

113TH CONGRESS
1ST SESSION

S. 1702

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

NOVEMBER 14, 2013

Mr. LEE (for himself, Mr. RUBIO, and Mr. CRUZ) 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) the objective described in paragraph (1) has
4 been attained, and the Interstate System connecting
5 all States is near completion;

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 motor fuels used in the States and then distrib-
17 uting the proceeds to the States based on the per-
18 ceptions of the Federal Government on what is best
19 for the States;

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

1 (8) the Federal distribution, review, and en-
2 forcement process wastes billions of dollars on un-
3 productive activities;

4 (9) Federal mandates that apply uniformly to
5 all 50 States, regardless of the different cir-
6 cumstances of the States, cause the States to waste
7 billions of hard-earned tax dollars on projects, pro-
8 grams, and activities that the States would not oth-
9 erwise undertake; and

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—

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

19 (2) to preserve Federal responsibility for the
20 Dwight D. Eisenhower National System of Inter-
21 state and Defense Highways;

22 (3) to preserve the responsibility of the Depart-
23 ment of Transportation for—

1 (A) design, construction, and preservation
2 of transportation facilities on Federal public
3 land;

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;

9 (4) to eliminate to the maximum extent prac-
10 ticable Federal obstacles to the ability of each State
11 to apply innovative solutions to the financing, de-
12 sign, construction, operation, and preservation of
13 Federal and State transportation facilities; and

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 gov-
18 ernments, and the private sector; and

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

21 **SEC. 3. FUNDING LIMITATION.**

22 Notwithstanding any other provision of law, if the
23 Secretary of Transportation determines for any of fiscal
24 years 2015 through 2019 that the aggregate amount re-
25 quired to carry out transportation programs and projects

1 under this Act and amendments made by this Act exceeds
 2 the estimated aggregate amount in the Highway Trust
 3 Fund available for those programs and projects for the
 4 fiscal year, each amount made available for that program
 5 or project shall be reduced by the pro rata percentage re-
 6 quired to reduce the aggregate amount required to carry
 7 out those programs and projects to an amount equal to
 8 that available for those programs and projects in the
 9 Highway Trust Fund for the fiscal year.

10 **SEC. 4. FUNDING FOR CORE HIGHWAY PROGRAMS.**

11 (a) IN GENERAL.—

12 (1) AUTHORIZATION OF APPROPRIATIONS.—

13 The following sums are authorized to be appro-
 14 priated out of the Highway Trust Fund (other than
 15 the Mass Transit Account):

16 (A) FEDERAL-AID HIGHWAY PROGRAM.—

17 For the national highway performance program
 18 under section 119 of title 23, United States
 19 Code, the surface transportation program under
 20 section 133 of that title, the metropolitan trans-
 21 portation planning program under section 134
 22 of that title, the highway safety improvement
 23 program under section 148 of that title, and the
 24 congestion mitigation and air quality improve-
 25 ment program under section 149 of that title—

- 1 (i) \$37,592,576,000 for fiscal year
2 2015;
3 (ii) \$19,720,696,000 for fiscal year
4 2016;
5 (iii) \$13,147,130,000 for fiscal year
6 2017;
7 (iv) \$10,271,196,000 for fiscal year
8 2018; and
9 (v) \$7,600,685,000 for fiscal year
10 2019.

11 (B) EMERGENCY RELIEF.—For emergency
12 relief under section 125 of title 23, United
13 States Code, \$100,000,000 for each of fiscal
14 years 2015 through 2019.

15 (C) FEDERAL LANDS PROGRAMS.—

16 (i) FEDERAL LANDS TRANSPORTATION PROGRAM.—For the Federal lands
17 transportation program under section 203
18 of title 23, United States Code,
19 \$300,000,000 for each of fiscal years 2015
20 through 2019, of which \$240,000,000 of
21 the amount made available for each fiscal
22 year shall be the amount for the National
23 Park Service and \$30,000,000 of the
24 amount made available for each fiscal year
25

shall be the amount for the United States
Fish and Wildlife Service.

(ii) FEDERAL LANDS ACCESS PROGRAM.—For the Federal lands access program under section 204 of title 23, United States Code, \$250,000,000 for each of fiscal years 2015 through 2019.

