

105TH CONGRESS  
1ST SESSION

# S. 404

To modify the budget process to provide for separate budget treatment of the dedicated tax revenues deposited in the Highway Trust Fund.

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## IN THE SENATE OF THE UNITED STATES

MARCH 5, 1997

Mr. BOND (for himself, Mr. CHAFEE, Mr. NICKLES, Mr. COCHRAN, Mr. GREGG, and Mr. SMITH of New Hampshire) introduced the following bill; which was read twice and referred jointly pursuant to the order of August 4, 1977, as modified by the order of April 11, 1986, to the Committees on the Budget and Governmental Affairs, with instructions that if one committee reports, the other committee have thirty days to report or be discharged

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## A BILL

To modify the budget process to provide for separate budget treatment of the dedicated tax revenues deposited in the Highway Trust Fund.

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 “Highway Trust Fund  
5   Integrity Act of 1997”.

### 6   **SEC. 2. FINDINGS.**

7       Congress finds that—

1           (1)(A) the Budget Enforcement Act of 1990  
 2           split the Federal budgeting process into two budget  
 3           categories, one for receipts and mandatory spending  
 4           and the other for discretionary spending; and

5           (B) each budget category has its own rules,  
 6           procedures, and incentives;

7           (2) the taxes deposited into the Highway Trust  
 8           Fund are in the mandatory category, but most  
 9           spending from the Highway Trust Fund is in the  
 10          discretionary category;

11          (3) since the Highway Trust Fund is split be-  
 12          tween the two budget categories, the link between  
 13          Highway Trust Fund taxes and transportation  
 14          spending is severed; and

15          (4) to reestablish the link between the taxes  
 16          and spending of the Highway Trust Fund, all the  
 17          components of the Highway Trust Fund should be  
 18          part of the same budget category and subject to the  
 19          same budget rules and procedures.

20 **SEC. 3. DEFINITION.**

21          (a) BALANCED BUDGET AND EMERGENCY DEFICIT  
 22          CONTROL ACT OF 1985.—Section 250(c) of the Balanced  
 23          Budget and Emergency Deficit Control Act of 1985 (2  
 24          U.S.C. 900(c)) is amended by adding at the end the fol-  
 25          lowing:

1           “(22) REVENUE CONSTRAINED FUND.—The  
2           term ‘revenue constrained fund’—

3                   “(A) means the budget authority, outlays,  
4                   and receipts of the—

5                           “(i) the Highway Account of the  
6                           Highway Trust Fund as established by  
7                           section 9503 of the Internal Revenue Code  
8                           of 1986;

9                           “(B) shall not be—

10                                   “(i) considered to be part of any cat-  
11                                   egory (as defined in section 250(c)(4) of  
12                                   the Balanced Budget and Emergency Defi-  
13                                   cit Control Act of 1985 (2 U.S.C.  
14                                   900(c)(4))) of discretionary appropriations;  
15                                   or

16                                   “(ii) subject to sequestration under  
17                                   section 251(a) of the Act (2 U.S.C.  
18                                   901(a)); and

19                           “(C) shall not be—

20                                   “(i) considered to be part of direct  
21                                   spending (as defined in section 250(c)(8)  
22                                   of the Balanced Budget and Emergency  
23                                   Deficit Control Act of 1985 (2 U.S.C.  
24                                   900(c)(8))); or

1 “(ii) subject to sequestration under  
 2 section 252(b) of the Act (2 U.S.C.  
 3 902(b)).”.

4 (b) CONGRESSIONAL BUDGET ACT OF 1974.—Sec-  
 5 tion 3 of the Congressional Budget Act of 1974 (2 U.S.C.  
 6 622) is amended by adding at the end thereof the follow-  
 7 ing:

8 “(11) REVENUE CONSTRAINED FUND.—The  
 9 term ‘revenue constrained fund’ has the meaning  
 10 given that term in section 250(c) of the Balanced  
 11 Budget and Emergency Deficit Control Act of 1985  
 12 (2 U.S.C. 900(c)).”.

