CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

February 2, 2007

H.R. 1
Implementing the 9/11 Commission Recommendations Act of 2007

As passed by the House of Representatives on January 9, 2007

SUMMARY

H.R. 1 would change laws and authorize funds to implement recommendations made by the National Commission on Terrorist Attacks Upon the United States in 2004. CBO estimates that implementing this legislation would result in new discretionary spending of $21 billion over the 2007-2012 period. In addition, H.R. 1 would affect direct spending by authorizing the Transportation Security Administration (TSA) to collect over the 2008-2011 period nearly $1.3 billion in fees from airline passengers and spend those amounts to improve security measures at airports. CBO estimates that receipts from such fees would initially exceed spending, resulting in a net reduction in direct spending of $425 million in 2008. Savings in that year would be fully offset by corresponding increases in direct spending in later years, resulting in no net change in direct spending over the next 10 years. Enacting H.R. 1 would not have any significant impact on revenues.

H.R. 1 would:

- Require the federal government to screen the contents of all cargo transported aboard passenger aircraft;

- Authorize appropriations for international broadcasting activities and assistance to Arab and predominantly Muslim countries, including Afghanistan and Pakistan;

- Aim to stem the proliferation of weapons of mass destruction (WMD) by creating an office in the White House that would coordinate a comprehensive strategy for preventing WMD proliferation and an advisory commission to survey current nonproliferation efforts and recommend improvements, as well as expand ongoing nonproliferation efforts within the Department of Defense (DoD) and the Department of Energy (DOE);

- Authorize grants to improve communications systems among first responders; and

- Prohibit cargo shipping containers from entering the United States unless they have been sealed and scanned with imaging and radiation-detection equipment.

H.R. 1 contains an intergovernmental mandate as defined in the Unfunded Mandates Reform Act (UMRA), but CBO expects the cost to state, local, and tribal governments of complying with that mandate would be small and well below the annual threshold established in that act ($66 million in 2007, adjusted annually for inflation).

H.R. 1 also contains private-sector mandates as defined in UMRA. The act would impose new requirements on shipping containers entering the United States and on cargo transported on passenger aircraft operated by certain air carriers. Those requirements could impose mandates on shipping carriers, entities that send cargo on passenger aircraft, and certain air carriers. The legislation also would impose a mandate on entities in the private sector by requiring them, if subpoenaed, to provide testimony, documents, or other evidence. In addition, H.R. 1 could impose new mandates by prohibiting certain business transactions with foreign persons, companies, or countries that could be sanctioned under this legislation because they participate in certain nuclear activities. CBO estimates that the aggregate direct cost of complying with those mandates would exceed the annual threshold for private-sector mandates ($131 million in 2007, adjusted annually for inflation) in at least one of the first five years the mandates would be in effect.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 1 is shown in Table 1. The costs of this legislation fall within budget functions 050 (national defense), 150 (international affairs), 400 (transportation), 450 (community and regional development), and 750 (administration of justice).

BASIS OF ESTIMATE

CBO estimates that implementing H.R. 1 would cost $21 billion over the 2007-2012 period, assuming appropriation of the amounts authorized and estimated to be necessary. In addition, CBO estimates that the act would increase both offsetting receipts and direct spending by about $1.3 billion, but would have no net cost over the next 10 years. For this estimate, we assume that the legislation will be enacted in the spring of 2007 and that the necessary amounts will be appropriated each year. Estimated outlays are based on historical spending patterns for existing or similar programs.

