

TRADE AGENCIES AUTHORIZATIONS

MAY 1, 1997.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. ARCHER, from the Committee on Ways and Means,
submitted the following

REPORT

[To accompany H.R. 1463]

[Including cost estimate of the Congressional Budget Office]

The Committee on Ways and Means, to whom was referred the bill (H.R. 1463) to authorize appropriations for fiscal years 1998 and 1999 for the Customs Service, the Office of the United States Trade Representative, and the International Trade Commission, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

SECTION 1. CUSTOMS AND TRADE AGENCY AUTHORIZATIONS FOR FISCAL YEARS 1998 AND 1999.

(a) UNITED STATES CUSTOMS SERVICE.—

(1) AUTHORIZATION OF APPROPRIATIONS.—Section 301(b) of the Customs Procedural Reform and Simplification Act of 1978 (19 U.S.C. 2075(b)) is amended to read as follows:

“(b) AUTHORIZATION OF APPROPRIATIONS.—

“(1) FOR NONCOMMERCIAL OPERATIONS.—There are authorized to be appropriated for the salaries and expenses of the Customs Service that are incurred in noncommercial operations not to exceed the following:

“(A) \$668,397,000 for fiscal year 1998.

“(B) \$684,018,000 for fiscal year 1999.

“(2) FOR COMMERCIAL OPERATIONS.—(A) There are authorized to be appropriated for the salaries and expenses of the Customs Service that are incurred in commercial operations not less than the following:

“(i) \$901,441,000 for fiscal year 1998.

“(ii) \$930,447,000 for fiscal year 1999.

“(B) The monies authorized to be appropriated under subparagraph (A) for any fiscal year, except for such sums as may be necessary for the salaries and expenses of the Customs Service that are incurred in connection with the processing of merchandise that is exempt from the fees imposed under section

13031(a) (9) and (10) of the Consolidated Omnibus Budget Reconciliation Act of 1985, shall be appropriated from the Customs User Fee Account.

“(3) FOR AIR AND MARINE INTERDICTION.—There are authorized to be appropriated for the operation (including salaries and expenses) and maintenance of the air and marine interdiction programs of the Customs Service not to exceed the following:

“(A) \$95,258,000 for fiscal year 1998.

“(B) \$98,226,000 for fiscal year 1999.”

(2) SUBMISSION OF OUT-YEAR BUDGET PROJECTIONS.—Section 301(a) of the Customs Procedural Reform and Simplification Act of 1978 (19 U.S.C. 2075(a)) is amended by adding at the end the following:

“(3) By no later than the date on which the President submits to the Congress the budget of the United States Government for a fiscal year, the Commissioner of Customs shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate the projected amount of funds for the succeeding fiscal year that will be necessary for the operations of the Customs Service as provided for in subsection (b).”

(b) OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE.—

(1) AUTHORIZATION OF APPROPRIATIONS.—Section 141(g)(1) of the Trade Act of 1974 (19 U.S.C. 2171(g)(1)) is amended to read as follows:

“(g)(1)(A) There are authorized to be appropriated to the Office for the purposes of carrying out its functions not to exceed the following:

“(i) \$22,092,000 for fiscal year 1998.

“(ii) \$24,300,000 for fiscal year 1999.

“(B) Of the amounts authorized to be appropriated under subparagraph (A) for any fiscal year—

“(i) not to exceed \$98,000 may be used for entertainment and representation expenses of the Office; and

“(ii) not to exceed \$2,500,000 shall remain available until expended.”

(2) SUBMISSION OF OUT-YEAR BUDGET PROJECTIONS.—Section 141(g) of the Trade Act of 1974 is amended by adding at the end the following:

“(3) By no later than the date on which the President submits to the Congress the budget of the United States Government for a fiscal year, the United States Trade Representative shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate the projected amount of funds for the succeeding fiscal year that will be necessary for the Office to carry out its functions.”

(c) UNITED STATES INTERNATIONAL TRADE COMMISSION.—

(1) AUTHORIZATION OF APPROPRIATIONS.—Section 330(e)(2) of the Tariff Act of 1930 (19 U.S.C. 1330(e)(2)) is amended to read as follows:

“(2)(A) There are authorized to be appropriated to the Commission for necessary expenses (including the rental of conference rooms in the District of Columbia and elsewhere) not to exceed the following:

“(i) \$41,980,000 for fiscal year 1998.

