



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

September 25, 2006

Export-Import Bank Reauthorization Act of 2006

*As ordered reported by the Senate Committee on Banking, Housing, and Urban Affairs
on September 21, 2006*

SUMMARY

The Export-Import Bank Reauthorization Act of 2006 would extend the authority of the Export-Import Bank of the United States (Eximbank) to enter into new direct loan obligations and new guaranteed loan commitments through 2011. The bill also would clarify procedures for handling applications to use the Tied Aid Credit Program. Finally, the bill would establish within the Eximbank a new division focusing on small business concerns and would impose some additional reporting requirements.

CBO estimates that implementing the legislation would have a net cost of \$35 million in 2007 and about \$450 million over the 2007-2011 period, assuming appropriation of the necessary amounts. Enacting the bill would not affect direct spending or revenues.

This bill 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 the Export-Import Bank Reauthorization Act of 2006 is shown in the following table. The costs of this legislation fall within budget function 150 (international affairs).

	By Fiscal Year, in Millions of Dollars					
	2006	2007	2008	2009	2010	2011
SPENDING SUBJECT TO APPROPRIATION						
Spending Under Current Law for Eximbank						
Estimated Budget Authority ^a	96	0	0	0	0	0
Estimated Outlays	236	177	76	39	15	8
Proposed Changes						
Estimated Authorization Level	0	105	118	121	125	128
Estimated Outlays	0	35	84	98	110	116
Spending Under the legislation for Eximbank						
Estimated Authorization Level ^a	96	105	118	121	125	128
Estimated Outlays	236	212	160	137	125	124

a. The 2006 level is the net amount appropriated for that year, including offsetting collections for negative subsidy amounts.

BASIS OF ESTIMATE

The legislation would extend Eximbank's authority to provide financing through 2011, an additional five years. Although no specific amounts are authorized in the bill, CBO expects that appropriations would continue for both administrative costs and the cost of new loans and guarantees, as defined in the Federal Credit Reform Act. For the purpose of this estimate, CBO assumes that, over the 2007-2011 period, annual appropriations for Eximbank would equal the amount appropriated in 2006, adjusted for inflation. We also assume that the bill will be enacted near the beginning of fiscal year 2007 and that outlays will follow historical patterns. In 2006, the Congress appropriated \$73 million for administrative expenses and \$73 million for the subsidy cost of new loans and guarantees. For the past few years, the subsidy rate for many loan guarantees made by Eximbank has been negative, thus generating discretionary offsetting receipts. CBO estimates that those receipts would average about \$40 million a year over the next five years. They reduce the net cost of Eximbank's operation and are included in the estimated costs over the 2007-2011 period.

Accordingly, CBO estimates that extending the operation of Eximbank through 2011 would have a net cost of \$35 million in 2007 and about \$450 million over the 2007-2011 period, assuming appropriation of the estimated amounts.

The other provisions of the bill, including those related to the Tied Aid Credit Program, would have no significant budgetary impact.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

This bill 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 28, 2006, CBO transmitted an estimate for H.R. 5068, the Export-Import Bank Reauthorization Act of 2006, as ordered reported on June 14, 2006, by the House Committee on Financial Services. The two bills are similar and the estimated cost for spending subject to appropriation is the same in both estimates. H.R. 5068 also contained a provision that would increase spending from funds already appropriated for the Tied Aid Credit Fund by \$95 million over the 2007-2016 period. (That increased spending is classified as direct spending in the federal budget.) Although the Senate bill also modifies authorities pertaining to the Tied Aid Credit Fund, it would not affect the spending of the funds already appropriated.

ESTIMATE PREPARED BY:

Federal Costs: Sam Papenfuss

Impact on State, Local, and Tribal Governments: Melissa Merrell

Impact on the Private Sector: Craig Cammarata

ESTIMATE APPROVED BY:

Robert A. Sunshine

Assistant Director for Budget Analysis