TABLE 1. BUDGETARY EFFECTS OF H.R. 1

	By Fiscal Year, in Millions of Dollars					
	2007	2008	2009	2010	2011	2012
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Interoperable Communications Grants						
Estimated Authorization Level	0	0	778	792	806	821
Estimated Outlays	0	0	47	242	534	738
Net Funding for Aviation Security						
Estimated Authorization Level	250	3,376	3,213	3,315	3,206	500
Estimated Outlays	50	1,867	2,757	3,095	3,402	1,945
Scanning Containers in Foreign Ports						
Estimated Authorization Level	10	15	30	40	45	45
Estimated Outlays	2	10	25	35	45	45
Preventing WMD Proliferation and Terrorism						
Estimated Authorization Level	77	219	276	336	397	457
Estimated Outlays	36	112	198	278	349	415
Broadcasting Activities and Foreign Assistance						
Estimated Authorization Level	2	1,532	770	727	724	758
Estimated Outlays	0	834	1,041	845	801	779
Fusion and Law Enforcement Education and Teaming Grants						
Estimated Authorization Level	0	25	25	25	25	25
Estimated Outlays	0	6	15	24	25	25
Other Programs						
Estimated Authorization Level	0	6	6	7	7	7
Estimated Outlays	0	6	6	7	7	7
Total Changes						
Estimated Authorization Level	339	5,173	5,098	5,242	5,210	2,613
Estimated Outlays	88	2,835	4,089	4,526	5,163	3,954
CHANGES IN DIRECT SPENDING [a]						
Aviation Security Fees and Spending						
Estimated Budget Authority	0	0	0	0	0	0
Estimated Outlays	0	-425	-63	13	-25	225

a. The act’s changes in direct spending would have no net effect over 10 years (see Table 2).

Spending Subject to Appropriation

CBO estimates that implementing H.R. 1 would cost about $21 billion over the 2007-2012 period, assuming appropriation of the necessary amounts.

Interoperable Communications Grants. Title II of H.R. 1 would establish a new grant program for states and regions to improve the interoperability of emergency communications systems used by police, firefighters, and other first responders. The act would authorize the Department of Homeland Security (DHS) to provide grants to states to plan and design communications systems, purchase equipment, and provide training to users. Under current law, grants for similar activities are provided through the Homeland Security Grant Program. Through 2006, the existing grant program has awarded nearly $3 billion for interoperable communications activities.

Under H.R. 1, the new program could not be funded until the first fiscal year after DHS submits the National Emergency Communications Plan and the baseline interoperability assessment to the Congress and notifies the Congress that substantial progress has been made towards developing communications standards for first responders. Based on information from the Administration, CBO expects that fiscal year 2009 would be the first year that the program would be eligible to receive funds. For this estimate, CBO assumes that the authorization level of the new grant program would continue at the current funding level for interoperable communications activities, adjusted for anticipated inflation. However, the cost of implementing this grant program could be higher or lower than that current level, depending upon the results of the above-mentioned reports and assessments. Assuming appropriation of the necessary funds, CBO estimates that implementing this provision would cost $1.6 billion over the 2009-2012 period.

Aviation Security. Title IV would authorize the appropriation of necessary sums for TSA's aviation security programs for fiscal years 2008 through 2011, particularly for salaries for screeners of passengers and baggage, and for related expenses. Starting in fiscal year 2007, the legislation also would require TSA to increase efforts to screen cargo transported on passenger aircraft. CBO estimates that implementing this title would require gross appropriations totaling $23.8 billion over the next five years. That amount includes $20.3 billion to continue TSA's existing programs related to aviation security (including grants to support the installation of certain explosive detection systems at airports) and $3.5 billion for increased screening of cargo. Because we assume that a portion of funding for aviation security would come from fees (as described below), we estimate that implementing these provisions would require net appropriations totaling $13.8 billion over the 2007-2012 period. Assuming appropriation of the necessary amounts, we estimate resulting net outlays during that period would total $13.1 billion.

Spending to Continue Existing Aviation Security Programs. CBO's estimate of the funding that would be necessary to continue aviation security programs assumes that funding for those activities would remain at 2007 levels, adjusted to keep pace with anticipated inflation in future years. For this estimate, CBO assumes that a portion of the $20.3 billion authorized for aviation security over the 2008-2011 period would come from certain fees that TSA is authorized to collect to offset the agency's costs. Most of those collections would result from fees charged on tickets sold by commercial airlines. Additional collections would result from certain fees paid directly to TSA by air carriers. Under existing law, TSA's authority to collect and spend such fees is subject to appropriation.

Based on information from TSA about anticipated numbers of airline passengers and travel patterns, CBO estimates that such fees would offset nearly $10 billion of amounts provided for aviation security over the 2008-2011 period, thus reducing the net appropriation that would be necessary to implement the legislation. Accordingly, we estimate that fully funding aviation security programs under H.R. 1 would require net appropriations totaling about $10.3 billion over the 2008-2011 period (averaging about $2.6 billion a year). We estimate that the net outlays resulting from such funding would total $10.0 billion over the 2008-2012 period, with additional spending of $300 million occurring after 2012.

