



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

October 21, 2005

Reconciliation Recommendation of the Senate Committee on the Judiciary

As approved by the Senate Committee on the Judiciary on October 20, 2005

SUMMARY

The legislation would impose a fee of \$500 on companies filing applications for certain employment-based immigrant visas and certain H-1B nonimmigrant visas, and a fee of \$750 on multinational employers filing applications for certain intracompany transferees known as L-1 nonimmigrants. CBO estimates that enacting the bill would increase offsetting receipts (a credit against direct spending) by \$94 million in fiscal year 2006, by \$578 million over the 2006-2010 period, and by nearly \$1.2 billion over the 2006-2015 period.

These provisions contain no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments. By establishing the new visa fees, the legislation would impose new private-sector mandates. CBO estimates that the direct cost of complying with those mandates would fall below the annual threshold established by UMRA (\$123 million in 2005, adjusted annually for inflation) in each of the next five years.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of this legislation is shown in the following table. The savings from this legislation fall within budget function 750 (administration of justice).

By Fiscal Year, in Millions of Dollars												
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2006-2010	2006-2015
CHANGES IN DIRECT SPENDING												
Estimated Budget Authority	-94	-121	-121	-121	-121	-121	-121	-121	-121	-121	-578	-1,183
Estimated Outlays	-94	-121	-121	-121	-121	-121	-121	-121	-121	-121	-578	-1,183

BASIS OF ESTIMATE

CBO estimates that enacting this legislation would increase collections by \$94 million in fiscal year 2006 and by \$121 million in each year thereafter, assuming enactment by the end of calendar year 2005. The legislation would require those collections to be deposited in the Immigration Examinations Fee Account and would designate them as offsetting receipts (a credit against direct spending); under current law, most existing visa fees are also recorded in the budget as offsetting receipts. Under the legislation, receipts from the new fees would not be available for spending unless provided in an appropriation act.

\$500 Fee for Employment-Based Visas

The legislation would impose a fee of \$500 on companies filing applications for certain employment-based immigrant (permanent) visas, including visas for professors, researchers, persons with advanced degrees, and other professionals. Based on the number of applications filed in recent years for such visas, CBO estimates that the new fee would apply to just over 100,000 individuals annually. Thus, we estimate that enacting the legislation would increase collections by \$39 million in fiscal year 2006 and by \$53 million annually thereafter.

\$500 Fee for H-1B Visas

In addition, the legislation would make available for an indefinite period a total of about 310,000 H-1B nonimmigrant (temporary) visas that had been available for fiscal years 1992 through 2003 but were not used. For an additional fee of \$500, up to 30,000 of these visas would be available for use for each fiscal year in which the current H-1B cap of 65,000 visas is reached. Based on the number of applications for H-1B status in recent years, CBO estimates that 30,000 persons a year would apply for the 310,000 recaptured visas. We

expect that the 2006 demand for the additional visas would not be diminished by an enactment date after the start of the fiscal year. Thus, we estimate that enacting the legislation would increase collections by \$15 million annually over the 2006-2015 period.

\$750 Fee for L-1 Visas

Finally, the legislation would impose a fee of \$750 on multinational employers that seek temporary admission to the United States for certain intracompany transferees, known as L-1 nonimmigrants. Under the legislation, employers would have to pay the fee for each employee who is admitted to the United States as an L-1 nonimmigrant, including individuals who change their nonimmigrant status to L-1, and for each employee who extends L-1 status for the first time. The fee would not be charged for subsequent extensions.

Based on information from the Department of State and the Department of Homeland Security about the number of U.S. admissions and extensions for L-1 nonimmigrants in recent years, CBO estimates that the new fee would apply to about 70,000 persons annually. We estimate that enacting H.R. 3648 would increase collections by \$40 million in fiscal year 2006 and by \$53 million annually thereafter.

Other Effects

Enacting the legislation could affect directing spending for certain federal assistance programs. We estimate, however, that any such effects would be insignificant because of the small number of individuals affected by the legislation who would be likely to apply for federal assistance.

Under current law, the Department of State charges a \$100 machine-readable visa fee to applicants for nonimmigrant visas. CBO estimates that under the bill, the department would collect and spend \$3 million a year for the additional 30,000 H-1B entrants.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

These provisions contain no intergovernmental mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

The legislation would impose new private-sector mandates as defined in UMRA by creating new visa fees. It would require employers to pay a \$750 fee when a petition is made for a transfer of a foreign employee or for a first-time extension of an L-1 visa. It also would require employers to pay an additional fee of \$500 for certain H-1B visas and employers or individuals as petitioners to pay a fee of \$500 for certain other employment-based visas. The legislation would prohibit employers from passing along the fee to their L-1 visa employees.

The cost of the mandate would be the total fees paid by petitioners. CBO estimates that the direct cost of complying with those mandates would be \$94 million in 2006 and \$121 million annually over the 2007-2010 period. Those costs would fall below the annual threshold established by UMRA (\$123 million in 2005, adjusted annually for inflation) in each of the next five years.

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