

107TH CONGRESS
2D SESSION

S. 2861

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

IN THE SENATE OF THE UNITED STATES

AUGUST 1, 2002

Mr. INHOFE introduced the following bill; which was read twice and referred to the Committee on Finance

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”.

6 **SEC. 2. FINDINGS AND PURPOSES.**

7 (a) FINDINGS.—Congress finds that—

8 (1) the objective of the Federal highway pro-
9 gram has been to facilitate the construction of a

1 modern freeway system that promotes efficient inter-
2 state commerce by connecting all States;

3 (2) that objective has been attained, and the
4 Interstate System connecting all States is near com-
5 pletion;

6 (3) each State has the responsibility of pro-
7 viding an efficient transportation network for the
8 residents of the State;

9 (4) each State has the means to build and oper-
10 ate a network of transportation systems, including
11 highways, that best serves the needs of the State;

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

14 (6) the Federal role in highway transportation
15 has, over time, usurped the role of the States by tax-
16 ing fuels used in the States and then distributing
17 the proceeds to the States based on the Federal
18 Government's perceptions of what is best for the
19 States;

20 (7) the Federal Government has used the Fed-
21 eral gasoline tax revenues to force all States to take
22 actions that are not necessarily appropriate for indi-
23 vidual States;

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

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

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

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

14 (5) with respect to transportation activities car-
15 ried out by States, local governments, and the pri-
16 vate sector, to encourage—

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

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

21 SEC. 3. CONTINUATION OF FUNDING FOR CORE HIGHWAY
22 PROGRAMS.

23 (a) IN GENERAL—

24 (1) FUNDING -

25 title 23, United States Code, the following sums are

1 authorized to be appropriated out of the Highway
2 Trust Fund:

12 (B) INTERSTATE AND INDIAN RESERVA-
13 TION BRIDGE PROGRAM.—For the Interstate
14 and Indian reservation bridge program under
15 section 144 of that title \$1,500,000,000 for fis-
16 cal year 2004, \$1,600,000,000 for fiscal year
17 2005, \$1,700,000,000 for fiscal year 2006,
18 \$1,800,000,000 for fiscal year 2007,
19 \$1,900,000,000 for fiscal year 2008, and
20 \$2,000,000,000 for fiscal year 2009.

21 (C) FEDERAL LANDS HIGHWAYS PRO-
22 GRAM.—

23 (i) INDIAN RESERVATION ROADS.—
24 For Indian reservation roads under section

3 (ii) PUBLIC LANDS HIGHWAYS.—For
4 public lands highways under section 204 of
5 that title \$275,000,000 for each of fiscal
6 years 2004 through 2009.

11 (D) HIGHWAY SAFETY PROGRAMS.—

12 (i) IN GENERAL.—For highway safety
13 programs under section 402 of that title
14 \$170,000,000 for each of fiscal years 2004
15 through 2009.

16 (ii) HIGHWAY SAFETY RESEARCH AND
17 DEVELOPMENT.—For highway safety re-
18 search and development under section 403
19 of that title \$30,000,000 for each of fiscal
20 years 2004 through 2009.

21 (E) TRANSPORTATION RESEARCH PRO-
22 GRAMS.—

23 (i) SURFACE TRANSPORTATION RE-
24 SEARCH.—For cooperative agreements
25 with nonprofit research organizations to

1 carry out applied pavement research under
2 section 502 of that title \$150,000,000 for
3 each of fiscal years 2004 through 2009.

4 (ii) ITS RESEARCH AND DEVELOP-
5 MENT.—For carrying out section 5207 of
6 the Transportation Equity Act for the 21st
7 Century (23 U.S.C. 502 note; 112 Stat.
8 457) \$220,000,000 for each of fiscal years
9 2004 through 2009, of which—

10 (I) \$110,000,000 for each fiscal
11 year shall be made available for re-
12 search; and

13 (II) \$110,000,000 for each fiscal
14 year shall be made available for devel-
15 opment and operational tests.

