CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

July 30, 2014

S. 2250
Travel Promotion, Enhancement, and Modernization Act of 2014

As ordered reported by the Senate Committee on Commerce, Science, and Transportation on July 23, 2014

SUMMARY

S. 2250 would extend the provisions of the Travel Promotion Act of 2009 (Public Law 111-145), which established the Corporation for Travel Promotion (also known as Brand USA), through September 30, 2020, and impose new performance and procurement requirements on the corporation. The bill also would extend the authority of U.S. Customs and Border Protection (CBP) to collect travel promotion fees from certain foreign individuals traveling to the United States. Those fees are used to partially fund Brand USA.

CBO estimates that enacting S. 2250 would increase direct spending by $467 million and revenues by $731 million over the 2015-2024 period, resulting in a net decrease in the deficit of $264 million over the 10-year period. Pay-as-you-go procedures apply because enacting the legislation would affect direct spending and revenues.

CBO estimates that implementing S. 2250 would not significantly affect discretionary spending.

S. 2250 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary effect of S. 2250 is shown in the following table. The costs of this legislation fall within budget function 370 (commerce and housing credit).

	By Fiscal Year, in Millions of Dollars											
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2015-2019	2015-2024
CHANGES IN DIRECT SPENDING												
Estimated Budget Authority	0	93	93	93	94	94	0	0	0	0	373	467
Estimated Outlays	0	74	93	93	94	94	19	0	0	0	354	467
CHANGES IN REVENUES												
Estimated Revenues	0	138	142	146	150	155	0	0	0	0	576	731
NET INCREASE OR DECREASE (-) IN THE DEFICIT FROM CHANGES IN DIRECT SPENDING AND REVENUES												
Effect on the Deficit	0	-64	-49	-53	-56	-61	19	0	0	0	-222	-264

BASIS OF ESTIMATE

Under current law, Brand USA may receive federal funding, up to $100 million each year through the end of fiscal year 2015, from fees collected from certain foreign individuals traveling to the United States. For those funds to be available, Brand USA must generate an equal amount of matching contributions from private sources; at least 20 percent of those contributions must be in cash, the remainder in goods or services. Based on information from Brand USA, CBO expects that the entity will meet the matching requirements to receive the full amount of funding available under current law. CBO expects that the cash contributions received by Brand USA would be recorded in the budget as offsetting receipts (a credit against direct spending) and fully spent.

Direct Spending

S. 2250 would extend the availability of federal funds to support Brand USA's efforts to promote tourism in the United States through September 30, 2020. The bill also would increase the percentage of private contributions that must be in cash rather than goods or services from 20 percent to 30 percent of total contributions each year. Finally, S. 2250 would direct Brand USA to develop performance measurements and establish a competitive process for procuring goods and services.

Based on information from Brand USA, CBO estimates that enacting S. 2250 would increase direct spending by $467 million over the 2015-2019 period. This amount reflects the amount that CBO estimates would be available to Brand USA after applying automatic spending reductions (also known as sequestration) each year. (Without sequestration, the amount available would be $100 million each year.)

Revenues

Citizens of certain countries can travel to the United States for short stays without a visa under the Visa Waiver Program. Upon receiving approval, such travelers must pay a $10 travel promotion fee, which in part funds spending by Brand USA. The fee is scheduled to expire under current law at the end of fiscal year 2015. S. 2250 would extend the fee through 2020, which CBO estimates would raise revenues by $731 million over the 2015–2024 period.

Spending Subject to Appropriation

S. 2250 would direct the Secretary of Commerce to establish a procedure for revising the corporation's policy for private contributions, and meet with Brand USA every two years to review procedures used to determine the value of goods and services received from private sources. CBO estimates that implementing this provision would not have a significant effect on discretionary spending over the 2015-2019 period.

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 S. 2250, as ordered reported by the Senate Committee on Commerce, Science, and Transportation on July 23, 2014

	By Fiscal Year, in Millions of Dollars												
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2014-2019	2014-2024
NET INCREASE OR DECREASE (-) IN THE DEFICIT													
Statutory Pay-As-You-Go Impact	0	0	-64	-49	-53	-56	-61	19	0	0	0	-222	-264
Memorandum:													
Changes in Outlays	0	0	74	93	93	94	94	19	0	0	0	354	467
Changes in Revenues	0	0	138	142	146	150	155	0	0	0	0	576	731

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 2250 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

PREVIOUS CBO ESTIMATE

On July 18, 2014, CBO transmitted a cost estimate for H.R. 4450, the Travel Promotion, Enhancement, and Modernization Act of 2014, as ordered reported by the House Committee on Energy and Commerce on July 15, 2014. The two pieces of legislation are similar; the CBO cost estimates differ, however, because the first estimate did not account for future automatic spending reductions (known as sequestration). Our estimate of budget authority and outlays for H.R. 4450 ($500 million over the 2015-2024 period) was overstated by $33 million, the amount that CBO estimates would be unavailable to Brand USA as a result of sequestration. Our estimate of revenues is the same for both pieces of legislation. Thus, taking in account the update to the estimate for H.R. 4450, our estimate of the net deficit effect, a reduction of $264 million over the 2015-2024 period, is the same for both pieces of legislation.

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