



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

May 28, 2015

**H.R. 2289
Commodity End-User Relief Act**

As ordered reported by the House Committee on Agriculture on May 13, 2015

SUMMARY

H.R. 2289 would authorize appropriations to operate the Commodity Futures Trading Commission (CFTC) through 2019 and to make changes in some of the agency's operating procedures. The bill also would amend the Commodity Exchange Act to provide greater protections for customer funds held by entities that broker transactions in commodity futures and to relax requirements on certain participants in swap transactions. (A swap is a contract that calls for an exchange of cash between two participants, based on an underlying rate or index or on the performance of an asset.)

CBO estimates that implementing H.R. 2289 would cost \$1.1 billion over the 2016-2020 period, assuming appropriation of the necessary amounts. CBO expects that enacting H.R. 2289 would affect direct spending; therefore, pay-as-you-go procedures apply. However, CBO estimates that those effects would not be significant. Enacting H.R. 2289 would not affect revenues.

H.R. 2289 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary effect of H.R. 2289 is shown in the following table. The costs of this legislation fall within budget function 370 (commerce and housing credit).

	By Fiscal Year, in Millions of Dollars					2016- 2020
	2016	2017	2018	2019	2020	
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
CFTC Reauthorization						
Estimated Authorization Level	256	263	270	278	0	1,067
Estimated Outlays	228	263	264	272	25	1,052
Other Provisions						
Estimated Authorization Level	15	7	7	8	8	45
Estimated Outlays	13	8	7	7	8	44
Total Changes						
Estimated Authorization Level	271	270	277	286	8	1,112
Estimated Outlays	241	271	271	279	33	1,096

Notes: Components may not sum to totals because of rounding.

CFTC = Commodity Futures Trading Commission.

BASIS OF ESTIMATE

For this estimate, CBO assumes that the bill will be enacted near the end of fiscal year 2015, the necessary amounts will be appropriated near the beginning of each fiscal year, and outlays will follow spending patterns for similar activities at the CFTC.

Spending Subject to Appropriation

CFTC Reauthorization. H.R. 2289 would authorize appropriations for CFTC operations through 2019; for 2015, the CFTC received an appropriation of \$250 million. Based on the agency's current budget and adjusting for anticipated inflation, CBO estimates that extending the authorization of appropriations for the current functions of the CFTC through 2019 would cost about \$1.1 billion over the 2015-2020 period, assuming those amounts are appropriated each year.

Other Provisions. H.R. 2289 also would direct the CFTC to:

- Change certain procedures in its rulemaking process and to improve safeguards of market data in the agency’s control;
- Report price and volume data for swap transactions when the volume of trading is at a level that individual market participants could be identified (known as “illiquid markets”); and
- Issue rules that define the application of United States regulations to swap transactions undertaken between a U.S. entity and a foreign entity.

Based on information from the CFTC, CBO estimates that the agency would require 30 additional personnel annually to handle the increased workload under these provisions, an increase of about 4 percent over the agency’s 2014 staffing level. We estimate that salaries, benefits, and overhead for those additional staff, as well as new administrative expenses, would cost \$44 million over the 2015-2020 period, assuming appropriation of the necessary amounts.

Direct Spending and Revenues

H.R. 2289 would affect federally owned utilities by changing the way CFTC regulates certain electric and natural gas utility contracts. CBO estimates that the net effect on direct spending as a result of those changes would not be significant over the 2015-2025 period. Enacting H.R. 2289 would not affect revenues.

PAY-AS-YOU-GO CONSIDERATIONS

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. Enacting H.R. 2289 would affect direct spending; however, CBO estimates that those effects would not be significant.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 2289 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

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