“(ii) \$46,125,400 for fiscal year 1999.

“(B) Not to exceed \$2,500 of the amount authorized to be appropriated for any fiscal year under subparagraph (A) may be used, subject to the approval of the Chairman of the Commission, for reception and entertainment expenses.

“(C) No part of any sum that is appropriated under the authority of subparagraph (A) may be used by the Commission in the making of any special study, investigation, or report that is requested by any agency of the executive branch unless that agency reimburses the Commission for the cost thereof.”

(2) SUBMISSION OF OUT-YEAR BUDGET PROJECTIONS.—Section 330(e) of the Tariff Act of 1930 is amended by adding at the end the following:

“(4) By no later than the date on which the President submits to the Congress the budget of the United States Government for a fiscal year, the Commission shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate the projected amount of funds for the succeeding fiscal year that will be necessary for the Commission to carry out its functions.”

I. INTRODUCTION

A. PURPOSE AND SUMMARY

H.R. 1463 would authorize appropriations for fiscal years (FY) 1998 and 1999 for the U.S. Customs Service (Customs), the Office

of the U.S. Trade Representative (USTR), and the U.S. International Trade Commission (ITC). H.R. 1463 would also require out-year budget projections such that, no later than the date on which the President submits the budget to the Congress for a fiscal year, Customs, USTR, and the ITC would be required to submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate projected amounts of funds necessary for the succeeding fiscal year.

B. BACKGROUND AND NEED FOR LEGISLATION

H.R. 1463 would provide a two-year authorization of appropriations for Customs, USTR, and the ITC. The statutory basis for the authorizations of appropriations for each of the three trade agencies is as follows: Customs, section 301(b) of the Customs Procedural Reform and Simplification Act of 1978 (19 U.S.C. 2075(b)); USTR, section 141(g)(1) of the Trade Act of 1974 (19 U.S.C. 2171(g)(1)); and the ITC, section 330 of the Tariff Act of 1930, as amended (19 U.S.C. 1330(e)(2)). The most recent authorizations of appropriations for Customs, USTR, and the ITC were included in the Customs and Trade Act of 1990 [P.L. 101-382]. These authorizations expired at the end of FY 1992. Legislation is necessary to authorize subsequent appropriations to fund the operations of these agencies for FY 1998 and FY 1999.

The Committee on Ways and Means has adopted a two-year authorization process to provide Customs, USTR, and the ITC with predictable guidance as they plan their budgets, as well as guidance from the Committees for the appropriations process. In preparation for consideration of H.R. 1463, the Committee considered the President's budget for FY 1998 and requested projected budget summaries from each of the agencies for FY 1999. The Committee was advised by Customs and USTR that, pursuant to the policies of the Office of Management and Budget (OMB), these two agencies could not provide an official proposal for FY 1999. As the ITC's budget is not reviewed by OMB, the Commission was able to provide a projected budget. In the end, both Customs and USTR were able to provide the Committee with unofficial projections for FY 1999, reflecting the funding levels which these agencies anticipate submitting to OMB.

To assist Customs, USTR, and the ITC in the future in providing the Committee on Ways and Means with budget projections, the Committee considered the need for legislation to require these agencies to submit to the Committee on Ways and Means and the Committee on Finance of the Senate budget projections for the succeeding fiscal year on or before the date on which the President submits the budget for a current fiscal year.

C. LEGISLATIVE HISTORY

Committee bill

On March 13, 1997 the Subcommittee on Trade of the Committee on Ways and Means met to consider a draft bill identical to H.R. 1463, as introduced, and ordered the draft bill to be favorably reported by voice vote, without amendment, with a quorum present.

H.R. 1463 was introduced by Mr. Crane of Illinois, Chairman of the Subcommittee on Trade, Committee on Ways and Means, on April 28, 1997, and was subsequently referred to the Committee on Ways and Means.

The Committee on Ways and Means met to consider H.R. 1463 on April 30, 1997, and approved by voice vote one amendment offered by Mr. Shaw of Florida to reallocate funds within section 1(a) of the bill concerning the authorization of appropriations for Customs. The Committee ordered favorably reported H.R. 1463, as amended, by voice vote, with a quorum present.

