(F) A Federal land management agency that applies jointly with a State or group of States.

(G) A tribal government or a consortium of tribal governments.

(H) A multistate corridor organization.

(I) A multistate or multijurisdictional group of entities described in this paragraph.

(2) APPLICATIONS.—To be eligible for a grant under this section, an entity specified in paragraph (1) shall submit to the Secretary an application in such form, at such time, and containing such information as the Secretary determines is appropriate.

(d) ELIGIBLE PROJECTS.—

(1) IN GENERAL.—Except as provided in subsection (e), the Secretary may make a grant under this section only for a project that—

(A) is—

(i) a highway freight project carried out on the National Highway Freight Network established under section 167;

(ii) a highway or bridge project carried out on the National Highway System, including—

(I) a project to add capacity to the Interstate System to improve mobility; or

(II) a project in a national scenic area;

(iii) a freight project that is—

(I) a freight intermodal or freight rail project; or

(II) within the boundaries of a public or private freight rail, water (including ports), or intermodal facility and that is a surface transportation infrastructure project necessary to facilitate direct intermodal interchange, transfer, or access into or out of the facility;

(iv) a railway-highway grade crossing or grade separation project;

(v) a wildlife crossing project;

(vi) a surface transportation infrastructure project that—

(I) is located within the boundaries of or functionally connected to an international border crossing area in the United States;

- (II) improves a transportation facility owned by a Federal, State, or local government entity; and
 - (III) increases throughput efficiency of the border crossing described in subclause (I), including—
 - (aa) a project to add lanes;
 - (bb) a project to add technology; and
 - (cc) other surface transportation improvements;
 - (vii) a project for a marine highway corridor designated by the Secretary under section 55601(c) of title 46 (including an inland waterway corridor), if the Secretary determines that the project—
 - (I) is functionally connected to the National Highway Freight Network; and
 - (II) is likely to reduce on-road mobile source emissions; or
 - (viii) a highway, bridge, or freight project carried out on the National Multimodal Freight Network established under section 70103 of title 49; and
- (B) has eligible project costs that are reasonably anticipated to equal or exceed the lesser of—
- (i) \$100,000,000; or
 - (ii) in the case of a project—
 - (I) located in 1 State, 30 percent of the amount apportioned under this chapter to the State in the most recently completed fiscal year; or
 - (II) located in more than 1 State, 50 percent of the amount apportioned under this chapter to the participating State with the largest apportionment under this chapter in the most recently completed fiscal year.
- (2) LIMITATION.—
- (A) IN GENERAL.—[Not more than 30 percent of the amounts made available for grants under this section for each of fiscal years 2022 through 2026 may be used to make grants for projects described in paragraph (1)(A)(iii) and such a project] *Projects described in paragraph (1)(A)(iii)* may only receive a grant under this section if—
- (i) the project will make a significant improvement to freight movements on the National Highway Freight Network; and
 - (ii) the Federal share of the project funds only elements of the project that provide public benefits.
- (B) EXCLUSIONS.—The limitation under subparagraph (A)—
- (i) shall not apply to a railway-highway grade crossing or grade separation project; and
 - (ii) with respect to a multimodal project, shall apply only to the non-highway portion or portions of the project.
- (e) SMALL PROJECTS.—
- (1) IN GENERAL.—The Secretary shall reserve not less than 15 percent of the amounts made available for grants under this section each fiscal year to make grants for projects described

in subsection (d)(1)(A) that do not satisfy the minimum threshold under subsection (d)(1)(B).

(2) GRANT AMOUNT.—Each grant made under this subsection shall be in an amount that is at least \$5,000,000.

(3) PROJECT SELECTION CONSIDERATIONS.—In addition to other applicable requirements, in making grants under this subsection the Secretary shall consider—

(A) the cost effectiveness of the proposed project;

(B) the effect of the proposed project on mobility in the State and region in which the project is carried out; and

(C) the effect of the proposed project on safety on freight corridors with significant hazards, such as high winds, heavy snowfall, flooding, rockslides, mudslides, wildfire, wildlife crossing onto the roadway, or steep grades.

(4) REQUIREMENT.—Of the amounts reserved under paragraph (1), not less than 30 percent shall be used for projects in rural areas (as defined in subsection (i)(3)).