Increased Screening of Cargo Aboard Passenger Aircraft. Currently, TSA uses various risk-based techniques to selectively screen a portion of cargo transported aboard passenger aircrafts. Starting in 2007, H.R. 1 would require the agency to gradually increase the proportion of such cargo that it screens; the act would require all cargo to be screened by the end of fiscal year 2009.

According to the agency, in addition to hiring more screeners, meeting the legislation's requirements would require significant investment to develop, procure, and install new screening equipment. Because such equipment does not currently exist, the cost of such investments is uncertain. Based on information from TSA about the likely magnitude of such expenses and the overall increase in the agency's level of effect with respect to cargo screening, CBO estimates that meeting the legislation's requirements would require appropriations totaling $250 million in 2007 and $3.5 billion over the 2007-2012 period. Assuming appropriation of the necessary amounts, we estimate resulting outlays would total $3.1 billion over the 2007-2012 period, with additional spending occurring in later years.

Scanning Shipping Containers in Foreign Ports. Section 501 of H.R. 1 would prohibit shipping cargo containers from entering the United States unless they are sealed and have been scanned with imaging and radiation-detection equipment. Under the act, DHS would promulgate standards for scanning equipment and for container seals that could detect breaches in containers after they have been scanned. The new requirements would become effective within three years (for containers loaded in countries that originate more than 75,000 "20-foot equivalent" containers) and within five years (for countries originating a smaller volume of container shipping traffic). The act would authorize the appropriation of whatever amounts are necessary for this purpose.

Section 232 of the SAFE Ports Act (Public Law 109-347), enacted in October 2006, also requires DHS to ensure all containers have been scanned before they arrive in the United States. That law places no deadline on DHS—but directs the department to do so "as soon as possible"—and establishes several conditions for the scanning system, including the requirement that it does not significantly affect trade capacity and the flow of cargo at foreign or U.S. ports. In addition, the SAFE Ports Act directs DHS to establish a pilot program at three foreign ports to scan all containers being shipped to the United States. DHS is currently implementing this program at ports in the United Kingdom, Honduras, and Pakistan, plus a more limited pilot program at ports in South Korea, Singapore, and Oman. Within 180 days of full implementation of the pilot program, DHS is required to prepare a report to evaluate the experiences of that program, including the feasibility and cost of expanding the pilot program to other foreign ports.

There are over 600 foreign seaports in about 170 countries that export products to the United States. The largest 80 ports account for about 95 percent of the containers shipped to the United States. According to DHS and DOE, the two departments will allocate a total of $60 million in fiscal year 2007 for radiation-detection and imaging equipment, additional personnel, and necessary computer systems and infrastructure to establish and operate the pilot projects required by the SAFE Ports Act and more limited pilot projects in three additional ports. However, the departments do not yet have an operating plan for spending those funds. In total, the three ports in the pilot program account for just over one percent of the containers shipped to the United States in 2005. Because the SAFE Ports Act requires DHS to eventually scan all containers before they enter the United States, some of the costs to implement H.R. 1 would be incurred under current law.

CBO estimates that implementing the requirements and meeting the deadlines established by H.R. 1 would cost DHS $160 million over the 2008-2012 period. (Some of this cost would be incurred under existing law, but not as rapidly.) We estimate that most of these amounts would be used to hire, equip, train, and support an additional 300 to 400 DHS employees in the United States and at foreign ports to review container scans and enforce the law's requirement that containers be sealed and scanned. In the first few years following enactment, we expect that much of the estimated funding would be used to develop guidelines and regulations to implement the act's requirement that all containers entering the country be sealed and scanned and to coordinate the development of sealing technology with private industry and foreign ports. Also, funds would be used to help foreign ports develop scanning systems and procedures and to develop software to be used by DHS to monitor scans and seal integrity. We expect that annual personnel costs could fall in later years because DHS would probably develop more efficient ways to review scans and inspect seals.

These costs would be in addition to about $140 million annually that DHS currently spends under its container security initiative (CSI). Under this program, DHS will spend about $2 million at each of the largest foreign ports (including nearly 60 ports by the end of fiscal year 2007) that ship container cargo into the United States. These funds are used to review ship manifests, screen selected containers, inspect high-risk cargoes, and assist foreign ports with security measures.

