



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

November 30, 2007

H.R. 1497

Legal Timber Protection Act

*As ordered reported by the House Committee on Natural Resources
on November 7, 2007*

SUMMARY

H.R. 1497 would expand the Lacey Act to protect certain plant species, including trees. Currently, the Lacey Act generally prohibits interstate and international trafficking in protected wildlife. Violators of prohibitions imposed by this bill would be subject to criminal and civil penalties. CBO estimates that implementing the bill would cost the federal government \$40 million over the 2008-2012 period, assuming appropriation of the necessary amounts. Enacting the bill could increase revenue collections from penalties, but we estimate that any such increases would be small and largely offset by direct spending of those collections.

The bill contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no direct costs on state, local, or tribal governments.

H.R. 1497 contains private-sector mandates, as defined in UMRA, on importers of timber and timber products. CBO cannot determine whether the aggregate cost of the mandates in the bill would exceed the annual threshold established in UMRA for private-sector mandates (\$131 million in 2007, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 1497 is shown in the following table. The costs of this legislation fall within budget functions 350 (agriculture) and 750 (administration of justice).

	By Fiscal Year, in Millions of Dollars				
	2008	2009	2010	2011	2012
CHANGES IN SPENDING SUBJECT TO APPROPRIATION					
Estimated Authorization Level	5	10	10	10	10
Estimated Outlays	3	7	10	10	10

BASIS OF ESTIMATE

H.R. 1497 would make it illegal to harvest, import, export, transport, sell, receive, or possess timber and other plants (including products made from them) that were taken or transported in violation of any state or foreign law. The Animal and Plant Health Inspection Service (APHIS) and U.S. Customs and Border Protection (CBP) would enforce the prohibitions.

Assuming appropriation of the necessary amounts, CBO estimates that implementing H.R. 1497 would cost about \$40 million over the 2008-2012 period. That amount includes \$10 million over the first two years for up-front costs to promulgate regulations, develop a legal and technical database and hire, equip, and train CBP and APHIS staff. We estimate that the remaining \$30 million would be spent over the following three years to conduct inspections and investigations to enforce the legislation. This estimate is based on the cost of other enforcement activities conducted under the Lacey Act and on information provided by the affected agencies.

Enacting H.R. 1497 could increase revenues from civil and criminal fines. Based on information obtained from APHIS about the relatively small number of violations likely to occur, CBO estimates that any such increase would be less than \$500,000 annually. Moreover, such changes would be fully offset by increases in direct spending, primarily for enforcement expenses.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

H.R. 1497 contains no intergovernmental mandates as defined in UMRA and would impose no direct costs on state, local, or tribal governments.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

H.R. 1497 contains private-sector mandates as defined in UMRA. It would prohibit importing timber taken in violation of foreign laws specified in the bill and prohibit importing products made from such timber. According to testimony by the Department of Justice, importing such timber currently does not violate U.S. laws. In addition, the bill would require importers to report additional information when importing timber or timber products.

CBO expects that the administrative costs incurred by importers would be relatively small. However, because of uncertainty about the U.S. markets for imports of timber obtained in violation of foreign laws or products made from such timber, CBO cannot estimate the loss in net income to importers of those commodities. Consequently, CBO cannot determine whether the aggregate cost of all the mandates in the bill would exceed the annual threshold (\$131 million in 2007, adjusted annually for inflation).

ESTIMATE PREPARED BY:

Federal costs: Deborah Reis

Impact on State, Local, and Tribal Governments: Melissa Merrill

Impact on the Private Sector: Amy Petz

ESTIMATE APPROVED BY:

Theresa Gullo

Deputy Assistant Director for Budget Analysis