



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 27, 2000

### **S. 3001**

### **Grain Standards and Warehouse Improvement Act of 2000**

*As ordered reported by the Senate Committee on Agriculture, Nutrition, and Forestry  
on June 20, 2000*

#### **SUMMARY**

This legislation would amend and reauthorize the United States Grain Standards Act. It also would amend the United States Warehouse Act and reauthorize the State Agricultural Loan Mediation Program. Finally, the bill would authorize appropriations for grants for energy generation, transmission, and distribution facilities in rural communities with high energy costs, and for grants and loans under the Community Facilities Grant Program for rural communities with extreme unemployment and severe economic depression.

CBO estimates that implementing the bill would cost \$30 million in 2001 and \$386 million over the 2001-2005 period, subject to the appropriation of the necessary amounts. The bill would authorize the collection and spending of fees for the government's expenses when providing mediation and arbitration services to certain firms involved in international trade of agriculture products, and for certain grain inspection services. Because the bill would affect direct spending pay-as-you-go procedures would apply, but CBO estimates that this provision would not have a significant net budgetary effect in any year.

The bill contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA). State, local, and tribal governments might incur some costs to match the federal grants authorized by this bill, but those costs would be voluntary.

By extending the United States Grain Standards Act, the Grain Standards and Warehouse Improvement Act of 2000 would impose a private-sector mandate as defined by UMRA on grain exporters in the form of fees. CBO estimates that the direct cost of the mandate would be below the annual threshold established by UMRA for private-sector mandates (\$109 million in 2000, adjusted annually for inflation).

## ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated impact of the bill is shown in the following table. The costs of this legislation fall within budget function 350 (agriculture) and 450 (community and regional development).

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	By Fiscal Year, in Millions of Dollars				
	2001	2002	2003	2004	2005
<b>CHANGES IN SPENDING SUBJECT TO APPROPRIATION <sup>a</sup></b>					
Estimated Authorization Level	124	126	129	131	134
Estimated Outlays	30	50	80	104	122

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a. In addition, the bill would authorize the collection and spending of fees for certain mediation and inspection services, but CBO estimates the net budgetary effect of these provisions would be negligible each year.

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## BASIS OF ESTIMATE

For this estimate, CBO assumes that the necessary amounts will be appropriated for each fiscal year and that outlays will follow the pattern of past appropriations for similar activities.

### Grain Standards

Title I would amend and reauthorize the United States Grain Standards Act through 2005. Under current law the Secretary's authority under this act expires at the end of 2000. CBO estimates that spending under the Grains Standard Act would be \$16 million for 2001, and \$87 million for fiscal years 2001 through 2005, assuming appropriations of the necessary amounts. The Federal Grain Inspection Service (FGIS), an agency of the U.S. Department of Agriculture, is required to officially weigh and inspect most grain exported from the United States. Upon request by private groups, FGIS also provides official inspection and weighing of U.S. grain in domestic commerce. FGIS is authorized to collect fees from grain exporters and private groups requesting such services. The agency is authorized to spend such fees without further appropriation to cover the cost of services performed. This legislation would extend that authority.

## **Warehouses**

Title II would revise the United States Warehouse Act. It also would authorize the use of electronic warehouse receipts for all commodities stored in licensed warehouses. Current law requires the use of paper warehouse receipts, except for cotton. CBO expects that these changes to the act would have a negligible budgetary impact.

## **Miscellaneous Provisions**

Title III would authorize appropriations for new programs, including assistance for energy generation, transmission, and distribution facilities, and the development of new community facilities. CBO estimates that implementing these programs would cost about \$15 million in 2001, and about \$300 million over the 2001-2005 period, assuming appropriation of the necessary amounts. This title also would authorize the collection and spending of fees to mediate certain international trading disputes.

Section 301 would authorize grants and loans to states, and other entities to develop, upgrade, and improve the efficiency of energy generation, transmission, and distribution facilities in communities where the average residential expenditure for home energy is at least 275 percent of the national average of such expenditures. The bill would authorize the appropriation of \$50 million for fiscal year 2001 and such sums as necessary for each subsequent year. For this estimate, we assume that funding in subsequent years would remain at the 2001 level, adjusted for anticipated inflation.

This title would authorize the Secretary of Agriculture to assess and collect reasonable fees and late payment penalties to mediate and arbitrate disputes arising between parties in foreign commerce under the jurisdiction of a multinational entity, such as the World Trade Organization. Any fees collected must be deposited into the account that incurred the cost of providing the mediation or arbitration service. There would be no requirement to use such services. Fees and penalties collected would be available to the Secretary without further appropriation, so we estimate that there would be no net change in spending.

Section 304 would authorize grants to develop specified community facilities in rural communities that have unemployment rates greater than the lesser of 500 percent of the average national unemployment rate on the date of enactment and 200 percent of the average national unemployment rate during the Great Depression. The bill authorizes the appropriation of \$50 million in fiscal year 2001 and such sums as necessary for each subsequent year. For this estimate, we assume that funding in subsequent years would remain at the 2001 level, adjusted for anticipated inflation.

Section 306 would reauthorize the state agricultural loan mediation program through 2005. Under current law, the annual authorization of \$7.5 million for this program will expire in 2000. CBO estimates that the cost of extending this program would cost \$38 million over the 2001-2005 period, assuming appropriation of the authorized amounts.

## **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 bill would affect direct spending by authorizing the Secretary to collect and spend fees for the mediation and arbitration of international disputes involving agricultural products moving in foreign commerce under multinational entities. CBO estimates that this provision would have a negligible net impact in each year.

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

This bill contains no intergovernmental mandates as defined in UMRA. Title III would authorize new federal spending for grants, which would benefit communities with high energy costs and high unemployment. Any spending by state, local, or tribal governments to match these federal funds would be voluntary.

## **ESTIMATED IMPACT ON THE PRIVATE SECTOR**

By extending the United States Grain Standards Act, the Grain Standards and Warehouse Improvement Act of 2000 would impose a private-sector mandate as defined by UMRA on grain exporters in the form of fees. Under current law, the FGIS authority to collect fees from grain exporters requesting its services expires at the end of fiscal year 2000. This bill would extend that authority through fiscal year 2005. CBO estimates that the direct cost of the mandate would be below the annual threshold established by UMRA for private-sector mandates (\$109 million in 2000, adjusted annually for inflation).

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