



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

April 27, 2016

H.R. 4923
American Manufacturing Competitiveness Act of 2016
*As ordered reported by the House Committee on Ways and Means
on April 20, 2016*

H.R. 4923 would establish a new process under which the U.S. International Trade Commission (USITC) would determine which imported products on the Harmonized Tariff Schedule would become eligible to have tariffs suspended or reduced through a future act of the Congress. Currently, petitions for tariff relief are sent to the Congress and incorporated into legislation before being analyzed by the USITC. Under H.R. 4923, the USITC would receive and analyze petitions submitted directly by the public in two separate rounds—one in 2017 and the second in 2020. After receiving analysis from the International Trade Administration (ITA), the USITC would submit reports to the Congress identifying the products it determines would be eligible for tariff relief. On the basis of information from the USITC and ITA, CBO estimates that implementing the bill would cost \$47 million over the 2017-2021 period, assuming appropriation of the estimated amounts.

Pay-as-you-go procedures do not apply because enacting H.R. 4923 would not affect direct spending or revenues. CBO estimates that enacting H.R. 4923 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2027.

The estimated budgetary impact of H.R. 4923 is shown in the following table. The costs of this legislation fall within budget functions 150 (international affairs) and 370 (commerce and housing credit).

	By Fiscal Year, in Millions of Dollars					2017- 2021
	2017	2018	2019	2020	2021	
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Estimated Authorization Level	23	0	0	24	0	47
Estimated Outlays	20	3	0	21	3	47

The USITC and ITA indicated that under the bill they expect a significant increase in petitions over past rounds of tariff relief—mostly because the public would no longer need to route their requests through the Congress. In 2012, those agencies each produced about 1,300 reports on individual products; this estimate assumes that their workload would double. Costs would be higher if the agencies receive more petitions than CBO estimates.

On the basis of information from the USITC, CBO estimates the agency would need 46 additional staff in 2017 and in 2020 at an average cost of \$165,000 to adjudicate about 2,600 petitions. That level of effort would increase USITC’s current number of full time equivalent positions by 10 percent. The agency also would spend almost \$1 million in 2017 on the information technology required to implement the bill. CBO estimates that the USITC would require appropriated funds totaling about \$8 million in each of 2017 and 2020 for those activities. In 2016 the agency received an appropriation of \$89 million.

Under H.R. 4923, the ITA would study each petition to determine whether there are domestic sources of the items being petitioned for tariff relief. On the basis of information from the ITA, CBO estimates the agency would need the equivalent of about 75 employees or contractors in 2017 and 2020 to produce the estimated 2,600 assessments that would be required under the bill and would require appropriated funds totaling about \$15 million in each of those years. In 2016 the ITA received an appropriation of \$403 million. CBO estimates that the additional work under H.R. 4923 would add 3 percent to 4 percent to the agency’s costs.

In total, CBO estimates the agencies would require additional appropriations of \$23 million in 2017 to implement the first round of tariff relief, and after adjusting for inflation, \$24 million in 2020 for the second round.

H.R. 4923 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

The CBO staff contacts for this estimate are Sunita D’Monte (for the USITC) and Stephen Rabent (for the ITA). The estimate was approved by Theresa Gullo, Assistant Director for Budget Analysis.