



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

October 28, 2008

**S. 1007
Western Hemisphere Energy Compact**

*As reported by the Senate Committee on Foreign Relations
on September 23, 2008*

SUMMARY

S. 1007 would authorize the appropriation of \$58 million for various programs related to energy issues in the Western Hemisphere. CBO estimates that implementing the bill would cost \$58 million over the 2009-2013 period, assuming appropriation of the authorized amounts. Enacting S.1007 would not affect direct spending or revenues.

S. 1007 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 1007 is shown in the following table. The costs of this legislation fall within budget functions 150 (international affairs), 270 (energy), and 350 (agriculture).

	By Fiscal Year, in Millions of Dollars					2009-
	2009	2010	2011	2012	2013	2013
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Department of State Programs						
Authorization Level	41	0	0	0	0	41
Estimated Outlays	18	21	*	*	0	41
Education Grants						
Authorization Level	7	0	0	0	0	7
Estimated Outlays	1	4	1	1	0	7
Agricultural Extension Activities						
Authorization Level	5	0	0	0	0	5
Estimated Outlays	2	3	0	0	0	5
Foreign Aid						
Authorization Level	5	0	0	0	0	5
Estimated Outlays	*	2	1	1	1	5
Total Changes						
Authorization Level	58	0	0	0	0	58
Estimated Outlays	22	30	2	2	1	58

Notes: Numbers may not add to totals because of rounding.
 * = less than \$500,000.

BASIS OF ESTIMATE

For this estimate, CBO assumes that S. 1007 will be enacted early in fiscal year 2009, that the authorized amounts will be appropriated shortly thereafter, and that outlays will follow historical spending patterns for existing programs.

Department of State Programs

Several provisions in the bill would require the Department of State to engage countries in the Western Hemisphere in discussions to increase cooperation between nations on energy issues and would authorize the appropriation of funds for those programs. In total, CBO estimates that implementing those provisions would cost \$41 million over the 2009-2013 period, assuming appropriation of the authorized amounts.

Feasibility Studies on Biofuels. Section 6 would authorize the appropriation of \$20 million in 2009 to study the feasibility of increasing the production and use of biofuels in countries of the Western Hemisphere. CBO estimates that implementing this provision would cost about \$20 million over the 2009-2013 period, assuming appropriation of the authorized amount.

Cooperation with Other Countries. Sections 4 and 5(a) would each authorize the appropriation of \$3 million for regional cooperation on energy issues. Section 4 would require the department to establish a regional energy cooperation forum, while section 5(a) would authorize a more specific partnership with Brazil. Assuming appropriation of the authorized amounts, CBO estimates that implementing those two provisions would cost \$6 million over the 2009-2013 period.

Other Programs. Sections 8, 9, and 11 would each authorize the appropriation of \$5 million. Section 8 would require the department to negotiate and establish regional mechanisms for trading carbon emissions and reducing greenhouse gases. Section 9 would require the department to establish mechanisms for responding to energy crises. Finally, section 11 would authorize public diplomacy efforts to promote renewable energy. In total, CBO estimates that implementing those provision would cost \$15 million over the 2009-2013 period, assuming appropriation of the authorized amounts.

Education Grants

Section 5(c) would authorize the appropriation of \$7 million in 2009 to establish a new program at the Department of Energy that would make grants to finance biofuels research and collaboration between institutions in the United States and Brazil. Assuming appropriation of the authorized amount, CBO estimates that implementing this provision would cost \$7 million over the 2009-2013 period.

Agricultural Extension Activities

Section 5(b) would authorize the appropriation of \$5 million in 2009 for joint agricultural extension activities between the United States and Brazil, related to biofuels. Assuming appropriation of the authorized amount, CBO estimates that implementing this provision would cost \$5 million over the 2009-2013 period.

Foreign Aid

Section 10 would authorize the appropriation of \$5 million to make grants to nongovernmental organizations working on sustainable energy and job creation projects. Assuming appropriation of the authorized amount, CBO estimates that implementing this provision would cost \$5 million over the 2009-2013 period.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 1007 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

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