



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 18, 2017

H.R. 3668 SHARE Act

*As ordered reported by the House Committee on Natural Resources
on September 13, 2017*

SUMMARY

H.R. 3668 would change the way silencers for firearms are taxed. Under the bill, silencers would no longer be taxed at \$200 per unit, but would instead be taxed at 10 percent of their value. All revenues derived from their sale would be deposited into the Wildlife Restoration Fund and could be spent without further appropriation. In addition, the bill would authorize the appropriation of \$250 million over the 2018-2022 period. Finally, the bill would amend existing laws and establish new laws related to the management of federal lands, including several changes that would affect the use and transport of hunting and fishing equipment on federal lands.

The staff of the Joint Committee on Taxation (JCT) estimates that enacting H.R. 3668 would reduce revenues by \$139 million over the 2017-2027 period. In addition, CBO estimates that enacting the bill would increase direct spending by \$146 million over that period. Combined, those effects would increase federal deficits over the next 10 years by \$285 million. Because enacting the bill would affect direct spending and revenues, pay-as-you-go procedures apply.

Finally, assuming appropriation of the authorized and necessary amounts, CBO estimates that implementing the legislation would cost \$174 million over the 2018-2022 period, with the remainder spending in years after 2021.

CBO estimates that enacting S. 733 would not increase net direct spending or on-budget deficits by more than \$5 billion in any of the four consecutive 10-year periods beginning in 2028.

CBO has reviewed the nontax provisions of H.R. 3668 and determined that they contain intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA). The bill would preempt state and local laws regulating the transportation of firearms across state lines and the taxation of firearm silencers. CBO estimates that the costs of the preemption to those governments would be small and well below the annual threshold established in UMRA for intergovernmental mandates (\$78 million in 2017, adjusted annually for inflation).

CBO has determined that the nontax provisions of H.R. 3668 would impose private-sector mandates, as defined in UMRA, by eliminating the ability of plaintiffs to seek judicial review of federal rules to remove certain gray wolves from the endangered species list and eliminating the ability of plaintiffs to seek compensation for damages occurring at some public target ranges. CBO estimates that the cost of the mandates would be small and fall well below the annual threshold established in UMRA for private-sector mandates (\$156 million in 2017, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary effect of H.R. 3668 is shown in the following table. The costs of this legislation fall within budget functions 300 (natural resources and environment) and 750 (administration of justice).

	By Fiscal Year, in Millions of Dollars												2017-	2017-
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2022	2027	
DECREASES IN REVENUES														
Tax Treatment of Silencers														
Estimated Revenues	0	-4	-9	-10	-11	-13	-14	-16	-18	-21	-23	-46	-139	
INCREASES IN DIRECT SPENDING														
Wildlife Restoration Fund														
Estimated Budget Authority	0	4	9	11	12	15	17	20	24	28	33	52	175	
Estimated Outlays	0	2	5	8	11	13	15	18	21	25	29	39	146	
NET INCREASE IN THE DEFICIT FROM CHANGES IN DIRECT SPENDING AND REVENUES														
Impact on Deficit	0	6	14	18	22	26	29	34	39	46	52	85	285	
INCREASES IN SPENDING SUBJECT TO APPROPRIATION														
North American Wetlands Conservation														
Authorization Level	0	50	50	50	50	50	0	0	0	0	0	250	250	
Estimated Outlays	0	12	25	35	43	48	37	25	15	8	2	163	250	
Other Provisions														
Estimated Authorization Level	0	3	2	2	2	2	1	1	1	1	1	11	17	
Estimated Outlays	0	3	2	2	2	2	1	1	1	1	1	11	17	
Total Changes														
Estimated Authorization Level	0	53	52	52	52	52	2	2	2	2	2	261	267	
Estimated Outlays	0	15	27	37	45	50	39	27	17	10	4	174	267	

Sources: Congressional Budget Office and the staff of the Joint Committee on Taxation.

Note: Amounts may not sum to totals because of rounding.

BASIS OF ESTIMATE

For this estimate, CBO assumes that the legislation will be enacted near the end of 2017 and that the authorized and necessary amounts will be appropriated for each fiscal year. Estimated outlays are based on historical spending patterns for similar activities.

Revenues

The National Firearms Act of 1934 (NFA) imposes several taxes on certain types of firearms and devices, including a \$200 tax on the make, manufacture, importation, and transfer of silencers. Separately, a 10 percent firearms and ammunition excise tax (FAET) is imposed under current law on the sale of pistols and revolvers by the manufacturer, producer, or importer of such items. The bill would remove silencers from the NFA and its associated taxes and regulations and instead make those devices subject to the FAET. JCT estimates, on net, those changes would reduce revenues by \$139 million over the 2018-2027 period.

