



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

April 26, 2011

S. 394 **No Oil Producing and Exporting Cartels Act of 2011**

As ordered reported by the Senate Committee on the Judiciary on April 7, 2011

S. 394 would seek to prohibit foreign states from working collectively to limit the production, set the price, or otherwise restrain the trading of petroleum and natural gas when such actions affect U.S. markets. The bill would authorize the Department of Justice (DOJ) to enforce the legislation by filing antitrust actions in federal courts. The bill also would provide that foreign states that restrain trade in petroleum and natural gas would not be immune from the judgment of U.S. courts under the doctrine of sovereign immunity.

CBO cannot estimate a precise cost of implementing S. 394 because we have no basis for assessing the likelihood that the Administration might initiate antitrust actions against foreign states under the bill. Based on information from DOJ on the costs of investigating alleged antitrust violations, CBO estimates that investigations like those that might be brought under S. 394 could cost as much as \$4 million per year, subject to appropriation of the necessary funds.

S. 394 could result in the collection of additional criminal or civil penalties. Collections of criminal fines are recorded in the budget as revenues, deposited in the Crime Victims Fund, and later spent. Civil fines are also recorded as revenues. Because enacting S. 394 could affect direct spending and revenues, pay-as-you-go procedures apply. CBO cannot estimate the magnitude of additional spending and revenues because we cannot determine whether DOJ would file suit against alleged violators, whether the government would win such legal action, or how much in penalties might be collected by federal agencies. In any case, we estimate that enacting those provisions would either have no significant net impact on the deficit or would reduce future deficits (through collections of civil fines).

S. 394 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments.

The CBO staff contact for this estimate is Martin von Gnechten. This estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.