



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 29, 1998

H.R. 563

A bill to establish a toll free number in the Department of Commerce to assist consumers in determining if products are American-made

As ordered reported by the House Committee on Commerce on September 24, 1998

SUMMARY

H.R. 563 would require the Department of Commerce to conduct a rulemaking proceeding to determine if sufficient interest exists among manufacturers to establish a consumer hotline listing products that are made in America. If sufficient interest is found, the bill would require the department to enter into a contract to establish a three-year pilot program and to charge fees to pay for the cost of the contract.

CBO estimates that enacting H.R. 563 would not result in any significant net cost to the federal government because the bill would authorize Commerce to establish fees to offset the costs of the toll-free line, subject to approval in appropriations acts. H.R. 563 could increase governmental receipts because the bill would establish a civil penalty for anyone who knowingly registers a product for the toll-free hotline that is not made in America, as defined by the bill. Because the bill could affect receipts, pay-as-you go procedures would apply, but CBO estimates that any such receipts would not be significant in any year.

This bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reforms Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 563 is shown in the following table. The costs of this legislation fall within budget function 370 (commerce and housing credit).

	By Fiscal Year, in Millions of Dollars				
	1999	2000	2001	2002	2003
SPENDING SUBJECT TO APPROPRIATION^a					
Estimated Authorization Level					
Funding for the Department of Commerce	12	0	0	0	0
Less: Estimated Collections of Fees	<u>-2</u>	<u>-4</u>	<u>-5</u>	<u>-1</u>	<u>0</u>
Estimated Net Authorization	10	-4	-5	-1	0
Outlays					
Estimated Gross Outlays	2	4	5	1	0
Less: Estimated Collections of Fees	<u>-2</u>	<u>-4</u>	<u>-5</u>	<u>-1</u>	<u>0</u>
Estimated Net Outlays	0	0	0	0	0

a. H.R. 563 also could increase governmental receipts, but CBO estimates that any such change would be less than \$500,000 a year.

BASIS OF ESTIMATE

For purposes of this estimate, CBO assumes H.R. 563 will be enacted near October 1, 1998—the start of fiscal year 1999—and that the necessary amount will be appropriated in that year for the full cost of the three-year contract for a consumer hotline.

Based on information from the Department of Commerce, CBO estimates that the rulemaking proceeding required by the bill would cost less than \$500,000, primarily for personnel costs. Assuming the department finds sufficient interest among manufacturers, CBO estimates that establishing a hotline and database, and operating the program over a three-year period would cost the federal government approximately \$12 million beginning in fiscal year 1999 and ending during fiscal year 2002. This estimate assumes that all costs of the three-year contract for the consumer hotline would be covered by fees, as specified in the bill.

The authorization to enter into a contract for operation of the hotline would not constitute direct spending because the bill would require that the contract be paid solely through fee collections, and that those fees be collected only to the extent allowed in appropriations acts.

PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. H.R. 563 would affect receipts because the bill would establish a civil penalty for anyone who knowingly registers a product for the toll-free hotline that is not made in America, as defined by the bill. Collections of fines would count as governmental receipts and would be deposited in the general fund of the Treasury. CBO expects that any additional collections would be less than \$500,000 in any year.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

The bill contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

ESTIMATE PREPARED BY: Mark Hadley

ESTIMATE APPROVED BY:

Paul N. Van de Water
Assistant Director for Budget Analysis