Direct Spending

Based on information provided by JCT about the amount of revenues that would be collected under the FAET, CBO estimates that enacting the bill would increase direct spending by \$146 million over the 2018-2027 period for the Wildlife Restoration Fund. Other provisions in the bill would have a negligible effect on direct spending.

Wildlife Restoration Fund. Under current law, revenues collected under the FAET are deposited into the U.S. Fish and Wildlife Service's Wildlife Restoration Fund and spent without further appropriation. CBO projects that all balances and new deposits into the fund will be spent under current law. Although revenues would decline under the bill, H.R. 3668 would increase revenues collected under the FAET and would thus increase Wildlife Restoration Fund funding by an amount equal to the amount of revenues collected from the 10 percent tax on silencers. Based on historical spending patterns, CBO estimates that enacting those provisions would increase direct spending by \$146 million over the 2018-2027 period.

Fees for Commercial Filming Activities. H.R. 3668 would require the Secretaries of Agriculture and the Interior to charge a permit fee of up to \$200 a year for crews of five persons or fewer that conduct commercial filming or photography on certain federal lands. Under current law, some of the affected agencies collect fees for those activities to recover costs the agencies incur in administering such activities. Those agencies are authorized to spend the collections without further appropriation. CBO expects that, under the bill, certain film crews would pay less than the amounts required under current law and others would pay more. However, because the affected agencies would have the

authority to spend any proceeds from fees established under the bill, we estimate that enacting title XIII would have a negligible effect on net direct spending.

Spending Subject to Appropriation

CBO estimates that implementing H.R. 3668 would have a discretionary cost of \$174 million over the 2018-2022 period, assuming appropriation of the authorized and necessary amounts.

North American Wetlands Conservation. The bill would authorize the appropriation of \$50 million a year over the 2018-2022 period for programs carried out under the North American Wetlands Conservation Act (NAWCA). The U.S. Fish and Wildlife Service (USFWS) uses amounts appropriated under NAWCA primarily for grants to state, local, and tribal governments; nonprofit organizations; and other entities that carry out wetlands conservations projects. In 2017, the USFWS received an appropriation of \$35 million to carry out similar activities. CBO estimates that implementing those provisions would cost \$163 million over the 2018-2022 period and \$87 million after 2022.

Other Provisions. H.R. 3668 contains provisions that would require affected agencies to waive the cost recovery charges for the first 50 hours of work required to process special recreation use permits and would prevent agencies from recovering costs for completing certain activities under the Endangered Species Act. Based on information provided by the affected agencies, CBO estimates that enacting the bill would reduce collections, totaling about \$4 million a year, and the associated direct spending from cost recovery charges by about \$1 million a year. Because those collections can be spent under current law, enacting this provision would result in no net change in direct spending. However, CBO estimates that implementing provisions related to special recreation use permits would cost \$1 million a year, because the affected agencies would still be required to perform the work necessary to issue those permits.

The bill also would reauthorize the Federal Land Transaction Facilitation Act (FLTFA) through 2022. Under the bill, proceeds from the sale of land administered by the Bureau of Land Management (BLM) would be deposited into a special account where amounts would be available, subject to appropriation, to purchase inholdings (privately held land surrounded by federal land) and to cover certain administrative costs. BLM has the authority to sell land under current law, and CBO estimates that the agency will generate about \$1 million a year from those sales. Because those provisions do not provide any funding or incentive to increase the amount of land the agency sells, such as the authority to retain and spend proceeds, CBO expects that enacting the provisions would not increase the amount of proceeds generated by BLM land sales. Assuming appropriation of the estimated proceeds from BLM land sales under current law, CBO estimates that implementing the FLTFA changes would cost \$1 million a year over the 2018-2022 period.

The bill also would require the Administrative Conference of the United States (ACUS) to create an online searchable database containing information about cases in which fees and expenses were awarded by courts or federal agencies. The ACUS is an independent agency that assists other federal agencies in improving regulatory and other administrative procedures. Based on an analysis of information from ACUS, CBO estimates that creating and maintaining the database would cost \$1 million in 2018 and less than \$500,000 annually thereafter. Those funds would cover costs for additional ACUS staff, technological upgrades, and data collection by federal agencies.