Legislative hearing

The Subcommittee on Trade of the Committee on Ways and Means held a public hearing on March 11, 1997 on the budget authorizations for FY 1998 and FY 1999 for Customs, USTR, and the ITC. Representatives of each of these agencies testified as well as private sector witnesses.

II. EXPLANATION OF THE BILL

1. UNITED STATES CUSTOMS SERVICE AUTHORIZATION FOR FISCAL YEARS 1998 AND 1999 (SEC. 1(A) OF THE BILL)

Present law

The Customs Procedural Reform and Simplification Act of 1978 [P.L. 95-110] provides for a two-year authorization of appropriations for the U.S. Customs Service. That law, as amended by section 8102 of the Omnibus Budget Reconciliation Act of 1986 [P.L. 99-509], first outlined separate amounts for commercial and non-commercial operations for the salaries and expenses portion of the Customs authorizations.

The most recent authorization for Customs (under section 101 of the Customs and Trade Act of 1990 [P.L. 101-382]) provided \$1,247,884,000 for salaries and expenses, and \$150,199,000 for operations and maintenance of the air interdiction program. Appropriations for operations and maintenance of the marine interdiction program were added to this account by the Treasury Appropriations Act for Fiscal Year 1992 [P.L. 102-141]. The Act authorized \$542,091,000 for noncommercial operations in FY 1992 and \$705,793,000 for commercial operations in FY 1992.

Appropriations for Customs for FY 1997 were included in P.L. 104-208, making omnibus consolidated appropriations for the fiscal year ending September 30, 1997. The total appropriation for FY 1997 was \$1,638,354,000, including \$1,549,585,000 for salaries and expenses and \$83,363,000 for operations and maintenance of the air and marine interdiction programs.

Separate minimum and maximum amounts for commercial and noncommercial operations for the salaries and expenses portion of Customs authorizations, and maximum amounts for the air and marine interdiction programs are intended to provide guidance to Customs in the allocation of resources.

Explanation of provision

Section 1(a) of H.R. 1463, as amended, would amend section 301(b) of the Customs Procedural Reform and Simplification Act of 1978 to authorize appropriations for Customs not to exceed \$668,397,000 in FY 1998 and \$684,018,000 in FY 1999 for salaries and expenses incurred in noncommercial operations, and not less than \$901,441,000 in FY 1998 and \$930,447,000 in FY 1999 for salaries and expenses incurred in commercial operations. H.R. 1463 would require that any money appropriated for commercial operations shall come from the Customs User Fee Account, except any sums necessary for salaries and expenses in connection with merchandise processing fees. For operations and maintenance of the air and marine interdiction programs, H.R. 1463 would authorize appropriations not to exceed \$95,258,000 in FY 1998 and \$98,226,000 in FY 1999.

Section 1(a) would also require out-year budget projections such that, no later than the date on which the President submits the budget to the Congress for a fiscal year, Customs would be required to submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate projected amounts of funds necessary for the succeeding fiscal year. In addition, Customs would be required to provide projections for minimum amounts to be authorized for commercial operations under the salaries and expenses account; maximum amounts to be authorized for noncommercial operations under the salaries and expenses account; and, maximum amounts to be appropriated for the operation of Customs air and marine interdiction programs.

Reasons for change

The Committee recognizes the efforts of the U.S. Customs Service in reorganizing and modernizing its operations. The significant changes in culture and process underway at Customs promise to improve the delivery of services to the trade community and benefit American taxpayers in cost savings. The Committee supports Customs' reorganization and modernization efforts and will continue to follow these plans closely as they unfold.

The Committee is concerned about the decline in the number of Marine Enforcement Officers, Special Agents, and equipment for the Customs marine interdiction program, particularly in the South Florida area. Following the successful model of Operation Hardline on the Southwest Border and Operation Gateway in Puerto Rico, the President's budget request for FY 1998 recognizes the need to respond to the shift in the drug-smuggling threat to the South Florida area. Therefore, the Committee has identified the need for Customs to dedicate additional resources to foster law enforcement activities such as rebuilding the marine interdiction program in South Florida, including platform, interceptor, and utility boats, Marine Enforcement Officers, Special Agents, and Intelligence Research Specialists.

In addition, the Committee is concerned about the need for Customs to increase the overall level of Special Agents dedicated to counter-narcotics and anti-money laundering activities, including the need to relocate Special Agents to high-threat drug zones. For example, the efforts of Customs Special Agents in initiating the

Treasury Department's Geographical Targeting Order in the New York metropolitan area has led to a notable decline in money laundering activities.

