



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 25, 2015

### **H.R. 2051** **Agriculture Reauthorizations Act of 2015**

*As passed by the Senate on September 21, 2015*

#### **SUMMARY**

H.R. 2051 would amend and extend through 2020 the U.S. Department of Agriculture's (USDA's) authority to require certain meat packers to report on the supply, demand, and prices of certain livestock. The bill also would authorize the appropriation of matching funds for administrative and project expenses to the National Forest Foundation through 2018; that authorization expired on September 30, 1996. Finally, H.R. 2051 would authorize the appropriation of such sums as may be necessary for the Grain Inspection, Packers, and Stockyards Administration (GIPSA) to carry out activities under the United States Grain Standards Act and extend GIPSA's authority to collect and spend fees for certain inspection and weighing services.

CBO estimates that implementing H.R. 2051 would cost \$151 million over the 2016-2020 period, assuming appropriation of the necessary amounts. Enacting the bill would affect direct spending; therefore, pay-as-you-go procedures apply. However, CBO estimates that such effects would not be significant in any year. Enacting the bill would not affect revenues.

H.R. 2051 contains an intergovernmental mandate as defined in the Unfunded Mandates Reform Act (UMRA) because it would preempt state and local laws. CBO estimates the cost of complying with the mandate would be small and would fall well below the threshold established in UMRA for intergovernmental mandates (\$77 million in 2015, adjusted annually for inflation).

H.R. 2051 would impose a private-sector mandate, as defined in UMRA, on grain exporters by extending GIPSA's authority to collect fees. It also would impose a mandate on certain packers, processors, and importers of livestock by extending and amending mandatory reporting requirements related to cattle, swine, and lambs. Based on information from USDA and industry experts, CBO estimates that the aggregate cost of the mandates would fall below the annual threshold established in UMRA for private-sector mandates (\$154 million in 2015, adjusted annually for inflation).

## ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary effect of H.R. 2051 is shown in the following table. The costs of this legislation fall within budget functions 300 (natural resources) and 350 (agriculture).

	By Fiscal Year, in Millions of Dollars					2016- 2020
	2016	2017	2018	2019	2020	
<b>CHANGES IN SPENDING SUBJECT TO APPROPRIATION</b>						
Title I - Mandatory Price Reporting						
Estimated Authorization Level	8	7	7	7	7	36
Estimated Outlays	8	7	7	7	7	36
Title II - National Forest Foundation						
Authorization Level	3	3	3	0	0	9
Estimated Outlays	3	3	3	0	0	9
Title III - Grain Inspection						
Estimated Authorization Level	20	21	21	22	22	106
Estimated Outlays	20	21	21	22	22	106
Total						
Estimated Authorization Level	31	31	31	29	29	151
Estimated Outlays	31	31	31	29	29	151

## BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 2051 will be enacted by the end of calendar year 2015, and that the necessary amounts will be appropriated in each of the next five years.

### Title I - Mandatory Price Reporting

The legislation would extend until September 30, 2020, the authority of the Secretary of Agriculture to require certain livestock packers, processors, and importers, to continue reporting prices and supply and demand information to the government on a daily and weekly basis. USDA's Agricultural Marketing Service (AMS) processes and provides this information to the public. Based on information from AMS, CBO estimates that continuing to provide these reports to the public would cost \$7 million a year.

H.R. 2051 also would require the Secretary, in consultation with relevant producers and packers, to identify legislative or regulatory recommendations to improve the collection and dissemination of information under the livestock reporting program. Based on the cost of similar work, CBO estimates that this study would cost \$1 million in 2016.

In total, CBO estimates that implementing title I would cost \$36 million over the 2016-2020 period, assuming appropriation of the necessary amounts.

## **Title II - National Forest Foundation Act Reauthorization**

The act would authorize the appropriation of \$3 million a year through 2018 to support the National Forest Foundation. The foundation is a nonprofit corporation established by federal law that awards grants to maintain recreational resources, such as trails, and to restore watersheds, wildlife habitats, and plant species within national forests and grasslands. The foundation also carries out activities to educate individuals about the National Forest System.