H.R. 1 would not require the federal government to bear the cost of creating container seals or conducting scans, nor would it prohibit the use of government funds for such purposes. For this estimate, CBO assumes that the cost of acquiring, installing, and maintaining the systems necessary to comply with the act's requirements would be borne by foreign ports in order to maintain trade with the United States. Industry experts have estimated that up-front costs to acquire and deploy the necessary scanning and detection equipment for the foreign ports that ship the vast majority of containers entering the United States would be about $1.5 billion over three years. That cost could be greater if many smaller ports also choose to install the required equipment, but we expect that most smaller ports would instead transship their goods through larger ports that already have the necessary investments in place. Finally, it is possible that some larger ports may receive federal assistance such as that provided by the pilot program under Public Law 109-347, at an estimated cost of up to $10 million per port, but CBO has no basis for including those costs in this estimate.

Preventing WMD Proliferation and Terrorism. Provisions within title XII would aim to stem the proliferation of Weapons of Massive Destruction by creating an office in the White House that would coordinate a comprehensive strategy for preventing WMD proliferation and an advisory commission to survey current nonproliferation efforts and recommend improvements. The legislation also would expand ongoing nonproliferation efforts within DoD, DOE, and the Department of State. CBO estimates that implementing this title would cost $36 million in 2007 and about $1.3 billion over the 2008-2012 period, assuming appropriation of the necessary amounts.

Office of the Coordinator and an Advisory Commission. Section 1241 would create within the Executive Office of the President an office to be known as the Office of the United States Coordinator for the Prevention of Weapons of Mass Destruction Proliferation and Terrorism. The new coordinator would advise the President on all matters relating to nonproliferation activities of the U.S. government and formulate strategy and policy for preventing the spread of WMD. Based on the budgets of similar advisory panels (such as the U.S.-China Economic and Security Review Commission that reports to the Congress on Chinese proliferation activities), CBO estimates that the cost to operate this office would be about $1 million in 2007 and would total $33 million over the 2007-2012 period.

Section 1251 would establish the Commission on the Prevention of WMD Proliferation and Terrorism. The commission would consist of nine members appointed by the President and the Congress and would be charged with recommending ways to accelerate, expand, and strengthen U.S. and international efforts to stem the spread of nuclear weapons capabilities to terrorists. The commission would be required to submit a report to the President and Congress in 2008. Based on the budgets of similar commissions, CBO estimates that the costs for this commission would be about $3 million in 2008.

Expand the Cooperative Threat Reduction (CTR) Program. Section 1232 would authorize the appropriation of such sums as may be necessary for fiscal year 2007 to expand the CTR program. These amounts could be used to complete the chemical weapons destruction facility at Shchuch' ye, Russia, to support efforts to prevent biological weapons proliferation, and to increase other CTR activities. The act also indicates that funding for CTR in 2008 and beyond should be expanded.

The Congress authorized $372 million in 2007 to support the CTR efforts, including $43 million for the chemical weapons destruction facility and $68 million for the biological weapons proliferation program. DoD plans to stop funding the destruction facility after construction is complete in 2007 and would not support efforts to equip the facility or train the people to operate the facility. Also, DoD plans to increase the annual budgets of the biological weapons program over the next several years to allow those prevention efforts to include more sites in the former states of the Soviet Union. Based on information provided by DoD, CBO estimates that the cost of expanding those two programs would be $2 million in 2007 and about $250 million over the 2007-2012 period. These additional amounts could be used to help equip and operate the facility in Shchuch'ye, Russia, and to broaden some of the biological weapons prevention programs to additional sites.

Expand Several DOE Nonproliferation Efforts. In addition to any other amounts authorized to be appropriated, section 1233 would authorize the appropriation of such sums as may be necessary for fiscal year 2007 to expand the following DOE programs:

- Global Threat Reduction Initiative,
- Nonproliferation and International Security,
- International Materials Protection, Control, and Accounting, and
- Research and Development.

The Congress authorized about $1 billion in 2007 to support the four DOE nonproliferation efforts mentioned above. Based on information from DOE, CBO estimates that the cost to expand those programs would be $33 million in 2007 and about $900 million over the 2007-2012 period. Those amounts could be used to accelerate ongoing DOE programs, such as the Megaports program that attempts to improve the capability of U.S. international partners to detect and interdict nuclear and radiological materials that could be passing through their ports and the Radiological Threat Reduction program that attempts to identify and reduce the threat of radiological attacks against the United States.