16 (iii) UNIVERSITY TRANSPORTATION
17 RESEARCH.—For carrying out section
18 5505 of title 49, United States Code,
19 \$30,000,000 for each of fiscal years 2004
20 through 2009.

21 (2) TRANSFERABILITY OF FUNDS.—Section 104
22 of title 23, United States Code, is amended by strik-
23 ing subsection (g) and inserting the following:

24 “(g) TRANSFERABILITY OF FUNDS.—

1 “(1) IN GENERAL.—To the extent that a State
2 determines that funds made available under this title
3 to the State for a purpose are in excess of the needs
4 of the State for that purpose, the State may transfer
5 the excess funds to, and use the excess funds for,
6 any surface transportation (including mass transit
7 and rail) purpose in the State.

8 “(2) ENFORCEMENT.—If the Secretary deter-
9 mines that a State has transferred funds under
10 paragraph (1) to a purpose that is not a surface
11 transportation purpose as described in paragraph
12 (1), the amount of the improperly transferred funds
13 shall be deducted from any amount the State would
14 otherwise receive from the Highway Trust Fund for
15 the fiscal year that begins after the date of the de-
16 termination.”.

17 (3) FEDERAL-AID SYSTEM.—Section 103(a) of
18 title 23, United States Code, is amended by striking
19 “systems are the Interstate System and the National
20 Highway System” and inserting “system is the
21 Interstate System”.

22 (4) INTERSTATE MAINTENANCE PROGRAM.—
23 Section 104(b) of title 23, United States Code, is
24 amended by striking paragraph (4) and inserting the
25 following:

1 “(4) INTERSTATE MAINTENANCE COMPO-
 2 NENT.—For each of fiscal years 2004 through 2009,
 3 for the Interstate maintenance program under sec-
 4 tion 119, 1 percent to the Virgin Islands, Guam,
 5 American Samoa, and the Commonwealth of the
 6 Northern Mariana Islands and the remaining 99
 7 percent apportioned as follows:

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

14 “(I) a percentage share of apportion-
 15 ments equal to the percentage listed for
 16 the State in clause (ii); or

17 “(II) a share determined under sub-
 18 paragraph (B).

19 “(ii) The percentage referred to in clause
 20 (i)(I) is as follows:

“States:	Percentage:
Alabama	2.0269
Alaska	1.1915
Arizona	1.5581
Arkansas	1.3214
California	9.1962
Colorado	1.1673
Connecticut	1.5186
Delaware	0.4424
District of Columbia	0.3956
Florida	4.6176
Georgia	3.5104

Hawaii	0.5177
Idaho	0.7718
Illinois	3.3819
Indiana	2.3588
Iowa	1.2020
Kansas	1.1717
Kentucky	1.7365
Louisiana	1.5900
Maine	0.5263
Maryland	1.5087
Massachusetts	1.8638
Michigan	3.1535
Minnesota	1.4993
Mississippi	1.2186
Missouri	2.3615
Montana	0.9929
Nebraska	0.7768
Nevada	0.7248
New Hampshire	0.5163
New Jersey	2.5816
New Mexico	0.9884
New York	5.1628
North Carolina	2.8298
North Dakota	0.6553
Ohio	3.4257
Oklahoma	1.5419
Oregon	1.2183
Pennsylvania	4.9887
Puerto Rico	0.5000
Rhode Island	0.5958
South Carolina	1.5910
South Dakota	0.7149
Tennessee	2.2646
Texas	7.2131
Utah	0.7831
Vermont	0.4573
Virginia	2.5627
Washington	1.7875
West Virginia	1.1319
Wisconsin	1.9916
Wyoming	0.6951.

1 “(B) For each State not described in sub-
 2 paragraph (A), a share of the apportionments
 3 remaining determined in accordance with the
 4 following formula:

5 “(i) $\frac{1}{9}$ in the ratio that the total rural
 6 lane miles in each State bears to the total

1 rural lane miles in all States with an aver-
2 age population density greater than 20
3 persons per square mile and all States with
4 a population of more than 1,500,000 per-
5 sons and with a land area of more than
6 10,000 square miles.