H.R. 3668 also contains provisions that would affect the possession, transport, and use of certain hunting and fishing equipment on federal lands, impose certain reporting requirements, allow for the importation of certain polar bear remains, and require federal agencies to develop a process to expedite access to federal land to conduct search and rescue activities. Based on information provided by the affected agencies, CBO expects that many of those provisions would have little or no effect on the agencies' activities relative to current law. Thus, we estimate that implementing those provisions would have an insignificant effect on the federal budget.

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. The net changes in outlays and revenues that are subject to those pay-as-you-go procedures are shown in the following table.

CBO Estimate of Pay-As-You-Go Effects for H.R. 3668, as ordered reported by the House Committee on Natural Resources on September 13, 2017

	By Fiscal Year, in Millions of Dollars												
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2017-2022	2017-2027
NET INCREASE IN THE DEFICIT													
Statutory Pay-As-You-Go Impact	0	6	14	18	22	26	29	34	39	46	52	85	285
Memorandum:													
Changes in Outlays	0	-4	-9	-10	-11	-13	-14	-16	-18	-21	-23	-46	-139
Changes in Revenues	0	2	5	8	11	13	15	18	21	25	29	39	146

INCREASE IN LONG TERM DIRECT SPENDING AND DEFICITS

CBO estimates that enacting the legislation would not increase net direct spending or on-budget deficits by more than \$5 billion in any of the four consecutive 10-year periods beginning in 2028.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

CBO has reviewed the nontax provisions of H.R. 3668 and determined that they contain intergovernmental mandates as defined in UMRA because it would protect gun owners who transport firearms across state lines under the Firearm Owners Protection Act and preempt regulatory authority of state and local governments. H.R. 3668 would marginally expand an existing preemption by clarifying that the protection for gun owners traveling across state lines with firearms applies in situations where the gun owner is staying in temporary lodging overnight, stopping for food, fuel, vehicle maintenance, an emergency, medical treatment, or any other activity incidental to a trip. CBO expects state and local law enforcement agencies to experience a small reduction in the amount of penalties they collect from violators of gun control laws, an increase in legal damages awarded to defendants, and potentially some additional training expenses if H.R. 3668 is enacted. However, because of the small number of incidents expected to occur each year, CBO estimates that the costs of the mandate would be small.

The bill also would preempt any state or local law that imposes a tax (other than a broadly based tax) on firearm silencers or that would impose marking, recordkeeping, or registration requirements on owners of silencers. Although the preemption would limit the application of state and local laws and regulations, CBO estimates that any reduction in revenue from taxes specific to silencers would be small. In total, CBO estimates that cost of the mandates in the bill would fall well below the annual threshold established in UMRA for intergovernmental mandates (\$78 million in 2017, adjusted annually for inflation).

ESTIMATED IMPACT ON THE PRIVATE SECTOR

CBO has determined that the nontax provisions of H.R. 3668 would impose private-sector mandates as defined in UMRA. The bill would eliminate the ability of plaintiffs to seek judicial review of federal rules to remove gray wolves in the western Great Lakes region or in the state of Wyoming from the endangered species list. The bill also would eliminate the ability of plaintiffs to seek compensation from the federal government for damages occurring at public target ranges supported by federal funds. The cost of a mandate that eliminates a right of action is the forgone income and value of awards or settlements in such cases. Because such losses would generally not occur in cases

involving a judicial review of rules, CBO expects that the mandate would probably impose no costs. In addition, information from the Department of the Interior indicates plaintiffs file few, if any, lawsuits against the U.S. government seeking compensation for damages on public ranges. Because such claims would probably continue to be uncommon in the future, CBO estimates that any loss of income or awards would be small. Consequently, CBO estimates that the aggregate cost of the mandates would fall well below the annual threshold established in UMRA for private-sector mandates (\$156 million in 2017, adjusted annually for inflation).

PREVIOUS CBO ESTIMATES

On April 28, 2017, CBO transmitted a cost estimate for S. 733, the Sportsmen’s Act, as ordered reported by the Senate Committee on Energy and Natural Resources on March 30, 2017. Both bills contain provisions that would reauthorize FLTFA; however, the Senate bill would extend FLTFA for a longer period of time, allow BLM to retain and spend proceeds from land sales, and require annual payments to the U.S. Treasury. The CBO cost estimates for those provisions reflect those differences. S. 733 also contains several other provisions that are similar to provisions in H.R. 3668. CBO estimates that the costs of carrying out those provisions would be the same.

ESTIMATE PREPARED BY:

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