



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

October 21, 1999

S. 1627

NRC Fairness in Funding Act of 1999

*As ordered reported by the Senate Committee on Environment and Public Works on
September 29, 1999*

SUMMARY

S. 1627 would extend the authority of the Nuclear Regulatory Commission (NRC) to collect annual charges from its licensees to offset all of the agency's general fund appropriation. The bill does not authorize the appropriation of any funds to support the NRC mission in 2001 or subsequent years, but assuming that appropriations continue at approximately the 2000 level, additional annual income from these fees would average \$255 million annually over the 2001-2004 period. These fees would be recorded as offsetting collections to the NRC's appropriation.

S. 1627 would authorize the NRC to accept gifts or property from the public to facilitate the NRC's work, and would establish a new criminal penalty for the sabotage of nuclear production, utilization, or waste storage facilities. Because the bill would affect direct spending and receipts, pay-as-you-go procedures would apply, but CBO estimates that such change would be less than \$500,000 a year.

By extending the NRC's authority to collect fees from utilities, S. 1627 would impose both an intergovernmental and private-sector mandate as defined by the Unfunded Mandates Reform Act (UMRA). That mandate would not impose costs above the threshold established in UMRA for intergovernmental mandates (\$50 million in 1996, adjusted for inflation). CBO cannot, however, determine whether the direct costs of the mandate would exceed the annual threshold for private-sector mandates (\$100 million in 1996, adjusted for inflation) because UMRA does not clearly specify how to determine the direct costs associated with extending an existing mandate that has not yet expired. Depending on how they are measured, the direct costs to the private sector could exceed the threshold.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 1627 is shown in the following table. The costs of this legislation fall within budget function 270 (energy).

	By Fiscal Year, in Millions of Dollars				
	2000	2001	2002	2003	2004
SPENDING SUBJECT TO APPROPRIATION					
Offsetting Collections Under Current Law					
Estimated Authorization Level ^a	-447	-155	-155	-155	-155
Estimated Outlays	-447	-155	-155	-155	-155
Proposed Changes					
Estimated Authorization Level ^b	0	-242	-242	-278	-260
Estimated Outlays	0	-242	-242	-278	-260
Offsetting Collections Under S. 1627					
Estimated Authorization Level ^a	-447	-397	-397	-433	-415
Estimated Outlays	-447	-397	-397	-433	-415

a. The 2000 level of collections reflect the amount appropriated for the NRC by Public Law 106-60. The 2001-2004 collections assume continued funding for the agency at the 2000 level.

b. The estimated amount of offsetting collections under S. 1627 assumes that funding over the 2001-2004 period for the agency will be equal to its 2000 appropriation.

Spending Subject to Appropriation

Under current law, the NRC is directed to collect fees and annual charges sufficient to offset its entire general fund appropriation. This authority expires at the end of 2000; however, the agency has permanent authority to collect fees and annual charges sufficient to offset 33 percent of its annual appropriation (from the general fund or any special funds). S. 1627 would extend the agency's authority to fully offset its general fund appropriation with fees and annual charges through 2005, except that the bill would allow the NRC to exclude certain portions of its budget from annual charges that the agency determines would not be fair and equitable to assess on its licensees or a class of its licensees. Under the bill, the portion that could be excluded from annual charges could not exceed 12 percent of the NRC's general fund appropriation in 2001 and 2002, 4 percent of its appropriation in 2003, and 8 percent of its appropriation in 2004.

In 2000, the Congress appropriated \$470 million for the NRC and the NRC Office of the Inspector General. That total includes \$19 million from the Nuclear Waste Trust Fund and \$451 million from the general fund of the Treasury. CBO estimates that the agency will collect only \$447 million in 2000 through fees and annual charges, however, because a provision in its 2000 appropriation directs the agency to exclude \$4 million from fee collections. The estimated amount of offsetting collections under S. 1627 assumes that funding over the 2001-2004 period for the agency will be equal to its 2000 appropriation.

Direct Spending and Revenues

The bill would establish a new criminal penalty for the sabotage of nuclear production, utilization, or waste storage facilities. CBO estimates that enacting this provision would increase governmental receipts by less than \$500,000 a year. Criminal fines are deposited in the Crime Victims Fund and are spent in subsequent years. Thus, any resulting change in direct spending from the fund would also amount to less than \$500,000 annually.

PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. CBO estimates that enacting S. 1627 would result in changes in direct spending and governmental receipts of less than \$500,000 a year.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

Under current law, the NRC collects annual fees from its licensees sufficient to offset its general fund appropriation. The NRC's existing authority to impose such fees expires at the end of fiscal year 2000. S. 1627 would extend the NRC's current authority to charge annual fees to offset its general fund appropriation through fiscal year 2005, except that the bill would allow the NRC to exclude certain portions of its budget from annual charges. The requirement to pay those fees would be both an intergovernmental and private-sector mandate as defined in UMRA.

Under current law, when the NRC's authority to collect fees to offset its general fund appropriation expires at the end of 2000, CBO estimates that the utilities would pay fees equal to about one-third of NRC's appropriation, or \$155 million in 2001. S. 1627 would extend the NRC's authority to collect fees to offset a major portion of its budget. Assuming

the 2000 appropriation level is maintained through 2005, CBO estimates that extending the fees under the bill would result in additional collections from utilities licensed and regulated by the NRC that range from \$242 million to \$278 million annually beginning in fiscal year 2001. Most of the annual fees would be paid by private, investor-owned nuclear utilities (less than 5 percent would be paid by nonfederal, publicly owned utilities).

CBO cannot determine whether this mandate would impose any costs as defined in UMRA because the law is unclear about how to measure costs associated with extending an existing mandate that has not yet expired. Measured against the costs that would be incurred if current law remains in place and the annual fee declines, the total cost to the private sector of extending this mandate would range from \$242 million to \$278 million annually from fiscal year 2001 through 2005. In that case, the cost of the mandate would exceed the annual threshold for the private sector as defined in UMRA. By contrast, UMRA may be interpreted to mean that the costs could be measured against the current level of fees. In that case, the mandate would impose no additional costs on the private sector because the fees under S. 1627 would be lower than those currently in effect (because some of NRC's costs would be excluded from coverage by the fees). In either case, CBO estimates that the total costs to state, local, and tribal governments would be below the threshold for intergovernmental mandates established in UMRA.

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