1 (i) by inserting “on the Federal-aid
2 system or described in subsection (c)(3)”
3 after “highway bridge” each place it ap-
4 pears and

9 (B) in the second sentence of subsection

10 (e) —

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

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

16 (iii) by striking paragraphs (3) and
17 (4):

18 (C) in the first sentence of subsection (l),
19 by inserting “on the Federal-aid system or de-
20 scribed in subsection (c)(3)” after “any
21 bridge”;

22 (D) in subsection (m)(1), by inserting “on
23 the Federal-aid system or described in sub-
24 section (c)(3)” after “construct any bridge”;
25 and

1 (E) in the first sentence of subsection (n),
2 by inserting “for each of fiscal years 1991
3 through 2003,” after “of law.”

10 (B) by striking the second sentence.

15 “(6) Not more than \$110,000,000 for each of
16 fiscal years 2003 through 2009.”.

17 (8) UNIVERSITY TRANSPORTATION RE-
18 SEARCH.—Section 5505(i) of title 49, United States
19 Code, is amended by adding at the end the fol-
20 lowing:

21 “(4) FISCAL YEARS 2004 THROUGH 2009.—For
22 each of fiscal years 2004 through 2009, the Sec-
23 retary shall make a grant under this section in the
24 amount of \$1,000,000 to Oklahoma State Univer-
25 sity.”.

1 (b) EXPENDITURES FROM HIGHWAY TRUST

2 FUND.—

3 (1) EXPENDITURES FOR CORE PROGRAMS.—

4 Section 9503(c) of the Internal Revenue Code of
5 1986 (relating to expenditures from Highway Trust
6 Fund) is amended—

7 (A) in paragraph (1), by striking “October
8 1, 2003” each place it appears and inserting
9 “October 1, 2009”;

10 (B) in paragraphs (2)(A)(i)(III), (2)(A)(ii),
11 (4)(A)(i), and (5)(A), by striking “October 1,
12 2005” each place it appears and inserting “Oc-
13 tober 1, 2009”;

14 (C) in paragraph (1)—

15 (i) in subparagraph (D), by striking
16 “or” at the end;

17 (ii) in subparagraph (E), by striking
18 the period and inserting “, or”;

19 (iii) by inserting after subparagraph
20 (E) the following:

21 “(F) authorized to be paid out of the
22 Highway Trust Fund under the Transportation
23 Empowerment Act.”; and

24 (iv) by striking the last sentence and
25 inserting the following new flush sentence:

1 “In determining the authorizations under the Acts
2 referred to in the preceding subparagraphs, such
3 Acts shall be applied as in effect on the date of en-
4 actment of the Transportation Empowerment Act.”;
5 and

6 (D) in paragraphs (2)(A)(i) and (3), by
7 striking “July 1, 2006” each place it appears
8 and inserting “July 1, 2009”.

9 (2) AMOUNTS AVAILABLE FOR CORE PROGRAM
10 EXPENDITURES.—Section 9503 of such Code (relat-
11 ing to the Highway Trust Fund) is amended by add-
12 ing at the end the following:

13 “(g) CORE PROGRAMS FINANCING RATE.—For pur-
14 poses of this section—

15 “(1) IN GENERAL.—Except as provided in para-
16 graph (2), in the case of gasoline, special motor
17 fuels, kerosene, and diesel fuel, the core programs fi-
18 nancing rate is—

19 “(A) after September 30, 2003, and before
20 October 1, 2004, so much of the rate of the
21 taxes described in subparagraphs (A) and (D)
22 of subsection (b)(1) transferred to the Highway
23 Trust Fund as does not exceed 16.3 cents per
24 gallon,

1 “(B) after September 30, 2004, and before
2 October 1, 2005, so much of the rate of such
3 taxes as does not exceed 11.3 cents per gallon,

4 “(C) after September 30, 2005, and before
5 October 1, 2006, so much of the rate of such
6 taxes as does not exceed 8.3 cents per gallon,

7 “(D) after September 30, 2006, and before
8 October 1, 2007, so much of the rate of such
9 taxes as does not exceed 7.3 cents per gallon,

10 and

11 “(E) after September 30, 2007, the rate of
12 such taxes.