13 **SEC. 4. BUDGETARY TREATMENT.**

14 (a) IN GENERAL.—Part A of title IV of the Congres-  
 15 sional Budget Act of 1974 (2 U.S.C. 651 et seq.) is  
 16 amended by adding at the end the following:

17 “REVENUE CONSTRAINED FUNDS

18 “SEC. 408. It shall not be in order in either the  
 19 House of Representatives or the Senate to consider any  
 20 bill, joint resolution, amendment, motion, conference re-  
 21 port, or other measure if the effect of the measure would  
 22 have the effect of increasing any specific new budget au-  
 23 thority for a fiscal year for a revenue constrained fund  
 24 above the amount made available by section 251B(b)(2)  
 25 of the Balanced Budget and Emergency Deficit Control  
 26 Act of 1985.”.

1 (b) POINT OF ORDER.—Subsections (c) and (d) of  
 2 section 904 of the Congressional Budget Act of 1974 are  
 3 each amended by inserting after “306,” the following:  
 4 “408,”.

5 (c) AMENDMENT TO TABLE OF CONTENTS.—The  
 6 table of contents for the Congressional Budget Impound-  
 7 ment Control Act of 1974 is amended by adding at the  
 8 end of title IV the following:

“SEC. 408. Revenue constrained funds.”.

9 **SEC. 5. SEQUESTER.**

10 (a) IN GENERAL.—Part C of the Balanced Budget  
 11 and Emergency Deficit Control Act of 1985 (2 U.S.C. 900  
 12 et seq.) is amended by inserting after section 251A the  
 13 following:

14 **“SEC. 251B. SEQUESTRATION WITH RESPECT TO REVENUE**  
 15 **CONSTRAINED FUNDS.**

16 “(a) BUDGET AUTHORITY LIMITS.—Amounts avail-  
 17 able from a revenue constrained fund shall be reduced by  
 18 the amount necessary to eliminate any amount by which  
 19 budget authority in the budget year from the revenue con-  
 20 strained fund exceed the amount deposited in the revenue  
 21 constrained fund in the previous fiscal year.

22 “(b) AMOUNT AVAILABLE.—

23 “(1) INITIAL ESTIMATE.—

24 “(A) IN GENERAL.—On October 1 of each  
 25 year OMB shall estimate the total amount of

1 revenues deposited into each revenue con-  
2 strained fund during the previous fiscal year.

3 “(B) INITIAL AMOUNT AVAILABLE.—An  
4 amount equal to 40 percent of the total amount  
5 of revenues is estimated to be deposited in a  
6 revenue constrained fund under subparagraph  
7 (A) shall be available for obligation in the budg-  
8 et year on the date of the estimate under sub-  
9 paragraph (A).

10 “(2) FINAL ESTIMATE.—

11 “(A) IN GENERAL.—On December 15 of  
12 each year OMB shall determine the total  
13 amount of revenues deposited into each revenue  
14 constrained fund during the previous fiscal  
15 year.

16 “(B) AMOUNT AVAILABLE.—An amount  
17 equal to the total amount of revenues deter-  
18 mined to be deposited in a revenue constrained  
19 fund under subparagraph (A)—

20 “(i) shall be the total amount avail-  
21 able for obligation in the budget year on  
22 the date of the determination under sub-  
23 paragraph (A); and

24 “(ii) shall replace the amount made  
25 available under paragraph (1).

1 “(c) LOOK-BACK.—If—

2 “(1) an appropriation for the fiscal year in  
3 progress is enacted that causes a budgetary excess  
4 in a revenue constrained fund as described in sub-  
5 section (a) for that year; or

6 “(2) errors in the determination made pursuant  
7 to subsection (b)(2) cause a budgetary excess in a  
8 revenue constrained fund for the fiscal year in  
9 progress;

10 the level set forth in subsection (b)(2) for the next fiscal  
11 year shall be reduced by the amount of that excess.”.

12 (b) AMENDMENT TO TABLE OF CONTENTS.—The  
13 table of contents for the Balanced Budget and Emergency  
14 Deficit Control Act of 1985 is amended by adding after  
15 the item for section 251A the following:

“Sec. 251B. Sequestration with respect to revenue constrained funds.”.

