# CONGRESSIONAL BUDGET OFFICE
# COST ESTIMATE

May 10, 2002

## H.R. 1448

**A bill to clarify the tax treatment of bonds and other obligations issued by the government of American Samoa**

*As ordered reported by the House Committee on the Judiciary on May 8, 2002*

H.R. 1448 would amend current law to make bonds issued by the government of American Samoa exempt from state, local, and territorial income tax. The bill would not affect federal taxes, and CBO estimates that implementing H.R. 1448 would have no impact on the federal budget. Because the bill would not affect direct spending or governmental receipts, pay-as-you-go procedures would not apply. The bill contains no private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA).

H.R. 1448 contains an intergovernmental mandate as defined in UMRA, but CBO estimates that the cost of the mandate would be well below the threshold established in that act ($58 million in 2002, adjusted annually for inflation). This mandate is a preemption of state and local taxing authority. The bill would exempt the interest on any bond issued by the government of American Samoa from state, local, and territorial taxes. Because American Samoa generally has only a few million dollars in bonds outstanding at any time, this preemption would not have a significant cost for state, local, or territorial governments. Enacting this bill would benefit the government of American Samoa by reducing its borrowing costs.

On April 5, 2002, CBO transmitted a cost estimate for H.R. 1448 as ordered reported by the House Committee on Resources on March 20, 2002. The two versions of the legislation are identical, as are the cost estimates.

The CBO staff contacts for this estimate are Matthew Pickford (for federal costs), and Marjorie Miller (for the state and local impact). This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.