13 “(2) APPLICATION OF RATE.—In the case of
14 fuels used as described in paragraph (4)(D) and
15 (5)(B) of subsection (c), the core programs financing
16 rate is zero.”.

17 (c) TERMINATION OF TRANSFERS TO MASS TRANSIT
18 ACCOUNT.—

19 (1) IN GENERAL.—Section 9503(e)(2) of the
20 Internal Revenue Code of 1986 (relating to Mass
21 Transit Account) is amended by striking “2 cents”
22 and inserting “2 cents (zero, after September 30,
23 2003)”.

24 (2) AUTHORIZATION TO EXPEND REMAINING
25 BALANCES IN ACCOUNT.—Section 9503(e)(3) of such

1 Code is amended by striking “before October 1,
2 1997”.

3 (d) EFFECTIVE DATE.—The amendments made by
4 this section take effect on October 1, 2003.

5 **SEC. 4. INFRASTRUCTURE SPECIAL ASSISTANCE FUND.**

6 (a) BALANCE OF CORE PROGRAMS FINANCING RATE
7 DEPOSITED IN FUND.—Section 9503 of the Internal Rev-
8 enue Code of 1986 (as amended by section 3(b)(2)) is
9 amended by adding at the end the following:

10 “(h) ESTABLISHMENT OF INFRASTRUCTURE SPE-
11 CIAL ASSISTANCE FUND.—

12 “(1) CREATION OF FUND.—There is established
13 in the Highway Trust Fund a separate fund to be
14 known as the ‘Infrastructure Special Assistance
15 Fund’ consisting of such amounts as may be trans-
16 ferred or credited to the Infrastructure Special As-
17 sistance Fund as provided in this subsection or sec-
18 tion 9602(b).

19 “(2) TRANSFERS TO INFRASTRUCTURE SPECIAL
20 ASSISTANCE FUND.—On the first day of each fiscal
21 year, the Secretary, in consultation with the Sec-
22 retary of Transportation, shall determine the excess
23 (if any) of—

24 “(A) the sum of—

1 “(i) the amounts appropriated in such
2 fiscal year to the Highway Trust Fund
3 under subsection (b) which are attributable
4 to the core programs financing rate for
5 such year, plus

6 “(ii) the amounts appropriated in
7 such fiscal year to the Highway Trust
8 Fund under subsection (b) which are at-
9 tributable to taxes under sections 4051,
10 4061, 4071, and 4481 for such year, over
11 “(B) the amount appropriated under sub-
12 section (c) for such fiscal year,

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

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

17 “(A) TRANSITIONAL ASSISTANCE.—

18 “(i) IN GENERAL.—Except as pro-
19 vided in clause (iv), during fiscal years
20 2004 through 2007, \$1,000,000,000 in the
21 Infrastructure Special Assistance Fund
22 shall be available to States for transpor-
23 tation-related program expenditures.

24 “(ii) STATE SHARE.—

1 “(I) IN GENERAL.—Except as
2 provided in clause (v), each State is
3 entitled to a share of the amount
4 specified in clause (i) upon enactment
5 of legislation providing 1 of the 2
6 funding mechanisms described in
7 clause (iii).

8 “(II) DETERMINATION OF STATE
9 SHARE.—For purposes of subclause
10 (I), each State’s share shall be deter-
11 mined in the following manner:

12 “(aa) Multiply the percent-
13 age of the amounts appropriated
14 in the latest fiscal year for which
15 such data are available to the
16 Highway Trust Fund under sub-
17 section (b) which is attributable
18 to taxes paid by highway users in
19 the State, by the amount speci-
20 fied in clause (i). If the result
21 does not exceed \$15,000,000, the
22 State’s share equals
23 \$15,000,000. If the result ex-
24 ceeds \$15,000,000, the State’s

1 share is determined under item
2 (bb).