Repeal Certain Limitations on Assistance for Nonproliferation Programs. Section 1211 would repeal or amend certain statutory limitations that restrict the use of funds made available to assist Russia in the prevention of WMD proliferation, including the CTR program and the DOE proliferation efforts mentioned above. Since the Congress has waived those restrictions consistently over the past several years, the provision would likely have little or no budgetary effect.

Foreign Assistance. Section 1222 would authorize the President to provide assistance to any country that cooperates in preventing the transport or transshipment of any item of proliferation concern. Under current law, the United States provides assistance to countries that help with nonproliferation, and in 2006 spent about $200 million for these activities. CBO estimates that spending could increase by as much as 25 percent or $50 million a year, though actual spending would depend on the assistance rendered. Accordingly, CBO estimates that implementing this proposal would cost $11 million in 2008 and $166 million over the 2008-2012 period, assuming appropriation of the necessary amounts.

Broadcasting Activities and Foreign Assistance. Title XIV would authorize appropriations for grants and activities in Arab and predominantly Muslim countries, the Broadcasting Board of Governors (BBG), Afghanistan, and Pakistan. In total, CBO estimates that the provisions in title XIV would cost about $830 million in 2008 and $4.3 billion over the 2008-2012 period, assuming appropriation of the necessary amounts.

*Assistance for Education in Arab and Predominantly Muslim Countries***.** Section 1412 would establish a fund to support educational programs in Arab and predominantly Muslim countries. It would authorize the appropriation of such sums as may be necessary for fiscal years 2008, 2009, and 2010. Based on current educational programs administered by the Middle East Partnership Initiative, a program run by the Department of State, CBO expects that funding of $5 million a year would be sufficient. Assuming outlays follow historical trends, CBO estimates that establishing this fund would cost $1 million in 2008 and $13 million over the 2008-2012 period, assuming appropriation of the necessary amounts.

Section 1414 would extend an expired program for 2007 and 2008 that provided grants to American-sponsored schools in Arab and predominantly Muslim countries. According to the Department of State, it spent about $2 million on this program in 2006 and CBO expects that a similar amount would be sufficient for 2007 and 2008. For the purposes of this estimate, CBO assumes that an appropriation for fiscal year 2007 will be enacted and that the appropriation will provide funds for this program, though significant outlays would probably not occur until 2008. Thus, CBO estimates that implementing this section would cost less than $500,000 in 2007 and $4 million over the 2007-2009 period, assuming appropriation of the necessary amounts.

*Middle East Foundation***.** Section 1422 would authorize the Secretary of State to designate a private, nonprofit organization as the Middle East Foundation to provide grants and other forms of assistance to countries in the Middle East to support the expansion of institutions such as the rule of law, an independent media, and civil society. Funding for this foundation would come from funds appropriated to the Middle East Partnership Initiative operated by the Department of State. According to the department, funding for a similar foundation is expected to total about $35 million. Based on historical spending patterns for similar programs, CBO estimates that funding this new Middle East Foundation would cost $2 million in 2008 and $24 million over the 2008-2012 period, assuming appropriation of the necessary amounts.

*Broadcasting Board of Governors***.** Section 1431 contains two provisions that would affect the Broadcasting Board of Governors. The BBG is an independent federal agency responsible for all nonmilitary international broadcasting activities. First, the act would authorize the appropriation of such sums as may be necessary for broadcasting activities. Based on information from the BBG regarding their budget request for 2007, CBO estimates that this provision would cost about $550 million in 2008 and $3.3 billion over the 2008-2012 period, assuming the appropriation of the necessary funds.

In addition, the act would create surge capacity at BBG. In the event of an overseas crisis, the President would be authorized to direct any federal entity to provide BBG with the resources necessary to increase broadcasting activities. The act would establish and authorize such sums as may be necessary for a new fund for surge capacity, and further specifies that amounts in the fund may not exceed $25 million. Over the last five years, the BBG has received several supplementals to step up its programming during international crises; these amounts have ranged from a high of $40 million in 2004 down to $5 million in 2005. Based on recent history and similar emergency funds, CBO estimates that the fund would require initial appropriations of $25 million in 2008 and replenishments of $15 million each year in 2010 and 2012. CBO estimates that spending on surge capacity would be $8 million a year, assuming the appropriation of the necessary funds.