(D) ADMINISTRATIVE EXPENSES.—Section 104(a) of title 23, United States Code, is amended by striking paragraph (1) and inserting the following:

“(1) IN GENERAL.—There are authorized to be appropriated from the Highway Trust Fund (other than the Mass Transit Account) to be made available to the Secretary for administrative expenses of the Federal Highway Administration—

“(A) \$437,600,000 for fiscal year 2015;

“(B) \$229,565,000 for fiscal year 2016;

“(C) \$153,043,000 for fiscal year 2017;

“(D) \$119,565,000 for fiscal year 2018;

and

“(E) \$88,478,000 for fiscal year 2019.”.

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

1 “(f) TRANSFERABILITY OF FUNDS.—

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

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

18 (3) FEDERAL-AID SYSTEM.—

19 (A) IN GENERAL.—Section 103(a) of title
20 23, United States Code, is amended by striking
21 “the National Highway System, which in-
22 cludes”.

23 (B) CONFORMING AMENDMENTS.—Chapter
24 1 of title 23, United States Code, is amended—

1 (i) in section 103 by striking the sec-
 2 tion designation and heading and inserting
 3 the following:

4 **“§ 103. Federal-aid system”;**

5 and

6 (ii) in the analysis by striking the
 7 item relating to section 103 and inserting
 8 the following:

“103. Federal-aid system.”.

9 (4) CALCULATION OF STATE AMOUNTS.—Sec-
 10 tion 104(c)(2) of title 23, United States Code, is
 11 amended—

12 (A) in the paragraph heading by striking
 13 “FOR FISCAL YEAR 2014” and inserting “SUB-
 14 SEQUENT FISCAL YEARS”; and

15 (B) in subparagraph (A) by striking “fiscal
 16 year 2014” and inserting “fiscal year 2014 and
 17 each subsequent fiscal year”.

18 (5) NATIONAL BRIDGE AND TUNNEL INVEN-
 19 TORY AND INSPECTION STANDARDS.—

20 (A) IN GENERAL.—Section 144 of title 23,
 21 United States Code, is amended—

22 (i) in subsection (e)(1) by inserting
 23 “on the Federal-aid system” after “any
 24 bridge”; and

1 (ii) in subsection (f)(1) by inserting
2 “on the Federal-aid system” after “con-
3 struct any bridge”.

4 (B) REPEAL OF HISTORIC BRIDGES PROVI-
5 SIONS.—Section 144(g) of title 23, United
6 States Code, is repealed.

7 (6) REPEAL OF TRANSPORTATION ALTER-
8 NATIVES PROGRAM.—The following provisions are
9 repealed:

10 (A) Section 213 of title 23, United States
11 Code.

12 (B) The item relating to section 213 in the
13 analysis for chapter 1 of title 23, United States
14 Code.

15 (7) NATIONAL DEFENSE HIGHWAYS.—Section
16 311 of title 23, United States Code, is amended—

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

21 (B) by striking the second sentence.

22 (8) FEDERALIZATION AND DEFEDERALIZATION
23 OF PROJECTS.—Notwithstanding any other provision
24 of law, beginning on October 1, 2014—

1 (A) a highway construction or improve-
2 ment project shall not be considered to be a
3 Federal highway construction or improvement
4 project unless and until a State expends Fed-
5 eral funds for the construction portion of the
6 project;

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

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

22 (ii) after completion of a reimbursement
23 described in clause (i), a highway construction
24 or improvement project described in that clause

1 shall no longer be considered to be a Federal
2 highway construction or improvement project.

3 (9) REPORTING REQUIREMENTS.—No reporting
4 requirement, other than a reporting requirement in
5 effect as of the date of enactment of this Act, shall
6 apply on or after October 1, 2014, to the use of
7 Federal funds for highway projects by a public-pri-
8 vate partnership.

9 (b) EXPENDITURES FROM HIGHWAY TRUST
10 FUND.—

11 (1) EXPENDITURES FOR CORE PROGRAMS.—
12 Section 9503(c) of the Internal Revenue Code of
13 1986 is amended—

14 (A) in paragraph (1)—

15 (i) by striking “October 1, 2014” and
16 inserting “October 1, 2020”; and

17 (ii) by striking “MAP-21” and insert-
18 ing “Transportation Empowerment Act”;

19 (B) in paragraphs (3)(A)(i), (4)(A), and
20 (5), by striking “October 1, 2016” each place
21 it appears and inserting “October 1, 2022”;
22 and

23 (C) in paragraph (2), by striking “July 1,
24 2017” and inserting “July 1, 2023”.