3 “(bb) Multiply the percent-
4 age determined under item (aa),
5 by the amount specified in clause
6 (i) reduced by an amount equal
7 to \$15,000,000 times the number
8 of States the share of which is
9 determined under item (aa).

10 “(iii) LEGISLATIVE FUNDING MECHA-
11 NISMS.—A funding mechanism is described
12 in this clause as follows:

13 “(I) A funding mechanism which
14 results in revenues for transportation-
15 related projects in the State for fiscal
16 year 2008 and each succeeding fiscal
17 year which are equal to the excess
18 of—

19 “(aa) the mean annual aver-
20 age of distributions from the
21 Highway Trust Fund to the
22 State for fiscal years 1998
23 through 2003; over

24 “(bb) the distributions from
25 the Highway Trust Fund to the

State for such fiscal year attributable to the core programs financing rate for such year.

“(II) A funding mechanism which results in an increase in the rate of tax on motor fuels equal to the decrease in the rate of tax on fuels under section 4081 for fiscal year 2008 and any succeeding fiscal year.

“(iv) DISTRIBUTION OF REMAINING AMOUNT.—If after September 30, 2007, a portion of the amount specified in clause (i) remains, the Secretary, in consultation with the Secretary of Transportation, shall, on October 1, 2007, apportion the portion among the States which received a share of such amount under clause (ii) and which are not described in clause (v) using the percentages determined under clause (ii)(II)(aa) for such States.

“(v) ENFORCEMENT OF FUNDING MECHANISM REQUIREMENT.—If a State, which enacted legislation providing for a funding mechanism described in clause

1 (iii), terminates such mechanism before fis-
2 cal year 2007, the State's share deter-
3 mined under clauses (ii) and (iv) shall be
4 deducted from any amount the State would
5 otherwise receive from the Highway Trust
6 Fund for fiscal year 2007.

7 “(B) ADDITIONAL EXPENDITURES FROM
8 FUND.—

1 any amount the State would otherwise re-
2 ceive from the Highway Trust Fund for
3 the fiscal year which begins after the date
4 of the determination.”.

5 (b) EFFECTIVE DATE.—The amendment made by
6 this section takes effect on October 1, 2003.

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

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

11 “(6) RETURN OF EXCESS TAX RECEIPTS TO
12 STATES FOR SURFACE TRANSPORTATION PUR-
13 POSES.—

14 “(A) IN GENERAL.—On the first day of
15 each of fiscal years 2004, 2005, 2006, and
16 2007, the Secretary, in consultation with the
17 Secretary of Transportation, shall—

18 “(i) determine the excess (if any) of—
19 “(I) the amounts appropriated in
20 such fiscal year to the Highway Trust
21 Fund under subsection (b) which are
22 equivalent to the taxes attributable to
23 the excess of—

1 “(aa) the Highway Trust
2 Fund financing rate for such
3 year, over
4 “(bb) the core programs fi-
5 nancing rate for such year, over
6 “(II) the amounts so appro-
7 priated which are equivalent to the
8 taxes described in paragraphs (4)(D)
9 and (5)(B), and
10 “(ii) allocate the amount determined
11 under clause (i) among the States (as de-
12 fined in section 101(a) of title 23, United
13 States Code) for surface transportation
14 (including mass transit and rail) purposes
15 so that—
16 “(I) the percentage of that
17 amount allocated to each State, is
18 equal to
19 “(II) the percentage of the
20 amount determined under clause (i)(I)
21 paid into the Highway Trust Fund in
22 the latest fiscal year for which such
23 data are available which is attrib-
24 utable to highway users in the State.

1 “(B) ENFORCEMENT.—If the Secretary
2 determines that a State has used amounts
3 under subparagraph (A) for a purpose which is
4 not a surface transportation purpose as de-
5 scribed in subparagraph (A), the improperly
6 used amounts shall be deducted from any
7 amount the State would otherwise receive from
8 the Highway Trust Fund for the fiscal year
9 which begins after the date of the determina-
10 tion.”.