To achieve these goals, the Committee amended the allocation of funds authorized within the Customs portion of H.R. 1463, as introduced. Specifically, for each of FY 1998 and FY 1999, the Committee has decreased by \$5 million the minimum amount which can be appropriated to Customs for commercial activities; increased by \$2.5 million the maximum amount which may be appropriated to Customs for noncommercial activities; and increased by \$2.5 million the maximum amount which may be appropriated to Customs for the air and marine interdiction programs. It is the view of the Committee that these additional funds could be used to bolster Customs' law enforcement efforts, not only in marine interdiction, but also investigations by Special Agents of anti-narcotics and anti-money laundering activities in general.

Overall, H.R. 1463, as amended, would meet Customs' total budget request for FY 1998 of \$1,690,602,000 and 17,193 full-time equivalent (FTE) positions. This request represents an increase of \$52,248,000 and 201 FTEs from the FY 1997 operating level of \$1,638,354,000. Customs' budget request also includes \$20,100,000 from the Crime Bill Trust Fund, \$2,406,000 from the Small Airports Fee, and \$3,000,000 from the Harbor Maintenance Trust Fund, which do not require Committee authorization.

The allocation for noncommercial operations authorized by H.R. 1463 would include Customs' budget request of \$5,512,000 for construction of an airplane hangar in Corpus Christi, Texas.

The operations and maintenance account funds Customs air and marine programs, the objectives of which are to detect, sort, track, and apprehend aircraft and vessels involved in smuggling, and to provide assistance to other Customs law-enforcement efforts. As indicated above, H.R. 1463, as amended, would increase by \$2.5 million Customs' budget request of \$92,758,000 for operations and maintenance of the air and marine interdiction programs for fiscal year 1998. This would not require any additional FTEs. H.R. 1463, as amended, would also increase by \$2.5 million Customs' budget request of \$95,726,000 for operations and maintenance of the air and marine interdiction programs for fiscal year 1999.

H.R. 1463 would also meet Customs' overall budget request of \$1,720,400,000 for salaries and expenses for FY 1999 for combined noncommercial and commercial operations.

To assist Customs in the future in providing the Committee with budget projections for succeeding fiscal years, H.R. 1463 would require Customs to submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate, no later than the date on which the President submits the budget for a fiscal year, projected amounts of funds necessary for the succeeding fiscal year. To ensure that sufficient funds are allocated to commercial facilitation, Customs would also be required to provide projections for minimum amounts to be appropriated for commercial operations; maximum amounts to be appropriated for noncommercial operations; and maximum amounts to be appropriated for the operation of Customs air and marine interdiction programs.

Effective date

The provision would be effective upon enactment.

2. OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE AUTHORIZATION FOR FISCAL YEARS 1998 AND 1999 (SEC. 1(B) OF THE BILL)

Present law

Section 141(g) of the Trade Act of 1974, as amended, provides for a two-year authorization of appropriations for USTR. The most recent authorization (under section 103 of the Customs and Trade Act of 1990 [P.L. 101-382]) was \$23,250,000 for FY 1991 and \$21,077,000 for FY 1992.

Appropriations for USTR for FY 1997 were included in P.L. 104-208, making omnibus consolidated appropriations for the fiscal year ending September 30, 1997. The total appropriation for FY 1997 was \$21,449,000. Of these amounts, not more than \$98,000 may be used for entertainment and representation expenses, and not more than \$2,500,000 shall remain available until expended.

Explanation of provision

Section 1(b) of H.R. 1463 would amend section 141(g)(1) of the Trade Act of 1974 to provide a two-year authorization of appropriations to USTR totaling \$22,092,000 for FY 1998 and \$24,300,000 for FY 1999. Of these amounts, not more than \$98,000 may be used for entertainment and representation expenses, and not more than \$2,500,000 shall remain available until expended.

The provision would also require USTR to submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate, no later than the date on which the President submits the budget to the Congress for a fiscal year, projected amounts of funds necessary for the succeeding fiscal year.

