

TRANSPORTATION WEEKLY

UPDATE – \$789.5 BILLION STIMULUS BILL IN THE WORKS

WEDNESDAY, FEBRUARY 11, 2009 – 2:00 P.M.

House and Senate conferees are scheduled to meet in the Capitol at 3 p.m. today to bless an agreement for an economic stimulus bill costing roughly \$789.5 billion over the next ten-and-a-half years.

This amount is \$30.0 billion less than the House-passed bill and \$48.7 billion less than the Senate-passed bill.

But the actual programmatic reduction in the House-passed bill is much greater, for two reasons. First, the conference agreement is said to contain the one-year Alternative Minimum Tax "patch" which was in the Senate version but not the House bill. This provision costs \$67.8 billion.

So the actual reduction in the House bill will be \$97.8 billion once the cost of the AMT patch is factored in.

But second, news reports and conversations with Congressional staff indicate that Sen. Arlen Specter (R-PA) was successful in keeping the conference agreement's ratio of tax cuts to spending the basically same as the Senate bill. Looking at net 10.5-year numbers provided by the Congressional Budget Office, the Senate bill had \$292.6 billion in net tax cuts and \$545.6 billion in spending outlays (35 percent tax cuts) while the House bill had \$182.3 billion in net tax cuts and \$637.3 billion in spending outlays (22 percent tax cuts).

If this is true, then 35.0 percent of \$789.5 billion means \$275.6 billion in tax cuts and \$513.9 billion in spending outlays in the

conference report. If the percentage is not exactly 35.0 (for example, 34.7% or 35.3%) then these numbers would be \$5 to \$10 billion off in either direction, but for the hypothetical game we will assume an even 35.0 percent.

\$513.9 billion in outlays in the final product would be \$123.4 billion less than the spending outlays in the House-passed bill. *CQ* reports that \$35 billion of this reduction comes from cutting the state stabilization fund from \$79 billion in the House bill to \$44 billion in the conference report. So the conference report would cut spending outlays in other areas by a total of about \$88.4 billion from the House-passed bill.

The actual composition of the spending is still unknown (except for the state stabilization fund number). The actual numbers on transportation and infrastructure spending levels are still being ironed out.