11 (b) EFFECTIVE DATE.—The amendment made by
12 this section takes effect on October 1, 2003.

13 **SEC. 6. INTERSTATE SURFACE TRANSPORTATION COM-
14 PACTS.**

15 (a) DEFINITIONS.—In this section:

16 (1) INFRASTRUCTURE BANK.—The term “infra-
17 structure bank” means a surface transportation in-
18 frastructure bank established under an interstate
19 compact under subsection (b)(5) and described in
20 subsection (d).

21 (2) PARTICIPATING STATES.—The term “par-
22 ticipating States” means the States that are parties
23 to an interstate compact entered into under sub-
24 section (b).

8 (b) CONSENT OF CONGRESS.—In order to increase
9 public investment, attract needed private investment, and
10 promote an intermodal transportation network, Congress
11 grants consent to States to enter into interstate compacts
12 to—

19 (3) conduct long-term planning for surface
20 transportation infrastructure in the participating
21 States:

22 (4) develop design and construction standards
23 for infrastructure described in paragraph (3) to be
24 used by the participating States; and

5 (c) FINANCING.—An interstate compact established
6 by participating States under subsection (b) to carry out
7 a surface transportation project may provide that, in order
8 to carry out the compact, the participating States may—

15 (A) borrow money on a short-term basis
16 and issue notes for the borrowing; and

17 (B) issue bonds; and

18 (4) obtain financing by other means permitted
19 under Federal or State law, including surface trans-
20 portation infrastructure banks under subsection (d).

21 (d) INFRASTRUCTURE BANKS.—

22 (1) IN GENERAL.—An infrastructure bank
23 may—

24 (A) make loans;

6 (C) provide other assistance to public or
7 private entities constructing, or proposing to
8 construct or initiate, surface transportation
9 projects.

10 (2) FORMS OF ASSISTANCE.—

11 (A) IN GENERAL.—An infrastructure bank
12 may make a loan or provide other assistance
13 described in subparagraph (C) to a public or
14 private entity in an amount equal to all or part
15 of the construction cost, capital cost, or initi-
16 ation cost of a surface transportation project.

17 (B) SUBORDINATION OF ASSISTANCE.—
18 The amount of any loan or other assistance de-
19 scribed in subparagraph (C) that is received for
20 a surface transportation project under this sec-
21 tion may be subordinated to any other debt fi-
22 nancing for the surface transportation project.

23 (C) OTHER ASSISTANCE.—Other assist-
24 ance referred to in subparagraphs (A) and (B)
25 includes any use of funds for the purpose of—

- (i) credit enhancement;
- (ii) a capital reserve for bond or debt instrument financing;
- (iii) bond or debt instrument financing issuance costs;
- (iv) bond or debt issuance financing insurance;
- (v) subsidization of interest rates;
- (vi) letters of credit;
- (vii) any credit instrument;
- (viii) bond or debt financing instrument security; and
- (ix) any other form of debt financing that relates to the qualifying surface transportation project.

(3) NO OBLIGATION OF UNITED STATES.—

17 (A) IN GENERAL.—The establishment
18 under this section of an infrastructure bank
19 does not constitute a commitment, guarantee,
20 or obligation on the part of the United States
21 to any third party with respect to any security
22 or debt financing instrument issued by the
23 bank. No third party shall have any right
24 against the United States for payment solely by
25 reason of the establishment.

1 (B) STATEMENT ON INSTRUMENT.—Any
2 security or debt financing instrument issued by
3 an infrastructure bank shall expressly state that
4 the security or instrument does not constitute a
5 commitment, guarantee, or obligation of the
6 United States.

7 (e) EFFECTIVE DATE.—This section takes effect on
8 October 1, 2003.

9 SEC. 7. REDUCTION IN TAXES ON GASOLINE, DIESEL FUEL,
10 KEROSENE, AND SPECIAL FUELS FUNDING
11 HIGHWAY TRUST FUND.

12 (a) REDUCTION IN TAX RATE.—

16 (A) in clause (i), by striking “18.3 cents”
17 and inserting “2 cents”; and

18 (B) in clause (iii), by striking “24.3 cents”
19 and inserting “2 cents”.