1 (2) AMOUNTS AVAILABLE FOR CORE PROGRAM
2 EXPENDITURES.—Section 9503 of the Internal Rev-
3 enue Code of 1986 is amended by adding at the end
4 the following:

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

7 “(1) IN GENERAL.—Except as provided in para-
8 graph (2)—

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

13 “(i) after September 30, 2014, and
14 before October 1, 2015, 18.3 cents per gal-
15 lon,

16 “(ii) after September 30, 2015, and
17 before October 1, 2016, 9.6 cents per gal-
18 lon,

19 “(iii) after September 30, 2016, and
20 before October 1, 2017, 6.4 cents per gal-
21 lon,

22 “(iv) after September 30, 2017, and
23 before October 1, 2018, 5.0 cents per gal-
24 lon, and

1 “(v) after September 30, 2018, 3.7
2 cents per gallon, and

3 “(B) in the case of kerosene, diesel fuel,
4 and special motor fuels the tax rate of which is
5 the rate specified in section 4081(a)(2)(A)(iii),
6 the core programs financing rate is—

7 “(i) after September 30, 2014, and
8 before October 1, 2015, 24.3 cents per gal-
9 lon,

10 “(ii) after September 30, 2015, and
11 before October 1, 2016, 12.7 cents per gal-
12 lon,

13 “(iii) after September 30, 2016, and
14 before October 1, 2017, 8.5 cents per gal-
15 lon,

16 “(iv) after September 30, 2017, and
17 before October 1, 2018, 6.6 cents per gal-
18 lon, and

19 “(v) after September 30, 2018, 5.0
20 cents per gallon.

21 “(2) APPLICATION OF RATE.—In the case of
22 fuels used as described in paragraphs (3)(C), (4)(B),
23 and (5) of subsection (c), the core programs financ-
24 ing rate is zero.”.

1 (c) TERMINATION OF MASS TRANSIT ACCOUNT.—
 2 Section 9503(e)(2) of the Internal Revenue Code of 1986
 3 is amended—

4 (1) in the first sentence, by inserting “, and be-
 5 fore October 1, 2014” after “March 31, 1983”; and

6 (2) by adding at the end the following:

7 “(6) TRANSFER TO HIGHWAY ACCOUNT.—On
 8 October 1, 2014, the Secretary shall transfer all
 9 amounts in the Mass Transit Account to the High-
 10 way Account.”.

11 (d) EFFECTIVE DATE.—The amendments and re-
 12 peals made by this section take effect on October 1, 2014.

13 **SEC. 5. FUNDING FOR HIGHWAY RESEARCH AND DEVELOP-**
 14 **MENT PROGRAM.**

15 (a) AUTHORIZATION OF APPROPRIATIONS.—There is
 16 authorized to be appropriated out of the Highway Trust
 17 Fund (other than the Mass Transit Account) to carry out
 18 section 503(b) of title 23, United States Code,
 19 \$115,000,000 for each of fiscal years 2015 through 2019.

20 (b) APPLICABILITY OF TITLE 23, UNITED STATES
 21 CODE.—Funds authorized to be appropriated by sub-
 22 section (a) shall—

23 (1) be available for obligation in the same man-
 24 ner as if those funds were apportioned under chap-
 25 ter 1 of title 23, United States Code, except that the

1 Federal share of the cost of a project or activity car-
 2 ried out using those funds shall be 80 percent, un-
 3 less otherwise expressly provided by this Act (includ-
 4 ing the amendments by this Act) or otherwise deter-
 5 mined by the Secretary; and

6 (2) remain available until expended and not be
 7 transferable.