(f) ELIGIBLE PROJECT COSTS.—Grant amounts received for a project under this section may be used for—

(1) development phase activities, including planning, feasibility analysis, revenue forecasting, environmental review, preliminary engineering and design work, and other preconstruction activities; and

(2) construction, reconstruction, rehabilitation, acquisition of real property (including land related to the project and improvements to the land), environmental mitigation (including a project to replace or rehabilitate a culvert, or to reduce stormwater runoff for the purpose of improving habitat for aquatic species), construction contingencies, acquisition of equipment, and operational improvements directly related to improving system performance.

(g) PROJECT REQUIREMENTS.—The Secretary may select a project described under this section (other than subsection (e)) for funding under this section only if the Secretary determines that—

(1) the project will generate national or regional economic, mobility, or safety benefits;

(2) the project will be cost effective;

(3) the project will contribute to the accomplishment of 1 or more of the national goals described under section 150 of this title;

(4) the project is based on the results of preliminary engineering;

(5) with respect to related non-Federal financial commitments—

(A) 1 or more stable and dependable sources of funding and financing are available to construct, maintain, and operate the project; and

(B) contingency amounts are available to cover unanticipated cost increases;

(6) the project cannot be easily and efficiently completed without other Federal funding or financial assistance available to the project sponsor; and

(7) the project is reasonably expected to begin construction not later than 18 months after the date of obligation of funds for the project.

(h) **ADDITIONAL CONSIDERATIONS.**—In making a grant under this section, the Secretary shall consider—

- (1) utilization of nontraditional financing, innovative design and construction techniques, or innovative technologies;
- (2) utilization of non-Federal contributions;
- (3) contributions to geographic diversity among grant recipients, including the need for a balance between the needs of rural and urban communities;
- (4) enhancement of freight resilience to natural hazards or disasters, including high winds, heavy snowfall, flooding, rockslides, mudslides, wildfire, wildlife crossing onto the roadway, or steep grades;
- (5) whether the project will improve the shared transportation corridor of a multistate corridor organization, if applicable; and
- (6) prioritizing projects located in States in which neither the State nor an eligible entity in that State has been awarded a grant under this section.

(i) **RURAL AREAS.**—

(1) **IN GENERAL.**—The Secretary shall reserve not less than 25 percent of the amounts made available for grants under this section, including the amounts made available under subsection (e), each fiscal year to make grants for projects located in rural areas.

(2) **EXCESS FUNDING.**—In any fiscal year in which qualified applications for grants under this subsection will not allow for the amount reserved under paragraph (1) to be fully utilized, the Secretary shall use the unutilized amounts to make grants under subsection (e).

(3) **RURAL AREA DEFINED.**—In this subsection, the term “rural area” means an area that is outside an urbanized area with a population of over 200,000.

(j) **FEDERAL ASSISTANCE.**—

(1) **FEDERAL SHARE.**—

(A) **IN GENERAL.**—Except as provided in subparagraph (B) or for a grant under subsection (q), the Federal share of the cost of a project assisted with a grant under this section may not exceed 60 percent.

(B) **SMALL PROJECTS.**—In the case of a project described in subsection (e)(1), the Federal share of the cost of the project shall be 80 percent.

(2) **MAXIMUM FEDERAL INVOLVEMENT.**—Except for grants under subsection (q), Federal assistance other than a grant under this section may be used to satisfy the non-Federal share of the cost of a project for which such a grant is made, except that—

(A) for a State with a population density of not more than 80 persons per square mile of land area, based on the 2010 census, the maximum share of the total Federal assistance provided for a project receiving a grant under this section shall be the applicable share under section 120(b); and

(B) for a State not described in subparagraph (A), the total Federal assistance provided for a project receiving a

grant under this section may not exceed 80 percent of the total project cost.

(3) FEDERAL LAND MANAGEMENT AGENCIES.—Notwithstanding any other provision of law, any Federal funds other than those made available under this title or title 49 may be used to pay the non-Federal share of the cost of a project carried out under this section by a Federal land management agency, as described under subsection (c)(1)(F).

(k) EFFICIENT USE OF NON-FEDERAL FUNDS.—

(1) IN GENERAL.—Notwithstanding any other provision of law and subject to approval by the Secretary under paragraph (2)(B), in the case of any grant for a project under this section, during the period beginning on the date on which the grant recipient is selected and ending on the date on which the grant agreement is signed—

(A) the grant recipient may obligate and expend non-Federal funds with respect to the project for which the grant is provided; and

(B) any non-Federal funds obligated or expended in accordance with subparagraph (A) shall be credited toward the non-Federal cost share for the project for which the grant is provided.