Foreign Assistance. Section 1441 would authorize the President to provide emergency energy resources to provide electricity to Kabul, Afghanistan, and other provinces and cities in that nation for 2008 and 2009. Based on information from the U.S. Agency for International Development, CBO estimates that this program would require appropriations of $75 million for both 2008 and 2009. Assuming that spending is consistent with that of an identical program in previous years, CBO estimates that implementing this program would cost $56 million in 2008 and $150 million over the 2008-2011 period, assuming appropriation of the estimated amounts.

Section 1442 would authorize the appropriation of such sums as may be necessary to provide foreign assistance via several different programs to Pakistan for 2008. Using information from the Department of State, CBO estimates that implementing this section would authorize the appropriation of about $750 million in 2008. Based on historical spending patterns for those programs, CBO estimates that outlays would total $217 million in 2008 and $720 million over the 2008-2012 period, assuming appropriation of the estimated amount.

Fusion and Law Enforcement Education and Teaming (FLEET) Grants. Section 702 would establish the FLEET grant program. Under this program, DHS would make grants to local and tribal law enforcement agencies to help them cover the costs of detailing employees to fusion centers, which are state or regional organizations that aim to prevent terrorist activity. Grant recipients could use funds to hire new personnel to replace those detailed to fusion centers. There are currently about 40 fusion centers located across the country; most states already participate in one or anticipate establishing a fusion center in the future.

CBO expects that each center—on average—could accommodate about 10 detailees per year. Thus, we expect a total of 400 local and tribal personnel to participate in this program each year. CBO estimates that implementing this section would require funding of about $25 million annually, mostly for FLEET grant recipients to hire new personnel to replace those detailed to fusion centers.

Other Programs. H.R. 1 contains several other provisions that would increase costs to the federal government. CBO estimates that implementing these provisions would cost a total of $33 million over the 2008-2012 period. Specific activities would include:

- Section 601 would require the Human Smuggling and Trafficking Center to employ at least 30 full-time personnel. Based on information from the Department of State that the Center currently employs about 14 full-time equivalent employees, CBO estimates that implementing this section would cost about $2 million in 2008 and $10 million over the 2008-2012 period, assuming appropriation of the necessary amounts.

- Section 712 would establish the Border Intelligence Fusion Center program to assign officers and intelligence analysts of Customs and Border Protection (CBP) and Immigration and Customs Enforcement (ICE) to fusion centers in states located along the northern or southern U.S. borders. Under this provision, at least one CBP and one ICE employee would be assigned to each fusion center that chooses to participate in this program. Assuming that nearly all of the 20 fusion centers located in border states would participate, we estimate that it would cost DHS about $4 million annually to hire and equip the approximately 35 employees necessary to carry out this program.

- Section 733 would direct the Office of Intelligence and Analysis (OIA) in DHS to establish a program for state, local, and tribal law enforcement and intelligence agencies to detail analysts to OIA. Under the act, OIA would provide a stipend to detailees to cover their living expenses during the assignment period. Based on information from OIA, we expect that no more than 20 persons would participate in this program each year and that it would cost less than $1 million annually.

Direct Spending and Revenues

The legislation's effect on direct spending over the next 10 years is shown in Table 2. Title IV would authorize TSA to spend, without further appropriation, $250 million annually over the 2008-2011 period to reauthorize TSA's aviation security capital fund. TSA would use amounts in that fund to help airports install certain equipment to screen checked baggage. The act also would authorize the agency to spend $250 million in 2008 to enhance efforts to detect explosive at security checkpoints in airports. Together, we estimate that enacting these provisions would increase direct spending by $75 million in 2008 and nearly $1.3 billion over the next 10 years.

