



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

August 30, 2010

H.R. 5852 **Mandatory Price Reporting Act of 2010**

As reported by the House Committee on Agriculture on July 28, 2010

SUMMARY

H.R. 5852 would authorize the U.S. Department of Agriculture (USDA) to produce national reports on the marketing of cattle, swine, lambs, and products of such livestock, including the price and volume of wholesale pork cuts through fiscal year 2015. Current authority to produce a similar report terminates September 30, 2010. The bill also would require the Secretary of Agriculture to establish an electronic reporting system for dairy product information.

Assuming appropriation of the necessary amounts, CBO estimates that implementing H.R. 5852 would cost \$50 million over the 2011-2015 period. Enacting H.R. 5852 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

H.R. 5852 contains an intergovernmental mandate as defined in the Unfunded Mandates Reform Act (UMRA) because it would preempt state and local laws. CBO estimates that the cost of complying with the mandate would be small and would fall well below the threshold established in UMRA for intergovernmental mandates (\$70 million in 2010, adjusted annually for inflation).

By extending the reporting requirements for certain meat packers and establishing new reporting requirements for packers and exporters of pork, H.R. 5852 contains private-sector mandates as defined in UMRA. Based on information from USDA, CBO estimates that the aggregate cost of the mandates would be small and fall below the annual threshold established in UMRA for private-sector mandates (\$141 million in 2010, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 5852 is shown in the following table. The costs of this legislation fall within budget function 350 (agriculture).

	By Fiscal Year, in Millions of Dollars					
	2011	2012	2013	2014	2015	2011-2015
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Estimated Authorization Level	10	10	10	10	10	50
Estimated Outlays	10	10	10	10	10	50

BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 5852 will be enacted in 2010 and that the necessary amounts to implement the bill will be appropriated each year starting in 2011.

Under the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act of 2000 (Public Law 106-78), certain livestock packers, processors, and importers, are required to report prices and supply and demand information on a daily and weekly basis. USDA’s Agricultural Marketing Service (AMS) summarizes and provides this information to the public. Based on information from AMS, CBO estimates that it costs the agency \$6 million a year to provide such summaries to the public.

H.R. 5852 also would require livestock packers, processors, and importers to report information to USDA on wholesale pork cuts and the export of pork products. Based on similar reporting requirements for other livestock products, CBO estimates that this new authority would cost \$1 million per year to implement.

H.R. 5852 also would require the Secretary to establish an electronic reporting system for dairy products, which would collect and report original contracts, agreements, receipts, and other records associated with the sale or storage of any dairy products during the two-year period beginning on the date of the creation of the records. Based on information from USDA about the cost of similar programs, CBO estimates that electronic reporting of dairy information would cost \$2.5 million per year to implement.

ESTIMATED 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. 5852 would reauthorize the program and thus extend the preemption that would otherwise expire September 30, 2010, 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 UMRA for intergovernmental mandates (\$70 million in 2010, adjusted annually for inflation).

ESTIMATED IMPACT ON THE PRIVATE SECTOR

By extending the requirement that certain packers of beef, pork, or lamb report on business activities to USDA through September 30, 2015, H.R. 5852 would impose private-sector mandates as defined in UMRA. The bill also would establish new reporting requirements for packers and exporters of pork and pork products. Packers would be required to submit information about the price and volume of wholesale pork cuts, and exporters would have to submit a weekly report containing information on exports of pork. Based on information from USDA, CBO estimates that the aggregate cost of the mandates would be small and fall below the annual threshold established in UMRA for private-sector mandates (\$141 million in 2010, adjusted annually for inflation).

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