CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

September 26, 2003

H.R. 982

A bill to clarify the tax treatment of bonds and other obligations issued by the government of American Samoa

As ordered reported by the House Committee on Resources on September 24, 2003

H.R. 982 would amend current law to make bonds issued by the government of American Samoa exempt from state, local, and territorial income tax. The bill would not affect federal taxes, and CBO estimates that implementing H.R. 982 would have no impact on the federal budget.

H.R. 982 contains an intergovernmental mandate as defined in the Unfunded Mandates Reform Act (UMRA), but CBO estimates that the cost of the mandate would be well below the threshold established in that act ($59 million in 2003, adjusted annually for inflation). This mandate is a preemption of state and local taxing authority. The bill would exempt the interest on any bond issued by the government of American Samoa from state, local, and territorial taxes. Because American Samoa generally has only a few million dollars in bonds outstanding at any time, this preemption would not have a significant cost for state, local, or territorial governments. Enacting this bill would benefit the government of American Samoa by reducing its borrowing costs. The bill contains no private-sector mandates as defined in UMRA.

On May 9, 2003, CBO transmitted a cost estimate for H.R. 982 as ordered reported by the House Committee on the Judiciary on May 7, 2003. The two versions of the legislation are identical, as are the cost estimates.

The CBO staff contacts for this estimate are Matthew Pickford (for federal costs) and Marjorie Miller (for the state and local impact). This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.