Reason for change

H.R. 1463 would reflect USTR's proposed FY 1998 budget request of \$22,092,000, a \$643,000 increase in budget authority from FY 1997. The FY 1998 budget would maintain the current level of 164 FTEs. The increase in USTR's budget request for FY 1998 primarily covers a pay increase of 2.8 percent for USTR employees and enables funding for the full level of 164 FTEs. This is a modest request from an agency with primary responsibility for developing, coordinating, and articulating U.S. international trade policy; advising the President and the Congress on trade policy; and conducting international trade negotiations. The request is justified by the agency's statutory functions and the full agenda of international trade policy issues and negotiations.

H.R. 1463 also would reflect USTR's projected budget proposal for FY 1999 of \$24,300,000, a \$2.2 million increase in budget authority from FY 1998.

To assist USTR in the future in providing the Committee with budget projections for succeeding fiscal years, H.R. 1463 would require USTR to submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the

Senate, no later than the date on which the President submits the budget to the Congress for a fiscal year, projected amounts of funds necessary for the succeeding fiscal year.

Effective date

The provision would be effective upon enactment.

3. UNITED STATES INTERNATIONAL TRADE COMMISSION AUTHORIZATION FOR FISCAL YEARS 1998 AND 1999 (SEC. 1(C) OF THE BILL)

Present law

Section 330(e)(2) of the Tariff Act of 1930 provides for a two-year authorization of appropriations for the ITC. The most recent authorization (under section 101 of Public Law 101-382, the Customs and Trade Act of 1990 [P.L. 101-382]) was \$41,170,000 for FY 1991 and \$44,052,000 for FY 1992 for the ITC.

Appropriations for the ITC for FY 1997 were included in P.L. 104-208, making omnibus consolidated appropriations for the fiscal year ending September 30, 1997. The total appropriation for FY 1997 was \$40,850,000, of which not more than \$2,500 is authorized to be used for reception and entertainment expenses, subject to the approval of the Chairman of the Commission.

Explanation of provision

Section 1(c) of H.R. 1463 would amend section 330(e)(2) of the Tariff Act of 1930 to provide a two-year authorization of appropriations to the ITC of \$41,980,000 for FY 1998 and \$46,125,000 for FY 1999. Of the amounts authorized, not more than \$ 2,500 may be used for reception and entertainment expenses, subject to the approval of the Chairman of the Commission.

The provision would also require the ITC to submit to the Committee on Ways and Means and the Committee on Finance of the Senate, no later than the date on which the President submits the budget for a fiscal year, projected amounts of funds necessary for the succeeding fiscal year.

Reasons for change

H.R. 1463 would reflect the ITC's budget request for FY 1998 of \$41,980,000. This represents a 2.8 percent increase over the FY 1997 funding level of \$40,850,000, and maintains the Commission's staffing level at 378 FTEs. The requested increase primarily covers the President's proposed increase in salaries and benefits for personnel. H.R. 1463 also would reflect the ITC request of \$46,125,400 for FY 1999, a 9.9 percent increase in funding over FY 1998 to cover the costs of statutorily mandated reviews of outstanding anti-dumping and countervailing duty orders.

The Committee commends the efforts of the ITC in streamlining its operations. Since FY 1992, the Commission has reduced its staffing by over 20 percent from 472 FTEs, consolidated offices, and procured needed equipment to boost the productivity of remaining staff.

The Uruguay Round Agreements Act [P.L. 103-465] poses a daunting new challenge to the Commission. Beginning in the summer of 1998, the Commission will begin reviewing 315 outstanding

antidumping and countervailing duty orders to determine whether terminating them would lead to a continuation or recurrence of material injury. This new class of cases—"sunset" reviews—is estimated to double the agency's docket under the antidumping and countervailing duty laws and triple its litigation caseload. The Commission projects that it will need to allocate an additional 59 work-years in response to this increased caseload. It is estimated that 19 of these work-years will be absorbed through the allocation of existing staff.

The Committee urges the Department of Commerce to cooperate with the Commission in the timely scheduling and initiation of these sunset reviews to ensure the most efficient utilization of the Commission's resources.

The Committee believes that it is important that the United States provide the necessary resources to ensure the full implementation of its obligations under the Uruguay Round Agreements Act with respect to sunset reviews. In addition, the Committee is concerned that the Commission should not deplete its resources in these efforts such that it will have difficulty fulfilling its other statutory functions, especially those under the global and bilateral safeguard laws and section 337 of the Tariff Act of 1930. The Committee also is concerned that the Commission continue to be able to provide the statistical studies, fact-finding reports, and technical assistance on tariff and trade matters that Congress and the President may require in considering new free-trade initiatives with the Asia Pacific Economic Cooperation group and with Latin American trading partners, as well as other trade negotiation initiatives. The Commission is urged to consult with the Committee should its increased work load become too great a strain on its resources.

