



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 7, 2012

Citrus, Wool, and Cotton Trust Fund Act of 2012

As ordered reported by the Senate Committee on Finance on July 18, 2012

SUMMARY

The Citrus, Wool, and Cotton Trust Fund Act of 2012 would establish a trust fund to support research on diseases affecting the citrus industry, provide new authority for expenditures from the Pima Cotton Trust Fund, and ensure that sufficient amounts are available in the Wool Apparel Manufacturers Trust Fund to make the full payments that are authorized each year. The bill also would eliminate duties paid on certain cotton fabrics, shift some corporate income tax payments between fiscal years, and extend user fees collected by Customs and Border Protection (CBP) that are set to expire under current law.

CBO estimates that enacting the bill would reduce direct spending by \$7 million over the 2013-2022 period. Further, the staff of the Joint Committee on Taxation (JCT) and CBO estimate that enacting the bill would reduce revenues by \$1 million over the same period; the net impact of those effects would reduce the deficits by \$6 million over the 2013-2022 period. Because the bill would affect both direct spending and revenues, pay-as-you-go procedures apply. CBO estimates that implementing the legislation would have an insignificant effect on discretionary spending.

CBO has determined that the nontax provisions of the bill contain no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments. CBO has determined that the nontax provisions of the bill would impose private-sector mandates as defined in UMRA by extending the authorization to collect customs user fees. CBO estimates that the aggregate cost of those mandates would exceed the annual threshold established in UMRA for private-sector mandates (\$146 million in 2012, adjusted annually for inflation). JCT has determined that the tax provision of the bill contains no intergovernmental or private-sector mandates.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of the bill is shown in the following table. The costs of this legislation fall within budget functions 350 (agriculture), 370 (commerce and housing credit), and 750 (administration of justice).

	By Fiscal Year, in Millions of Dollars											
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2013-2017	2013-2022
CHANGES IN DIRECT SPENDING												
Citrus Disease Research and Development Trust Fund												
Estimated Budget Authority	21	22	22	23	24	6	0	0	0	0	112	118
Estimated Outlays	4	13	22	22	23	20	12	2	0	0	84	118
Pima Cotton Trust Fund												
Estimated Budget Authority	16	16	16	5	0	0	0	0	0	0	53	53
Estimated Outlays	16	16	16	5	0	0	0	0	0	0	53	53
Payments to Wool Manufacturers												
Estimated Budget Authority	19	0	0	0	0	0	0	0	0	0	19	19
Estimated Outlays	19	0	0	0	0	0	0	0	0	0	19	19
Customs User Fees												
Estimated Budget Authority	0	0	0	0	0	0	0	0	0	-197	0	-197
Estimated Outlays	0	0	0	0	0	0	0	0	0	-197	0	-197
Total Changes												
Estimated Budget Authority	56	38	38	28	24	6	0	0	0	-197	184	-7
Estimated Outlays	39	29	38	27	23	20	12	2	0	-197	156	-7
CHANGES IN REVENUES												
Estimated Revenues	*	*	*	*	196	-196	0	0	0	0	195	-1
NET INCREASE OR DECREASE (-) IN THE DEFICIT FROM CHANGES IN DIRECT SPENDING AND REVENUES												
Impact on Deficit	39	29	38	27	-173	216	12	2	0	0	-197	-39

Note: * = less than \$500,000.

Negative numbers denote decreases.

BASIS OF ESTIMATE

For this estimate, CBO assumes that the bill will be enacted near the end of 2012 and that spending will follow historical patterns for similar activities. CBO estimates that enacting the bill would reduce direct spending by \$7 million over the 2013-2022 period. Further, JCT and CBO estimate that enacting the bill would reduce net revenues by \$1 million over the same period.

Direct Spending

Citrus Disease Research and Development Trust Fund. The legislation would establish a trust fund to support scientific research, technical assistance, and other activities to combat citrus diseases in the United States. The bill would require revenues collected from

tariffs on citrus imports to be deposited into a new trust fund and would authorize those amounts to be spent without further appropriation until December 31, 2017. Annual transfers to the trust fund would be the lesser of \$30 million, or one-third of annual revenues collected from tariffs on citrus imports. The bill also would establish a Citrus Disease Research and Development Trust Fund Advisory Board, consisting of domestic producers of citrus. Under the legislation, the board would have authority to employ staff, develop research plans, implement contracts and agreements, and provide compensation to scientific experts. CBO estimates that establishing the trust fund would increase direct spending by \$118 million over the 2013-2022 period.