20 (2) CONFORMING AMENDMENT.—Section
21 6427(b)(2)(A) of such Code is amended by striking
22 “7.4 cents” and inserting “1.9 cents”.

23 (b) ADDITIONAL CONFORMING AMENDMENTS.—

24 (1) Section 4041(a)(1)(C)(iii)(I) of the Internal
25 Revenue Code of 1986 is amended by striking “(4.3

1 cents per gallon after September 30, 2005)” and in-
2 serting “(zero after September 30, 2007”).

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

5 (A) in clause (i), by striking “2005” and
6 inserting “2007,”; and

7 (B) by striking clause (ii) and inserting the
8 following:

9 “(ii) zero after September 30, 2007,
10 and”.

11 (3) Section 4081(d)(1) of such Code is amend-
12 ed by striking “4.3 cents per gallon after September
13 30, 2005” and inserting “zero after September 30,
14 2009”.

15 (4) Section 9503(b) of such Code is amended—

16 (A) in paragraphs (1) and (2), by striking
17 “October 1, 2005” both places it appears and
18 inserting “October 1, 2009”;

19 (B) in the heading of paragraph (2), by
20 striking “OCTOBER 1, 2005” and inserting “OC-
21 TOBER 1, 2009”;

22 (C) in paragraph (2), by striking “after
23 September 30, 2005, and before July 1, 2006”
24 and inserting “after September 30, 2009, and
25 before July 1, 2010”; and

1 (D) in paragraph (4), by striking “2005”
2 each place it appears and inserting “2007”.

3 (c) FLOOR STOCK REFUNDS.—

4 (1) IN GENERAL.—If—

5 (A) before October 1, 2007, tax has been
6 imposed under section 4081 of the Internal
7 Revenue Code of 1986 on any liquid; and

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

20 (A) claim therefor is filed with the Sec-
21 retary of the Treasury before April 1, 2008;
22 and

23 (B) in any case where liquid is held by a
24 dealer (other than the taxpayer) on October 1,
25 2007—

1 (i) the dealer submits a request for re-
2 fund or credit to the taxpayer before Janu-
3 ary 1, 2008; and

4 (ii) the taxpayer has repaid or agreed
5 to repay the amount so claimed to such
6 dealer or has obtained the written consent
7 of such dealer to the allowance of the cred-
8 it or the making of the refund.

23 (d) EFFECTIVE DATE.—

24 (1) IN GENERAL.—Except as provided in para-
25 graph (2), the amendments made by this section

1 shall apply to fuel removed after September 30,
2 2007.

3 (2) ADDITIONAL CONFORMING AMENDMENTS.—

4 The amendments made by subsection (c) take effect
5 on October 1, 2003.

6 **SEC. 8. MASS TRANSPORTATION.**

7 (a) IN GENERAL.—Section 5338 of title 49, United
8 States Code, is amended to read as follows:

9 **“§ 5338. Authorizations**

10 “There is authorized to be appropriated to the Sec-
11 retary to carry out this chapter \$3,000,000,000 for each
12 of fiscal years 2004 through 2009, of which—

13 “(1) \$2,500,000,000 for each fiscal year shall
14 be used to carry out sections 5307 and 5309;

15 “(2) \$500,000,000 for each fiscal year shall be
16 used to carry out section 5311; and

17 “(3) the amount remaining after allocation
18 under paragraphs (1) and (2) for each fiscal year
19 shall be used at the discretion of the Secretary, in-
20 cluding for capital expenditure under this chapter.”.

21 (b) EFFECTIVE DATE.—The amendment made by
22 this section takes effect on October 1, 2003.