(2) REQUIREMENTS.—

(A) APPLICATION.—In order to obligate and expend non-Federal funds under paragraph (1), the grant recipient shall submit to the Secretary a request to obligate and expend non-Federal funds under that paragraph, including—

(i) a description of the activities the grant recipient intends to fund;

(ii) a justification for advancing the activities described in clause (i), including an assessment of the effects to the project scope, schedule, and budget if the request is not approved; and

(iii) the level of risk of the activities described in clause (i).

(B) APPROVAL.—The Secretary shall approve or disapprove each request submitted under subparagraph (A).

(C) COMPLIANCE WITH APPLICABLE REQUIREMENTS.—Any non-Federal funds obligated or expended under paragraph (1) shall comply with all applicable requirements, including any requirements included in the grant agreement.

(3) EFFECT.—The obligation or expenditure of any non-Federal funds in accordance with this subsection shall not—

(A) affect the signing of a grant agreement or other applicable grant procedures with respect to the applicable grant;

(B) create an obligation on the part of the Federal Government to repay any non-Federal funds if the grant agreement is not signed; or

(C) affect the ability of the recipient of the grant to obligate or expend non-Federal funds to meet the non-Federal cost share for the project for which the grant is provided after the period described in paragraph (1).

(l) TREATMENT OF FREIGHT PROJECTS.—Notwithstanding any other provision of law, a freight project carried out under this sec-

tion shall be treated as if the project is located on a Federal-aid highway.

(m) TIFIA PROGRAM.—At the request of an eligible applicant under this section, the Secretary may use amounts awarded to the entity to pay subsidy and administrative costs necessary to provide the entity Federal credit assistance under chapter 6 with respect to the project for which the grant was awarded.

(n) CONGRESSIONAL NOTIFICATION.—

(1) IN GENERAL.—Not later than 60 days before the date on which a grant is provided for a project under this section, the Secretary shall submit to the Committees on Commerce, Science, and Transportation and Environment and Public Works of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives a report describing the proposed grant, including—

(A) an evaluation and justification for the applicable project; and

(B) a description of the amount of the proposed grant award.

(2) CONGRESSIONAL DISAPPROVAL.—The Secretary may not make a grant or any other obligation or commitment to fund a project under this section if a joint resolution is enacted disapproving funding for the project before the last day of the 60-day period described in paragraph (1).

(o) APPLICANT NOTIFICATION.—

(1) IN GENERAL.—Not later than 60 days after the date on which a grant recipient for a project under this section is selected, the Secretary shall provide to each eligible applicant not selected for that grant a written notification that the eligible applicant was not selected.

(2) INCLUSION.—A written notification under paragraph (1) shall include an offer for a written or telephonic debrief by the Secretary that will provide—

(A) detail on the evaluation of the application of the eligible applicant; and

(B) an explanation of and guidance on the reasons the application was not selected for a grant under this section.

(3) RESPONSE.—

(A) IN GENERAL.—Not later than 30 days after the eligible applicant receives a written notification under paragraph (1), if the eligible applicant opts to receive a debrief described in paragraph (2), the eligible applicant shall notify the Secretary that the eligible applicant is requesting a debrief.

(B) DEBRIEF.—If the eligible applicant submits a request for a debrief under subparagraph (A), the Secretary shall provide the debrief by not later than 60 days after the date on which the Secretary receives the request for a debrief.

(p) REPORTS.—

(1) ANNUAL REPORT.—

(A) IN GENERAL.—Notwithstanding any other provision of law, not later than 30 days after the date on which the Secretary selects a project for funding under this section, the Secretary shall submit to the Committee on Environment and Public Works of the Senate and the Committee

on Transportation and Infrastructure of the House of Representatives a report that describes the reasons for selecting the project, based on any criteria established by the Secretary in accordance with this section.

(B) INCLUSIONS.—The report submitted under subparagraph (A) shall specify each criterion established by the Secretary that the project meets.

(C) AVAILABILITY.—The Secretary shall make available on the website of the Department of Transportation the report submitted under subparagraph (A).

(D) APPLICABILITY.—This paragraph applies to all projects described in subparagraph (A) that the Secretary selects on or after October 1, 2021.

(2) COMPTROLLER GENERAL.—

(A) ASSESSMENT.—The Comptroller General of the United States shall conduct an assessment of the establishment, solicitation, selection, and justification process with respect to the funding of projects under this section.

(B) REPORT.—Not later than 1 year after the date of enactment of the Surface Transportation Reauthorization Act of 2021 and annually thereafter, the Comptroller General of the United States shall submit to the Committee on Environment and Public Works of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives a report that describes, for each project selected to receive funding under this section—

- (i) the process by which each project was selected;
- (ii) the factors that went into the selection of each project; and
- (iii) the justification for the selection of each project based on any criteria established by the Secretary in accordance with this section.