Assuming appropriation of the authorized amounts, CBO estimates that implementing the legislation would cost \$9 million over the 2016-2018 period.

## **Title III - United States Grain Standards Act Reauthorization**

The legislation would reauthorize, through 2020, annual appropriations for GIPSA activities under the United States Grain Standards Act. Based on the current funding for the agency (in 2015, GIPSA received an appropriation of \$20 million), CBO estimates that continuing its activities would cost \$106 million over the 2016-2020 period. That estimate is based on the assumption that the agency's current funding level would be adjusted for anticipated inflation.

The act also would extend GIPSA's authority to collect and spend fees for inspection and weighing services for grain destined for export. GIPSA establishes such fees to recover the costs of providing those services. CBO estimates that offsetting receipts from such fees and associated spending total about \$45 million annually and that the provision would not have a significant net effect on direct spending in any year.

## **PAY-AS-YOU-GO CONSIDERATIONS:**

The Statutory Pay-As-You-go Act of 2010 established budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. CBO estimates that any net change in direct spending under H.R. 2051 would be insignificant over the 2015-2025 period. Enacting the bill would not affect revenues.

## **IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS**

Under current law, the Department of Agriculture's program for price reporting preempts state and local laws that are in addition to, or inconsistent with, any requirements of the program. Because H.R. 2051 would reauthorize the program and thus extend the preemption that would otherwise expire on September 30, 2015, the bill would impose an intergovernmental mandate as defined in UMRA. While the preemption would limit the application of state and local laws, it would impose no duty that would result in significant additional spending. Consequently, CBO estimates that the costs would fall well below the threshold established in the UMRA for intergovernmental mandates (\$77 million in 2015, adjusted annually for inflation).

## **ESTIMATED IMPACT TO THE PRIVATE SECTOR**

H.R. 2051 contains private-sector mandates as defined in UMRA, but CBO estimates that the aggregate cost of complying with the mandates would fall below the annual threshold established in UMRA for private-sector mandates (\$154 million in 2015, adjusted annually for inflation). The act would impose a private-sector mandate on exporters of grain by extending GIPSA authority to collect fees for grain inspection and weighing services. Exporters are required to use those services. Based on information from GIPSA, CBO estimates that the fees paid by grain exporters would amount to \$50 million to \$60 million annually. The act also would impose mandates on certain packers, processors, and importers of livestock by extending and amending mandatory reporting requirements related to cattle, swine, and lambs. Based on information from USDA and industry experts, CBO estimates that the cost of those mandates would total about \$1 million annually.

## **PREVIOUS CBO ESTIMATES**

On June 4, 2015, CBO transmitted a cost estimate for S. 1417, the United States Grain Standards Act Reauthorization Act of 2015, as ordered reported by the Senate Committee on Agriculture, Nutrition, and Forestry, on May 21, 2015. On May 13, 2015, CBO transmitted a cost estimate for H.R. 2088, the United States Grain Standards Act Reauthorization Act of 2015, as ordered reported by the House Committee on Agriculture on April 30, 2015. Title III of H.R. 2051, S. 1417, and H.R. 2088, have similar provisions and CBO's estimates of the budgetary effects are the same.

On May 29, 2015, CBO transmitted a cost estimate for H.R. 2394, the National Forest Foundation Reauthorization Act of 2015, as ordered reported by the House Committee on Agriculture on May 20, 2015. Title II of H.R. 2051 and H.R. 2394 are similar, and CBO's estimates of the budgetary effects are the same.

On May 21, 2015, CBO transmitted a cost estimate for H.R. 2051, the Mandatory Price Reporting Act of 2015, as reported by the House Committee on Agriculture on April 30, 2015. Title I of the House and Senate versions of H.R. 2051 are similar, and CBO's estimates of the budgetary effects are the same.

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