To offset the cost of those activities, the legislation would authorize the agency to collect passenger fees totaling $500 million in 2008 and $250 million in each of fiscal years 2009 through 2011. Under current law, such fees may be collected only to the extent provided for in advance in appropriations acts, and income from those fees is recorded as an offset to appropriated spending for TSA's existing aviation security programs. H.R. 1 would require TSA to collect nearly $1.3 billion over the 2008-2011 period from passengers without subsequent legislation. Under H.R. 1, we estimate that the agency would collect the authorized amounts each year. Because H.R. 1 would cause such fees to be used to finance activities related to installing screening equipment and improving explosives detection at airport checkpoints, such fees would not be available to reduce the costs of other TSA spending. In other words, the collections under H.R. 1 would lead to a reduction in the amount of fees recorded as offsets to appropriated spending—essentially changing some discretionary offsetting collections into mandatory offsetting receipts. By doing so, those collections would no longer be available to offset annual discretionary appropriations.

TABLE 2. ESTIMATED CHANGES IN DIRECT SPENDING FROM ENACTING H.R. 1

	By Fiscal Year, in Millions of Dollars									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
CHANGES IN DIRECT SPENDING										
Aviation Security Capital Fund										
Gross Spending										
Estimated Budget Authority	250	250	250	250	0	0	0	0	0	0
Estimated Outlays	25	87	163	225	225	163	87	25	0	0
Offsetting Receipts										
Estimated Budget Authority	-250	-250	-250	-250	0	0	0	0	0	0
Estimated Outlays	-250	-250	-250	-250	0	0	0	0	0	0
Net Spending										
Estimated Budget Authority	0	0	0	0	0	0	0	0	0	0
Estimated Outlays	-225	-163	-87	-25	225	163	87	25	0	0
Checkpoint Screening Security Fund										
Gross Spending										
Estimated Budget Authority	250	0	0	0	0	0	0	0	0	0
Estimated Outlays	50	100	100	0	0	0	0	0	0	0
Offsetting Receipts										
Estimated Budget Authority	-250	0	0	0	0	0	0	0	0	0
Estimated Outlays	-250	0	0	0	0	0	0	0	0	0
Net Spending										
Estimated Budget Authority	0	0	0	0	0	0	0	0	0	0
Estimated Outlays	-200	100	100	0	0	0	0	0	0	0
Total Changes in Direct Spending										
Estimated Budget Authority	500	250	250	250	0	0	0	0	0	0
Estimated Outlays	75	187	263	225	225	163	87	25	0	0
Offsetting Receipts										
Estimated Budget Authority	-500	-250	-250	-250	0	0	0	0	0	0
Estimated Outlays	-500	-250	-250	-250	0	0	0	0	0	0
Estimated Budget Authority	0	0	0	0	0	0	0	0	0	0
Estimated Outlays	-425	-63	13	-25	225	163	87	25	0	0

Based on historical spending patterns for similar activities, CBO estimates that fees collected under this provision would exceed the amounts spent for installation of screening equipment and explosives detection for the next few years. Hence, we estimate that enacting title IV would reduce net direct spending by $425 million in 2008, but would increase net direct spending in some later years and have no net impact on the budget over the next 10 years.

Section 1412 would establish a fund to support educational programs in Arab and predominantly Muslim countries. In addition to authorizing the appropriation of such sums as may be necessary (discussed above under the heading "Spending Subject to Appropriation"), the section would authorize the fund to receive gifts and to spend the proceeds of such gifts. Gift receipts are classified as revenues, and the spending of those receipts would constitute direct spending. CBO estimates that the revenues collected and spent under this provision would be minimal.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

H.R. 1 contains an intergovernmental mandate as defined in the Unfunded Mandates Reform Act. Sections 805 and 812 would provide two federal entities with the power to subpoena information. State, local, and tribal governments, if subpoenaed by the privacy officer of the Department of Homeland Security or the Privacy and Civil Liberties Oversight Board, would be required to provide testimony, documents, or other evidence. CBO expects that the DHS privacy officer and the Oversight Board would use their subpoena power sparingly and that the costs to comply with such subpoenas would not be significant. CBO estimates the total cost to state, local, and tribal governments of complying with that mandate would be small and well below the threshold established in UMRA ($66 million in 2007, adjusted annually for inflation).