(3) INSPECTOR GENERAL.—Not later than 1 year after the date of enactment of the Surface Transportation Reauthorization Act of 2021 and annually thereafter, the Inspector General of the Department of Transportation shall—

(A) conduct an assessment of the establishment, solicitation, selection, and justification process with respect to the funding of projects under this section; and

(B) submit to the Committee on Environment and Public Works of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives a final report that describes the findings of the Inspector General of the Department of Transportation with respect to the assessment conducted under subparagraph (A).

(q) STATE INCENTIVES PILOT PROGRAM.—

(1) ESTABLISHMENT.—There is established a pilot program to award grants to eligible applicants for projects eligible for grants under this section (referred to in this subsection as the “pilot program”).

(2) PRIORITY.—In awarding grants under the pilot program, the Secretary shall give priority to an application that offers a greater non-Federal share of the cost of a project relative to other applications under the pilot program.

(3) FEDERAL SHARE.—

(A) IN GENERAL.—Notwithstanding any other provision of law, the Federal share of the cost of a project assisted with a grant under the pilot program may not exceed 50 percent.

(B) NO FEDERAL INVOLVEMENT.—

(i) IN GENERAL.—For grants awarded under the pilot program, except as provided in clause (ii), an eligible applicant may not use Federal assistance to satisfy the non-Federal share of the cost under subparagraph (A).

(ii) EXCEPTION.—An eligible applicant may use funds from a secured loan (as defined in section 601(a)) to satisfy the non-Federal share of the cost under subparagraph (A) if the loan is repayable from non-Federal funds.

(4) RESERVATION.—

(A) IN GENERAL.—Of the amounts made available to provide grants under this section, the Secretary shall reserve for each fiscal year \$150,000,000 to provide grants under the pilot program.

(B) UNUTILIZED AMOUNTS.—In any fiscal year during which applications under this subsection are insufficient to effect an award or allocation of the entire amount reserved under subparagraph (A), the Secretary shall use the unutilized amounts to provide other grants under this section.

(5) SET-ASIDES.—

(A) SMALL PROJECTS.—

(i) IN GENERAL.—Of the amounts reserved under paragraph (4)(A), the Secretary shall reserve for each fiscal year not less than 10 percent for projects eligible for a grant under subsection (e).

(ii) REQUIREMENT.—For a grant awarded from the amount reserved under clause (i)—

(I) the requirements of subsection (e) shall apply; and

(II) the requirements of subsection (g) shall not apply.

(B) RURAL PROJECTS.—

(i) IN GENERAL.—Of the amounts reserved under paragraph (4)(A), the Secretary shall reserve for each fiscal year not less than 25 percent for projects eligible for a grant under subsection (i).

(ii) REQUIREMENT.—For a grant awarded from the amount reserved under clause (i), the requirements of subsection (i) shall apply.

(6) REPORT TO CONGRESS.—Not later than 2 years after the date of enactment of this subsection, the Secretary shall submit to the Committee on Environment and Public Works and the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives a report that describes the administration of the pilot program, including—

(A) the number, types, and locations of eligible applicants that have applied for grants under the pilot program;

(B) the number, types, and locations of grant recipients under the pilot program;

(C) an assessment of whether implementation of the pilot program has incentivized eligible applicants to offer a greater non-Federal share for grants under the pilot program; and

(D) any recommendations for modifications to the pilot program.

(r) MULTISTATE CORRIDOR ORGANIZATION DEFINED.—For purposes of this section, the term “multistate corridor organization” means an organization of a group of States developed through cooperative agreements, coalitions, or other arrangements to promote regional cooperation, planning, and shared project implementation for programs and projects to improve transportation system management and operations for a shared transportation corridor.

(s) ADDITIONAL AUTHORIZATION OF APPROPRIATIONS.—In addition to amounts made available from the Highway Trust Fund, there are authorized to be appropriated to carry out this section, to remain available for a period of 3 fiscal years following the fiscal year for which the amounts are appropriated—

- (1) \$1,000,000,000 for fiscal year 2022;
- (2) \$1,100,000,000 for fiscal year 2023;
- (3) \$1,200,000,000 for fiscal year 2024;
- (4) \$1,300,000,000 for fiscal year 2025; and
- (5) \$1,400,000,000 for fiscal year 2026.

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