Pima Cotton Trust Fund. The bill would authorize a program to make payments from the Pima Cotton Trust Fund to promoters and spinners of pima cotton grown in the United States and manufacturers who cut and sew cotton shirts in the United States. Established in 2006, the program authorized transfers into the fund from revenues collected from tariffs on certain cotton fabrics and annual payments from the fund, limited to \$16 million per year, to manufacturers and spinners who provided certifications as required by law. Authority for the program expired at the end of fiscal year 2008; the bill would authorize the program through December 31, 2015. CBO estimates that enacting this provision would increase direct spending by \$53 million over the 2013-2022 period.

Payments to Wool Manufacturers. Under current law, the Secretary of the Treasury is authorized to make annual payments from the Wool Apparel Manufacturers Trust Fund to certain wool growers, textile manufacturers, and suit makers. The fund is supported by revenues collected from tariffs on certain imports of wool yarn and fabric, which in recent years were not enough to allow the full authorized amount (up to \$15 million each year) to be paid to eligible recipients. The legislation would allow a new source of revenues from tariffs on imports of certain apparel products to support the fund and would authorize the Secretary of the Treasury to make payments to eligible recipients to make up for shortfalls in payments from the fund in fiscal years 2010, 2011, and 2012. CBO estimates that enacting this provision would cost \$19 million over the 2013-2022 period to cover shortfalls in amounts due from previous years. The CBO baseline assumes that eligible recipients will receive the full amount due from the tariffs collected on certain wool yarn and fabric imports in each year the program remains authorized. Relative to that baseline, we estimate that, under the bill, there would be no additional spending of tariffs on certain apparel products after 2013.

Customs User Fees. Under current law, customs user fees will expire after October 22, 2021 (for merchandise processing fees), and after October 29, 2021 (for COBRA fees, which were established in the Consolidated Omnibus Budget Reconciliation Act of 1985). The bill would permit Customs and Border Protection to collect those fees through November 12, 2021 (for merchandise processing fees), and through November 26, 2021 (for COBRA fees). CBO estimates that those changes would increase offsetting receipts (a credit against direct spending) by \$197 million in fiscal year 2022.

Revenues

The bill would shift payments of corporate estimated taxes between fiscal years 2017 and 2018. For corporations with at least \$1 billion in assets, the bill would increase the portion of corporate estimated payments due from July through September in 2017. JCT estimates that those changes would increase revenues by \$196 million in 2017 and decrease them by \$196 million in 2018.

The bill also would suspend duties collected on certain cotton fabrics through December 31, 2015. CBO estimates that that enacting this provision would reduce revenues by \$1 million over the 2013-2022 period.

Spending Subject to Appropriation

The Citrus, Wool, and Cotton Trust Fund Act of 2012 would direct the United States Trade Representative to address, in its engagement with Canada, certain activities that Canada undertakes to support its lumber market. CBO estimates that implementing this provision would not have a significant effect on discretionary costs.

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. The net changes in outlays and revenues that are subject to those pay-as-you-go procedures are shown in the following table.

CBO Estimate of Pay-As-You-Go Effects for the Citrus, Wool, and Cotton Trust Fund Act of 2012, as ordered reported by the Senate Committee on Finance on July 18, 2012

	By Fiscal Year, in Millions of Dollars												
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2012-2017	2012-2022
NET INCREASE OR DECREASE (-) IN THE DEFICIT													
Statutory Pay-As-You-Go Impact	0	39	29	38	27	-173	216	12	2	0	-197	-39	-6
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Memorandum:													
Changes in Outlays	0	39	29	38	27	23	20	12	2	0	-197	156	-7
Changes in Revenues	0	0	0	0	0	196	-196	0	0	0	0	195	-1

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

CBO has determined that the nontax provisions of the bill contain no intergovernmental mandates as defined in UMRA and would impose no costs on state, local, or tribal governments. JCT has determined that the tax provision of the bill contains no intergovernmental mandates.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

CBO has determined that by extending the authorization for the Customs and Border Protection to collect certain customs user fees (merchandise processing fees and COBRA fees) the nontax provisions of the bill would impose private-sector mandates as defined in UMRA on entities required to pay those fees. CBO estimates the aggregate cost to private entities would amount to \$197 million in 2022 and would exceed the annual threshold established in UMRA for private-sector mandates in that year (\$146 million in 2012, adjusted annually for inflation). JCT has determined that the tax provision of the bill contains no private-sector mandates.

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