To assist the ITC in the future in providing the Committee with budget projections for succeeding fiscal years, H.R. 1463 would require the ITC to submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate, no later than the date on which the President submits the budget for a fiscal year, projected amounts of funds necessary for the succeeding fiscal year.

Effective date

The provision would be effective upon enactment.

III. VOTES OF THE COMMITTEE

In compliance with clause 2(1)(2)(B) of the Rules of the House of Representatives, the following statements are made concerning the votes of the Committee in its consideration of the bill H.R. 1463.

Motion to report the bill

The bill, H.R. 1463 was ordered favorably reported, as amended, by voice vote, on April 30, 1997, with a quorum present.

IV. BUDGET EFFECTS

A. COMMITTEE ESTIMATE ON BUDGETARY EFFECTS

In compliance with clause 7(a) of rule XIII of the Rules of the House of Representatives, the following statement is made concerning the effects on the budget of H.R. 1463, as reported: The Committee agrees with the estimate prepared by the Congressional Budget Office, which is attached.

B. STATEMENT REGARDING NEW BUDGET AUTHORITY AND TAX EXPENDITURES

In compliance with subdivision (B) of clause 2(1)(3) of rule XI of the Rules of the House of Representatives, the Committee states that the provisions of H.R. 1463 do not involve any new budget authority, or any increase or decrease in revenues or tax expenditures.

C. COST ESTIMATE PREPARED BY THE CONGRESSIONAL BUDGET OFFICE

In compliance with subdivision (C) of clause 2(1)(3) of rule XI of the Rules of the House of Representatives, requiring a cost estimate prepared by the Congressional Budget Office, the following report prepared by CBO is provided.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, April 30, 1997.

Hon. BILL ARCHER,
*Chairman, Committee on Ways and Means,
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 1463, a bill to authorize appropriations for fiscal years 1998 and 1999 for the Customs Service, the Office of the United States Trade Representative, and the International Trade Commission.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Mark Grabowicz.

Sincerely,

JUNE E. O'NEILL, *Director.*

Enclosure.

H.R. 1463—A bill to authorize appropriations for fiscal years 1998 and 1999 for the Customs Service, the Office of the United States Trade Representative, and the International Trade Commission

SUMMARY

H.R. 1463 would authorize appropriations for 1998 and 1999 for the Customs Service, the Office of the United States Trade Representative (OUSTR), and the International Trade Commission (ITC). For the Customs Service, the amounts authorized would total about \$1.6 billion for salaries and expenses and about \$95 million for operations and maintenance for each of fiscal years 1998

and 1999. Also, for 1998 and 1999, the bill would authorize annual appropriations of about \$25 million for the OUSTR and about \$45 million for the ITC.

Assuming appropriation of the authorized amounts, CBO estimates that enacting H.R. 1463 would result in additional discretionary spending of about \$3.5 billion over the 1998–2002 period. The bill would not affect direct spending or receipts; therefore, pay-as-you-go procedures would not apply. H.R. 1463 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act of 1995 (UMRA) and would impose no costs on state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 1463 is shown in the table on the following page. For the purposes of this estimate, CBO assumes that all amounts authorized in H.R. 1463 will be appropriated by the start of each fiscal year and that outlays will follow the historical spending patterns of the agencies funded.

[By fiscal years in millions of dollars]

	1997	1998	1999	2000	2001	2002
Spending under current law:						
Budget authority ¹	1,718	0	0	0	0	0
Estimated outlays	1,687	187	0	0	0	0
Proposed changes:						
Authorization level	0	1,729	1,783	0	0	0
Estimated outlays	0	1,537	1,776	197	0	0
Spending under H.R. 1463:						
Authorization level ¹	1,718	1,729	1,783	0	0	0
Estimated outlays	1,687	1,724	1,776	197	0	0

¹ The 1997 level is the amount appropriated for the Customs Service, the OUSTR, and the ITC in that year.

The costs of this legislation fall within budget functions 150 (international affairs), 750 (administration of justice), and 800 (general government).

Pay-as-you-go considerations: None.