ESTIMATED IMPACT ON THE PRIVATE SECTOR

H.R. 1 contains private-sector mandates as defined in UMRA. The legislation would impose new requirements on shipping containers entering the United States and on cargo transported on passenger aircraft operated by certain air carriers. Those requirements could impose mandates on shipping carriers, entities that send cargo on passenger aircraft, and certain air carriers. H.R. 1 also would impose a mandate on entities in the private sector by requiring them, if subpoenaed, to provide testimony, documents, or other evidence. In addition, H.R. 1 could impose new mandates by prohibiting certain business transactions with foreign persons, companies, or countries that could be sanctioned under this bill because they participate in certain nuclear activities. CBO estimates that the aggregate direct cost of complying with those mandates would exceed the annual threshold for private-sector mandates ($131 million in 2007, adjusted annually for inflation) in at least one of the first five years the mandates would be in effect.

Seal Requirements for Cargo Containers

Section 501 would require all shipping containers entering the United States to be secured with a seal that meets certain standards before the containers are loaded on the vessel for shipment to the United States. The act does not specify who would be responsible for sealing containers. Based on information from industry and government sources, the most likely scenario is that the private sector would be responsible for securing containers with seals. Such a requirement would impose a new mandate, as defined in UMRA, on shipping carriers. The requirement would be phased in over the next five years, beginning with containers loaded on vessels in certain countries, beginning on the end of the three-year period from the date of enactment of the legislation.

The section would require DHS to implement standards for container seals that could detect breaches in containers after they have been sealed. While the standards for such seals have not been established, based on the findings of current research on the best-available technology, industry sources indicate that seals with such technology would cost approximately $30 to $45 per container. According to information from industry and government sources, approximately 10 million maritime containers required to have such seals are projected to enter the United States in 2010. CBO expects that the direct costs to comply with this mandate would exceed the annual threshold for private-sector mandates in 2010, the first year the mandate would be in effect. In subsequent years, the direct cost of the mandate on shipping carriers would tend to decrease as the cost of seals may decrease according to industry sources, but CBO has no basis for estimating the change in costs. Imposing such a mandate could affect the efficiency of the international transportation system and thus have broad economic implications.

Inspection of Cargo Carried Aboard Passenger Aircraft

Section 406 would require DHS to establish a system to inspect 100 percent of cargo transported on passenger aircraft operated by certain air carriers by the end of fiscal year 2009. Under current law, DHS is required to provide for the screening of all property, including cargo and other articles, that are carried aboard a passenger aircraft. Because the inspection system under the bill has not been established by DHS, CBO does not have enough information to determine if the system would impose new mandates on private-sector entities or whether the direct cost would exceed the annual threshold.

Subpoena Authority

Sections 805 and 812 would impose a private-sector mandate by providing two federal entities with the power to subpoena information. Entities in the private sector, if subpoenaed by the privacy officer of DHS or the Privacy and Civil Liberties Oversight Board, would be required to provide testimony, documents, or other evidence. Such a requirement would be a mandate as defined in UMRA. CBO expects that the privacy officer and the Oversight Board would use their subpoena power sparingly. Therefore, CBO estimates that the costs to comply with the mandate would be small.

Sanctions and Suspensions

Sections 1311 and 1333 could impose new mandates by prohibiting certain business transactions with foreign persons, companies, or countries that could be sanctioned under the act because they participate in certain nuclear activities.

If the President determines that a foreign person, as defined in the legislation, participated in the export, transfer, or trade of nuclear enrichment or weapons technology, then the President would be required to impose certain sanctions on that foreign person. Those sanctions would include, but not be limited to:

- Prohibiting the United States government from granting a license or other approval to export or import any defense articles, defense services, or design and construction services under the Foreign Assistance Act of 1961or the Arms Export Control Act;

- Prohibiting licenses or other approval for the export to the foreign person of certain goods or technology subject to the Export Administration Regulations; and

- Terminating any such licenses in affect at the time those sanctions are imposed.

The legislation also would require the President to suspend all licenses issued under the Arms Export Control Act and to prohibit any new licenses for exports to and imports from any country that the President has identified to be participating in certain activities in connection with transactions of the nuclear proliferation network.

Such measures would impose new mandates on exporters and importers of certain goods or technology to sanctioned foreign persons and certain designated countries. The legislation also would provide the President with the authority to waive the imposition of any sanction or suspension under certain circumstances outlined in the act. Based on the uncertainty of whether and how the President would apply such sanctions or suspensions, CBO has no basis for estimating the costs of those mandates or whether the costs would exceed the annual threshold established by UMRA for private-sector mandates.

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