1 **SEC. 9. REVENUE ALIGNED BUDGET AUTHORITY.**

2 Section 110(a) of title 23, United States Code, is
3 amended by striking paragraph (1) and inserting the fol-
4 lowing:

5 “(1) ALLOCATION.—If the amount determined
6 under section 251(b)(1)(B)(ii)(I)(cc) of the Balanced
7 Budget and Emergency Deficit Control Act of 1985
8 (2 U.S.C. 901(b)(2)(B)(ii)(I)(cc)) for fiscal year
9 2003 or any fiscal year thereafter is greater than
10 zero, the Secretary, on October 1 of the following
11 fiscal year, shall allocate for that following fiscal
12 year an amount of funds equal to the amount deter-
13 mined under that section.”.

14 **SEC. 10. REPORT TO CONGRESS.**

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

1 **SEC. 11. EFFECTIVE DATE CONTINGENT UPON CERTIFI-**2 **CATION OF DEFICIT NEUTRALITY.**3 (a) PURPOSE.—The purpose of this section is to en-
4 sure that—5 (1) this Act will become effective only if the Di-
6 rector of the Office of Management and Budget cer-
7 tifies that this Act is deficit neutral;8 (2) discretionary spending limits are reduced to
9 capture the savings realized in devolving transpor-
10 tation functions to the State level pursuant to this
11 Act; and12 (3) the tax reduction made by this Act is not
13 scored under pay-as-you-go and does not inadvert-
14 ently trigger a sequestration.15 (b) EFFECTIVE DATE CONTINGENCY.—Notwith-
16 standing any other provision of this Act, this Act and the
17 amendments made by this Act shall take effect only if—18 (1) the Director of the Office of Management
19 and Budget (referred to in this section as the “Di-
20 rector”) submits the report as required in subsection
21 (c); and22 (2) the report contains a certification by the Di-
23 rector that, based on the required estimates, the re-
24 duction in discretionary outlays resulting from the
25 reduction in contract authority is at least as great

1 as the reduction in revenues for each fiscal year
2 through fiscal year 2009.

3 (c) OMB ESTIMATES AND REPORT.—

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

7 (A) estimate the net change in revenues re-
8 sulting from this Act for each fiscal year
9 through fiscal year 2009;

10 (B) estimate the net change in discretionary
11 outlays resulting from the reduction in
12 contract authority under this Act for each fiscal
13 year through fiscal year 2009;

14 (C) determine, based on those estimates,
15 whether the reduction in discretionary outlays
16 is at least as great as the reduction in revenues
17 for each fiscal year through fiscal year 2009;
18 and

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

21 (2) APPLICABLE ASSUMPTIONS AND GUIDE-
22 LINES.—

23 (A) REVENUE ESTIMATES.—The revenue
24 estimates required under paragraph (1)(A)
25 shall be predicated on the same economic and

1 technical assumptions and scorekeeping guide-
2 lines that would be used for estimates made
3 pursuant to section 252(d) of the Balanced
4 Budget and Emergency Deficit Control Act of
5 1985 (2 U.S.C. 902(d)).

6 (B) OUTLAY ESTIMATES.—The outlay esti-
7 mates required under paragraph (1)(B) shall be
8 determined by comparing the level of discre-
9 tionary outlays resulting from this Act with the
10 corresponding level of discretionary outlays pro-
11 jected in the baseline under section 257 of the
12 Balanced Budget and Emergency Deficit Con-
13 trol Act of 1985 (2 U.S.C. 907).

14 (d) CONFORMING ADJUSTMENT TO DISCRETIONARY
15 SPENDING LIMITS.—Upon compliance with the require-
16 ments specified in subsection (b), the Director shall adjust
17 the adjusted discretionary spending limits for each fiscal
18 year through fiscal year 2003 under section 601(a)(2) of
19 the Congressional Budget Act of 1974 (2 U.S.C.
20 665(a)(2)) by the estimated reductions in discretionary
21 outlays under subsection (c)(1)(B).

22 (e) PAYGO INTERACTION.—Upon compliance with the
23 requirements specified in subsection (b), no changes in
24 revenues estimated to result from the enactment of this
25 Act shall be counted for the purposes of section 252(d)

1 of the Balanced Budget and Emergency Deficit Control
2 Act of 1985 (2 U.S.C. 902(d)).

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