Intergovernmental and private-sector impact: H.R. 1463 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

Estimate prepared by: Mark Grabowicz.

Estimate approved by: Robert A. Sunshine, Deputy Assistant Director for Budget Analysis.

V. OTHER MATTERS TO BE DISCUSSED UNDER THE RULES OF THE HOUSE

A. COMMITTEE OVERSIGHT FINDINGS AND RECOMMENDATIONS

With respect to subdivision (A) of clause 2(1)(3) of rule XI of the rules of the House of Representatives (relating to oversight findings), the Committee advises that it was as a result of the Committee's oversight activities concerning the budget authorizations for Customs, USTR, and the ITC that the Committee concluded that it is appropriate to enact the provisions contained in the bill.

B. SUMMARY OF FINDINGS AND RECOMMENDATIONS OF THE
COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT

With respect to subdivision (D) of clause 2(1)(3) of rule XI of the Rules of the House of Representatives (relating to oversight findings), the Committee advises that no oversight findings or recommendations have been submitted to this Committee by the Committee on Government Reform and Oversight with respect to the provisions contained in this bill.

C. CONSTITUTIONAL AUTHORITY STATEMENT

With respect to clause 2(1)(4) of rule XI of the Rules of the House of Representatives, relating to Constitutional Authority, the Committee states that the Committee's action in reporting the bill is derived from Article I of the Constitution, Section 8 ("The Congress shall have power to lay and collect taxes, duties, imposts and excises, to pay the debts and to provide for * * * the general Welfare of the United States * * *").

**IV. CHANGES IN EXISTING LAW MADE BY THE BILL, AS
REPORTED**

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

**SECTION 301 OF THE CUSTOMS PROCEDURAL REFORM
AND SIMPLIFICATION ACT OF 1978**

TITLE III—CUSTOMS SERVICE APPROPRIATIONS
AUTHORIZATION

SEC. 301. (a)(1) For the fiscal year beginning October 1, 1979, and each fiscal year thereafter, there are authorized to be appropriated to the Department of the Treasury for the United States Customs Service only such sums as may hereafter be authorized by law.

* * * * *

(3) *By no later than the date on which the President submits to the Congress the budget of the United States Government for a fiscal year, the Commissioner of Customs shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate the projected amount of funds for the succeeding fiscal year that will be necessary for the operations of the Customs Service as provided for in subsection (b).*

[(b) AUTHORIZATION OF APPROPRIATIONS.—

[(1) FOR NONCOMMERCIAL OPERATIONS.—There are authorized to be appropriated for the salaries and expenses of the Customs Service that are incurred in noncommercial operations not to exceed the following:

[(A) \$516,217,000 for fiscal year 1991.

[(B) \$542,091,000 for fiscal year 1992.

【(2) FOR COMMERCIAL OPERATIONS.—(A) There are authorized to be appropriated for the salaries and expenses of the Customs Service that are incurred in commercial operations not less than the following:

- 【(i) \$672,021,000 for fiscal year 1991.
- 【(ii) \$705,793,000 for fiscal year 1992.

【(B) The monies authorized to be appropriated under subparagraph (A) for any fiscal year, except for such sums as may be necessary for the salaries and expenses of the Customs Service that are incurred in connection with the processing of merchandise that is exempt from the fees imposed under section 13031(a) (9) and (10) of the Consolidated Omnibus Budget Reconciliation Act of 1985, shall be appropriated from the Customs User Fee Account.

【(3) FOR AIR INTERDICTION.—There are authorized to be appropriated for the operation (including salaries and expenses) and maintenance of the air interdiction program of the Customs Service not to exceed the following:

- 【(A) \$143,047,000 for fiscal year 1991.
- 【(B) \$150,199,000 for fiscal year 1992.】

(b) *AUTHORIZATION OF APPROPRIATIONS.—*

(1) *FOR NONCOMMERCIAL OPERATIONS.—There are authorized to be appropriated for the salaries and expenses of the Customs Service that are incurred in noncommercial operations not to exceed the following:*

- (A) \$668,397,000 for fiscal year 1998.
- (B) \$684,018,000 for fiscal year 1999.

(2) *FOR COMMERCIAL OPERATIONS.—(A) There are authorized to be appropriated for the salaries and expenses of the Customs Service that are incurred in commercial operations not less than the following:*

- (i) \$901,441,000 for fiscal year 1998.
- (ii) \$930,447,000 for fiscal year 1999.