8 **SEC. 6. RETURN OF EXCESS TAX RECEIPTS TO STATES.**

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

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

15 “(A) IN GENERAL.—On the first day of
 16 each of fiscal years 2016, 2017, 2018, and
 17 2019, the Secretary, in consultation with the
 18 Secretary of Transportation, shall—

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

20 “(I) the amounts appropriated in
 21 such fiscal year to the Highway Trust
 22 Fund under subsection (b) which are
 23 attributable to the taxes described in
 24 paragraphs (1) and (2) thereof (after

1 the application of paragraph (4)
2 thereof) over the sum of—

3 “(II) the amounts so appro-
4 priated which are equivalent to—

5 “(aa) such amounts attrib-
6 utable to the core programs fi-
7 nancing rate for such year, plus

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

11 “(ii) allocate the amount determined
12 under clause (i) among the States (as de-
13 fined in section 101(a) of title 23, United
14 States Code) for surface transportation
15 (including mass transit and rail) purposes
16 so that—

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

20 “(II) the percentage of the
21 amount determined under clause (i)(I)
22 paid into the Highway Trust Fund in
23 the latest fiscal year for which such
24 data are available which is attrib-
25 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, 2014.

13 **SEC. 7. REDUCTION IN TAXES ON GASOLINE, DIESEL FUEL,**
 14 **KEROSENE, AND SPECIAL FUELS FUNDING**
 15 **HIGHWAY TRUST FUND.**

16 (a) REDUCTION IN TAX RATE.—

17 (1) IN GENERAL.—Section 4081(a)(2)(A) of the
 18 Internal Revenue Code of 1986 is amended—

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

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

23 (2) CONFORMING AMENDMENTS.—

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

1 (i) by striking “19.7 cents” and in-
 2 serting “4.1 cents”, and

3 (ii) by striking “24.3 cents” and in-
 4 serting “5.0 cents”.

5 (B) Section 6427(b)(2)(A) of such Code is
 6 amended by striking “7.4 cents” and inserting
 7 “1.5 cents”.

8 (b) ADDITIONAL CONFORMING AMENDMENTS.—

9 (1) Section 4041(a)(1)(C)(iii)(I) of the Internal
 10 Revenue Code of 1986 is amended by striking “7.3
 11 cents per gallon (4.3 cents per gallon after Sep-
 12 tember 30, 2016)” and inserting “1.4 cents per gal-
 13 lon (zero after September 30, 2021)”.

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

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

20 (4) Section 4041(m)(1) of such Code is amend-
 21 ed—

22 (A) in subparagraph (A), by striking
 23 “2016” and inserting “2021,”;

24 (B) in subparagraph (A)(i), by striking
 25 “9.15 cents” and inserting “1.8 cents”;

1 (C) in subparagraph (A)(ii), by striking
2 “11.3 cents” and inserting “2.3 cents”; and

3 (D) by striking subparagraph (B) and in-
4 serting the following:

5 “(B) zero after September 30, 2021.”.

6 (5) Section 4081(d)(1) of such Code is amend-
7 ed by striking “4.3 cents per gallon after September
8 30, 2016” and inserting “zero after September 30,
9 2021”.

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

11 (A) in paragraphs (1) and (2), by striking
12 “October 1, 2016” both places it appears and
13 inserting “October 1, 2021”;

14 (B) in the heading of paragraph (2), by
15 striking “OCTOBER 1, 2016” and inserting “Oc-
16 TOBER 1, 2021”;

17 (C) in paragraph (2), by striking “after
18 September 30, 2016, and before July 1, 2017”
19 and inserting “after September 30, 2021, and
20 before July 1, 2022”; and

21 (D) in paragraph (6)(B), by striking “Oc-
22 tober 1, 2014” and inserting “October 1,
23 2019”.

24 (c) FLOOR STOCK REFUNDS.—

25 (1) IN GENERAL.—If—

1 (A) before October 1, 2019, tax has been
2 imposed under section 4081 of the Internal
3 Revenue Code of 1986 on any liquid; and

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

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

13 (2) TIME FOR FILING CLAIMS.—No credit or re-
14 fund shall be allowed or made under this subsection
15 unless—

16 (A) claim therefor is filed with the Sec-
17 retary of the Treasury before April 1, 2020;
18 and

19 (B) in any case where liquid is held by a
20 dealer (other than the taxpayer) on October 1,
21 2019—

22 (i) the dealer submits a request for re-
23 fund or credit to the taxpayer before Janu-
24 ary 1, 2020; and

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

6 (3) EXCEPTION FOR FUEL HELD IN RETAIL
 7 STOCKS.—No credit or refund shall be allowed under
 8 this subsection with respect to any liquid in retail
 9 stocks held at the place where intended to be sold
 10 at retail.