16 **SEC. 5. BUDGETARY IMPACT.**

17 (a) FINDINGS AND PURPOSE.—

18 (1) FINDINGS.—The Congress finds that—

19 (A) the United States has substantial sur-  
20 face transportation and infrastructure needs;  
21 and

22 (B) this Act will result in additional spend-  
23 ing from the Highway Account of the Highway  
24 Trust Fund to help address these substantial  
25 needs.

1           (2) PURPOSE.—The purpose of this section is  
2           to clarify that any budgetary offset necessary be-  
3           cause of the additional spending provided by this Act  
4           should not come from surface transportation pro-  
5           grams.

6           (b) SEQUESTRATION.—The budgetary impact of the  
7           amendments made by this Act shall not be considered for  
8           purposes of sequestration under sections 251 or 252 of  
9           the Balanced Budget and Emergency Deficit Control Act  
10          of 1985 (2 U.S.C. 901, 902).

11          (c) DISCRETIONARY SPENDING LIMITATIONS.—OMB  
12          shall reduce discretionary spending limits for budget au-  
13          thority and outlays in accordance with the Balanced  
14          Budget and Emergency Deficit Control Act of 1985 for  
15          each applicable fiscal year set forth in section 601(a)(2)—

16               (1) for budget authority, by an amount equal to  
17               the total amount of discretionary budget authority  
18               provided from the Highway Account of the Highway  
19               Trust Fund in the Department of Transportation  
20               and Related Agencies Appropriations Act, 1997; and

21               (2) for outlays, by an amount equal to an esti-  
22               mate of the amount of discretionary outlays that  
23               would be expended from the Highway Account of the  
24               Highway Trust Fund assuming that the total



1 amount of new budget authority and obligation au-  
 2 thority from the Highway Account of the Highway  
 3 Trust Fund equaled the amounts of new budget au-  
 4 thority and obligation authority provided from the  
 5 Highway Account of the Highway Trust Fund in the  
 6 Department of Transportation and Related Agencies  
 7 Appropriations Act, 1997.

8 **SEC. 6. STUDY TO ENSURE THAT THE HIGHWAY TRUST**  
 9 **FUND IS DEFICIT NEUTRAL.**

10 (a) FINDINGS.—The Congress finds the following:

11 (1) It is the policy of the United States Govern-  
 12 ment that the Highway Trust Fund should not con-  
 13 tribute to or reduce the Federal Government's an-  
 14 nual budget deficit.

15 (2) Under current budgetary scorekeeping con-  
 16 ventions used by both the Congressional Budget Of-  
 17 fice and the Office of Management and Budget, in-  
 18 creases in Highway Trust Fund revenue generated  
 19 by tax increases are partially offset by a reduction  
 20 in other Federal revenues that is equal to 25 percent  
 21 of the increase in Highway Trust Fund revenue.

22 (3) This 25 percent offset is a scorekeeping  
 23 convention that applies to all excise taxes, and is not  
 24 uniquely applied to Highway Trust Fund taxes.

1           (4) An up-to-date examination of how this off-  
2       set should be applied to Highway Trust Fund taxes  
3       is needed.

4       (b) REPORT.—

5           (1) IN GENERAL.—Not later than 24 months  
6       after the date of enactment of this Act, the Sec-  
7       retary of Treasury, in consultation with the Director  
8       of the Office of Management and Budget, shall sub-  
9       mit a report to Congress on ensuring the deficit neu-  
10      trality of the Highway Trust Fund.

11          (2) CONTENTS.—In the report, the Secretary  
12      shall—

13           (A) determine the extent to which each of  
14      the taxes deposited into the Highway Trust  
15      Fund is a deductible expense from other Fed-  
16      eral taxes;

17           (B) provide an estimate of the amount of  
18      Highway Trust Fund taxes that were deducted  
19      from Federal income taxes or other taxes;

20           (C) provide an estimate of the annual reve-  
21      nue loss because Highway Trust Fund taxes  
22      are deductible from other Federal taxes;

23           (D)     determine     the     appropriate  
24      scorekeeping convention that should apply to

1 Highway Trust Fund taxes, or if needed, sepa-  
2 rately to each of the taxes now deposited into  
3 the Highway Trust Fund; and

4 (E) provide the Congress with policy op-  
5 tions that would ensure that changes to the  
6 Highway Trust Fund taxes do not contribute to  
7 the deficit.

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