(B) *The monies authorized to be appropriated under subparagraph (A) for any fiscal year, except for such sums as may be necessary for the salaries and expenses of the Customs Service that are incurred in connection with the processing of merchandise that is exempt from the fees imposed under section 13031(a) (9) and (10) of the Consolidated Omnibus Budget Reconciliation Act of 1985, shall be appropriated from the Customs User Fee Account.*

(3) *FOR AIR AND MARINE INTERDICTION.—There are authorized to be appropriated for the operation (including salaries and expenses) and maintenance of the air and marine interdiction programs of the Customs Service not to exceed the following:*

- (A) \$95,258,000 for fiscal year 1998.
- (B) \$98,226,000 for fiscal year 1999.

SECTION 141 OF THE TRADE ACT OF 1974

SEC. 141. OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE.

(a) * * *

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[(g)(1)(A) There are authorized to be appropriated to the Office for the purposes of carrying out its functions not to exceed the following:

- [(i) \$23,250,000 for fiscal year 1991.
- [(ii) \$21,077,000 for fiscal year 1992.

[(B) Of the amounts authorized to be appropriated under subparagraph (A) for any fiscal year—

- [(i) not to exceed \$98,000 may be used for entertainment and representation expenses of the Office;
- [(ii) not to exceed \$2,050,000 may be used to pay the United States share of the expenses of binational panels and extraordinary challenge committees convened pursuant to chapter 19 of the United States-Canada Free-Trade Agreement; and
- [(iii) not to exceed \$1,000,000 shall remain available until expended.]

(g)(1)(A) There are authorized to be appropriated to the Office for the purposes of carrying out its functions not to exceed the following:

- (i) \$22,092,000 for fiscal year 1998.*
- (ii) \$24,300,000 for fiscal year 1999.*

(B) Of the amounts authorized to be appropriated under subparagraph (A) for any fiscal year—

- (i) not to exceed \$98,000 may be used for entertainment and representation expenses of the Office; and*
- (ii) not to exceed \$2,500,000 shall remain available until expended.*

* * * * *

(3) By no later than the date on which the President submits to the Congress the budget of the United States Government for a fiscal year, the United States Trade Representative shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate the projected amount of funds for the succeeding fiscal year that will be necessary for the Office to carry out its functions.

SECTION 330 OF THE TARIFF ACT OF 1930

SEC. 330. ORGANIZATION OF THE COMMISSION.

(a) * * *

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(e) AUTHORIZATION OF APPROPRIATIONS.—(1) For the fiscal year beginning October 1, 1976, and each fiscal year thereafter, there are authorized to be appropriated to the Commission only such sums as may hereafter be provided by law.

[(2)(A) There are authorized to be appropriated to the Commission for necessary expenses (including the rental of conference rooms in the District of Columbia and elsewhere) not to exceed the following:

- [(i) \$41,170,000 for fiscal year 1991.
- [(ii) \$44,052,000 for fiscal year 1992.

[(B) Not to exceed \$2,500 of the amount authorized to be appropriated for any fiscal year under subparagraph (A) may be used, subject to the approval of the Chairman of the Commission, for reception and entertainment expenses.

[(C) No part of any sum that is appropriated under the authority of subparagraph (A) may be used by the Commission in the making of any special study, investigation, or report that is requested by any agency of the executive branch unless that agency reimburses the Commission for the cost thereof.]

(2)(A) *There are authorized to be appropriated to the Commission for necessary expenses (including the rental of conference rooms in the District of Columbia and elsewhere) not to exceed the following:*

(i) \$41,980,000 for fiscal year 1998.

(ii) \$46,125,400 for fiscal year 1999.

(B) Not to exceed \$2,500 of the amount authorized to be appropriated for any fiscal year under subparagraph (A) may be used, subject to the approval of the Chairman of the Commission, for reception and entertainment expenses.

(C) No part of any sum that is appropriated under the authority of subparagraph (A) may be used by the Commission in the making of any special study, investigation, or report that is requested by any agency of the executive branch unless that agency reimburses the Commission for the cost thereof.

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(4) By no later than the date on which the President submits to the Congress the budget of the United States Government for a fiscal year, the Commission shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate the projected amount of funds for the succeeding fiscal year that will be necessary for the Commission to carry out its functions.

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