11 (4) DEFINITIONS.—For purposes of this sub-
 12 section, the terms “dealer” and “held by a dealer”
 13 have the respective meanings given to such terms by
 14 section 6412 of such Code; except that the term
 15 “dealer” includes a producer.

16 (5) CERTAIN RULES TO APPLY.—Rules similar
 17 to the rules of subsections (b) and (c) of section
 18 6412 and sections 6206 and 6675 of such Code shall
 19 apply for purposes of this subsection.

20 (d) EFFECTIVE DATES.—

21 (1) IN GENERAL.—Except as provided in para-
 22 graph (2), the amendments made by this section
 23 shall apply to fuel removed after September 30,
 24 2019.

1 (2) CERTAIN CONFORMING AMENDMENTS.—The
2 amendments made by subsections (b)(4) and (b)(6)
3 shall apply to fuel removed after September 30,
4 2016.

5 **SEC. 8. REPORT TO CONGRESS.**

6 Not later than 180 days after the date of enactment
7 of this Act, after consultation with the appropriate com-
8 mittees of Congress, the Secretary of Transportation shall
9 submit a report to Congress describing such technical and
10 conforming amendments to titles 23 and 49, United States
11 Code, and such technical and conforming amendments to
12 other laws, as are necessary to bring those titles and other
13 laws into conformity with the policy embodied in this Act
14 and the amendments made by this Act.

15 **SEC. 9. EFFECTIVE DATE CONTINGENT ON CERTIFICATION**
16 **OF DEFICIT NEUTRALITY.**

17 (a) PURPOSE.—The purpose of this section is to en-
18 sure that—

19 (1) this Act will become effective only if the Di-
20 rector of the Office of Management and Budget cer-
21 tifies that this Act is deficit neutral;

22 (2) discretionary spending limits are reduced to
23 capture the savings realized in devolving transpor-
24 tation functions to the State level pursuant to this
25 Act; and

1 (3) the tax reduction made by this Act is not
 2 scored under pay-as-you-go and does not inadvert-
 3 ently trigger a sequestration.

4 (b) EFFECTIVE DATE CONTINGENCY.—Notwith-
 5 standing any other provision of this Act, this Act and the
 6 amendments made by this Act shall take effect only if—

7 (1) the Director of the Office of Management
 8 and Budget (referred to in this section as the “Di-
 9 rector”) submits the report as required in subsection
 10 (c); and

11 (2) the report contains a certification by the Di-
 12 rector that, based on the required estimates, the re-
 13 duction in discretionary outlays resulting from the
 14 reduction in contract authority is at least as great
 15 as the reduction in revenues for each fiscal year
 16 through fiscal year 2019.

17 (c) OMB ESTIMATES AND REPORT.—

18 (1) REQUIREMENTS.—Not later than 5 cal-
 19 endar days after the date of enactment of this Act,
 20 the Director shall—

21 (A) estimate the net change in revenues re-
 22 sulting from this Act for each fiscal year
 23 through fiscal year 2019;

24 (B) estimate the net change in discre-
 25 tionary outlays resulting from the reduction in

1 contract authority under this Act for each fiscal
2 year through fiscal year 2019;

3 (C) determine, based on those estimates,
4 whether the reduction in discretionary outlays
5 is at least as great as the reduction in revenues
6 for each fiscal year through fiscal year 2019;
7 and

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

10 (2) APPLICABLE ASSUMPTIONS AND GUIDE-
11 LINES.—

12 (A) REVENUE ESTIMATES.—The revenue
13 estimates required under paragraph (1)(A)
14 shall be predicated on the same economic and
15 technical assumptions and score keeping guide-
16 lines that would be used for estimates made
17 pursuant to section 252(d) of the Balanced
18 Budget and Emergency Deficit Control Act of
19 1985 (2 U.S.C. 902(d)).

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

1 Balanced Budget and Emergency Deficit Con-
2 trol Act of 1985 (2 U.S.C. 907).

3 (d) CONFORMING ADJUSTMENT TO DISCRETIONARY
4 SPENDING LIMITS.—On compliance with the requirements
5 specified in subsection (b), the Director shall adjust the
6 adjusted discretionary spending limits for each fiscal year
7 through fiscal year 2019 under section 601(a)(2) of the
8 Congressional Budget Act of 1974 (2 U.S.C. 665(a)(2))
9 by the estimated reductions in discretionary outlays under
10 subsection (c)(1)(B).

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

○