Congressional Budget Office
Cost Estimate

October 22, 2019

H.R. 132, North American Development Bank Improvement and Pollution Solution Act of 2019

As ordered reported by the House Committee on Financial Services on September 20, 2019

By Fiscal Year, Millions of Dollars	2020	2020-2024	2020-2029
Direct Spending (Outlays)	10	10	10
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	10	10	10
Spending Subject to Appropriation (Outlays)	35	215	215

Statutory pay-as-you-go procedures apply?	Yes	**Mandate Effects**	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2030?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No

H.R. 132 would authorize appropriations of $1,500 million for the United States' contribution to the North American Development Bank. The bank is jointly funded by the United States and Mexico and finances environmental and infrastructure projects near the border between those countries. Of the amount authorized under the bill, $225 million would be provided directly to the bank (referred to as paid-in capital) and the remaining $1,275 million would be made available if needed at a future date (callable capital).

Assuming appropriation of the specified amounts, CBO estimates that implementing H.R. 132 would cost $215 million over the 2020-2024 period (see Table 1). In addition, CBO estimates that H.R. 132 would increase direct spending by $10 million in 2020 and over the 2020-2029 period (see Table 2).

Table 1.
Estimated Increases in Spending Subject to Appropriation Under H.R. 132

	By Fiscal Year, Millions of Dollars					
	2020	2021	2022	2023	2024	2020-2024
Authorization	1,500	0	0	0	0	1,500
Estimated Outlays	35	45	45	45	45	215

See also *CBO's Cost Estimates Explained*, www.cbo.gov/publication/54437;
How CBO Prepares Cost Estimates, www.cbo.gov/publication/53519; and *Glossary*, www.cbo.gov/publication/42904.

On the basis of information from the Department of the Treasury, CBO expects that the U.S. contribution would be made in five annual installments and that the department would request appropriations for paid-in capital of $35 million in 2020 and $45 million each year over the 2021-2024 period, for a total request of $215 million over the 2020-2024 period. The remaining $10 million for paid-in capital would be paid from funds that have already been appropriated.

In 2016, the Congress appropriated $10 million for paid-in capital, but did not specifically authorize the Department of the Treasury to obligate and expend those funds to replenish the bank's resources. By authorizing U.S. participation, H.R. 132 would allow the department to pay $10 million to the bank; CBO expects it would do so in 2020. Because the bill would increase spending of appropriations that are available under current law, those new outlays would be classified as direct spending.

Table 2.
CBO's Estimate of the Statutory Pay-As-You-Go Effects of H.R. 132

	By Fiscal Year, Millions of Dollars											
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2020-2024	2020-2029
	Net Increase in the Deficit											
Pay-As-You-Go Effect	10	0	0	0	0	0	0	0	0	0	10	10

The department said it would not request appropriations for callable capital until the bank required additional resources; CBO expects that such a request would not be made during the 2020-2029 period. Therefore, this estimate does not include any outlays associated with the specified authorization of $1,275 million for callable capital.

The CBO staff contact for this estimate is Sunita D'Monte. The estimate was reviewed by Leo Lex, Deputy Assistant Director for Budget Analysis.