CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

June 17, 2011

H.R. 1280

A bill to amend the Atomic Energy Act of 1954 to require Congressional approval of agreements for peaceful nuclear cooperation with foreign countries, and for other purposes

As amended by the House Committee on Foreign Affairs on April 14, 2011

H.R. 1280 would amend the Atomic Energy Act of 1954 by adding new requirements for agreements for commercial nuclear exports negotiated under section 123 of that act. Such agreements are required for U.S. companies to export commercial nuclear materials, technologies, and services to foreign nations. The bill would require nations signing those agreements to forswear any future development of facilities for enriching or reprocessing nuclear materials. That requirement could lead to fewer agreements between the United States and foreign countries, but CBO estimates that it would have no significant effect on the budget.

The bill also would increase Congressional reporting requirements related to negotiating section 123 agreements. Such requirements would have an insignificant effect on the budget, CBO estimates. Those costs would be subject to the availability of appropriated funds.

Pay-as-you-go procedures do not apply because enacting the bill would not affect direct spending or revenues.

H.R. 1280 would impose both intergovernmental and private-sector mandates, as defined in the Unfunded Mandates Reform Act (UMRA), on U.S. exporters of nuclear materials and other defense-related items sent as non-humanitarian assistance. Because of uncertainty about the future income from such exports, CBO cannot determine whether the aggregate cost of the private-sector mandates contained in the legislation would exceed the annual threshold established in UMRA ($142 million for private-sector mandates in 2011, adjusted annually for inflation). However, given the nature of the exports being restricted and the limited number of public entities affected, CBO estimates the aggregate cost of the mandates on the public sector would not exceed the annual threshold established in UMRA ($71 million for intergovernmental mandates in 2011, adjusted annually for inflation).

The bill would prohibit U.S. suppliers from exporting some items and services that are sent as non-humanitarian assistance to any country that withdraws from the Treaty on the Non-Proliferation of Nuclear Weapons (NPT). Given the low historical rate of withdrawal from the NPT, it is unlikely that this mandate would be imposed. If, however, a country withdraws from the NPT, some private-sector entities could lose income. CBO cannot estimate the magnitude of such losses because the value of assistance and exports from private-sector entities varies greatly and the number of items exported as a form of assistance is unknown. CBO estimates that the cost of the mandate on state, local, and tribal governments would be small because assistance and exports from public entities—primarily colleges and universities—is far more limited.

The bill also would impose a mandate on U.S. nuclear suppliers by prohibiting the export of nuclear materials and technologies to any country designated by the Director of the CIA as one of proliferation concern. Based on information from the Nuclear Regulatory Commission and historical data on the total value of U.S. nuclear exports and their distribution among importing countries, CBO expects that the forgone income from nuclear exports, if suspended, would probably be minimal for both public (including mostly universities) and private exporters.

The CBO staff contacts for this estimate are Raymond Hall (for the federal costs), J'nell Blanco (for the intergovernmental impact), and Marin Randall (for the private-sector impact). This estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.