



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

May 18, 2007

H.R. 2264 **No Oil Producing and Exporting Cartels Act of 2007**

As ordered reported by the House Committee on the Judiciary on May 17, 2007

H.R. 2264 would seek to prohibit foreign states from working collectively to limit the production, set the price, or otherwise restrain the trading of petroleum and natural gas when such actions affect U.S. markets. The bill would authorize the Department of Justice (DOJ) to enforce the legislation by filing antitrust actions in federal courts. The bill also would provide that foreign states that restrain trade in petroleum and natural gas would not be immune from the judgment of U.S. courts under the doctrine of sovereign immunity.

CBO cannot estimate a precise cost of implementing H.R. 2264 because we have no basis for assessing the likelihood that the Administration might initiate antitrust actions against foreign states under the bill. Based on information from DOJ on the costs of investigations of alleged antitrust violations, CBO estimates that similar investigations to those that might be brought under H.R. 2264 could cost up to \$4 million per year, subject to appropriation of the necessary funds.

H.R. 2264 could result in the collection of additional criminal or civil penalties. Collections of criminal fines are recorded in the budget as revenues, which are deposited in the Crime Victims Fund and later spent. Civil fines are also recorded as revenues. CBO cannot estimate the impact of H.R. 2264 on direct spending and revenues because we cannot determine whether DOJ would file suit against alleged violators, whether the agencies would win such legal action, or how much in penalties might be collected by federal agencies. In any case, enacting those provisions would either have no significant net impact on the deficit or would reduce future deficits (through collections of civil fines).

H.R. 2264 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments.

On May 4, 2007, CBO transmitted a cost estimate for S. 879, the No Oil Producing and Exporting Cartels Act of 2007, as ordered reported by the Senate Committee on the Judiciary on April 25, 2007. The two bills are similar, and our cost estimates are the same.

The CBO staff contact for this estimate is Daniel Hoople. This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.