



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

October 2, 2000

### **H.R. 5239**

### **Export Administration Modification and Clarification Act of 2000**

*As passed by the House of Representatives on September 25, 2000*

#### **SUMMARY**

H.R. 5239 would increase the maximum fines for violations of the Export Administration Act (EAA). Since the expiration of the EAA in 1994, the President has extended controls on the export of certain products pursuant to his authority under the International Emergency Economic Powers Act. The act also would authorize the appropriation of funds in 2001 for the Bureau of Export Administration (BXA), the agency within the Department of Commerce that administers the EAA.

CBO estimates that implementing H.R. 5239 would cost \$72 million over the 2001-2003 period, assuming appropriation of the authorized amount. Because the legislation would increase penalties for violations of export controls, CBO estimates that governmental receipts would increase by \$5 million over the 2001-2005 period. CBO estimates that \$2 million of that amount would be spent without further appropriation from the Crime Victims Fund during this period. Because H.R. 5239 would affect both direct spending and receipts, pay-as-you-go procedures would apply.

H.R. 5239 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform 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. 5239 is shown in the following table. The costs of this legislation fall within budget functions 370 (commerce and housing credit) and 050 (national defense).

	By Fiscal Year, in Millions of Dollars					
	2000	2001	2002	2003	2004	2005
<b>SPENDING SUBJECT TO APPROPRIATION</b>						
BXA Spending Under Current Law						
Budget Authority <sup>a</sup>	54	0	0	0	0	0
Estimated Outlays	53	8	3	0	0	0
Proposed Changes						
Authorization Level	0	72	0	0	0	0
Estimated Outlays	0	61	7	4	0	0
BXA Spending Under H.R. 5239						
Authorization Level <sup>a</sup>	54	72	0	0	0	0
Estimated Outlays	53	69	10	4	0	0
<b>CHANGES IN REVENUES</b>						
Estimated Revenues	0	0	0	1	2	2
<b>CHANGES IN DIRECT SPENDING</b>						
Estimated Budget Authority	0	0	0	0	1	1
Estimated Outlays	0	0	0	0	1	1

a. The 2000 level is the amount appropriated for that year.

## BASIS OF ESTIMATE

Based on information from the Department of Commerce, CBO estimates that implementing H.R. 5239 would cost \$72 million in discretionary funds over the 2001-2003 period, assuming that the legislation is enacted early in fiscal year 2001 and that the authorized amount is appropriated. By raising the maximum civil and criminal penalties for violations of export controls, the act also would increase governmental receipts by a total of about \$5 million over this period. About \$2 million of this amount would be spent from the Crime Victims Fund without further appropriation during this period.

## Changes in Revenues

Since the expiration of the EAA in 1994, criminal and civil fines for violations of export control laws have been collected under the International Economic Emergency Powers Act. H.R. 5239 would increase the maximum penalties for such violations. On average, about three years elapse between the initial investigation of violations and the time when penalties are imposed. The amounts of the fines are based on the law in force at the start of an investigation. CBO expects that the higher fine collections under H.R. 5239 would begin in 2003. Based on information from the Department of Commerce, CBO estimates that receipts from penalties would increase by \$1 million in 2003 and \$2 million a year thereafter.

## Changes in Direct Spending

Collections of criminal fines are deposited in the Crime Victims Fund and are available to be spent without further appropriation in the following year. CBO estimates that half of the increase in governmental receipts that would result from the implementation of H.R. 5239 would be criminal fines. Therefore, the increase in direct spending from the Crime Victims Fund would be \$1 million a year beginning in 2004.

## 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. The net changes in outlays and governmental receipts that are subject to pay-as-you-go procedures are shown in the following table. For the purposes of enforcing pay-as-you-go procedures, only the effects in the budget year and the succeeding four years are counted.

---

	By Fiscal Year, in Millions of Dollars									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Changes in outlays	0	0	0	1	1	1	1	1	1	1
Changes in receipts	0	0	1	2	2	2	2	2	2	2

---

## **ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS**

H.R. 5239 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

### **PREVIOUS CBO ESTIMATE**

On June 7, 1999, CBO transmitted a cost estimate for H.R. 973, the Security Assistance Act of 1999. The bill was approved by the House Committee on International Relations on March 4, 1999. Several provisions of H.R. 973 would have increased civil and criminal penalties for violations of export controls in a similar fashion to H.R. 5239. However, CBO estimated that H.R. 973 would cause governmental receipts and direct spending to rise one year earlier than under H.R. 5239 because of an assumed earlier enactment date.

### **ESTIMATE PREPARED BY:**

Federal Costs: Ken Johnson

Revenues: Erin Whitaker

Impact on State, Local, and Tribal Governments: Leo Lex

Impact on the Private Sector: Tim Vandenberg

### **ESTIMATE APPROVED BY:**

Peter H. Fontaine

Deputy Assistant Director for Budget Analysis