



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 8, 2007

H.R. 2420 **International Climate Cooperation Re-engagement Act of 2007**

*As ordered reported by the House Committee on Foreign Affairs
on May 23, 2007*

SUMMARY

H.R. 2420 would authorize the appropriation of funds to develop and promote energy technologies that do not release greenhouse gases into the atmosphere. CBO estimates that implementing H.R. 2420 would cost \$37 million in 2008 and \$772 million over the 2008-2012 period, assuming appropriation of the specified and estimated amounts. While the bill would allow the International Clean Energy Foundation to receive and spend gifts and donations, CBO estimates that H.R. 2420 would have no significant effect on direct spending and receipts.

H.R. 2420 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 H.R. 2420 is shown in the following table. The costs of this legislation fall within budget functions 150 (international affairs) and 370 (commerce and housing credit).

	By Fiscal Year, in Millions of Dollars				
	2008	2009	2010	2011	2012
CHANGES IN SPENDING SUBJECT TO APPROPRIATION ^{a,b}					
Foreign Assistance					
Authorization Level	200	200	200	200	200
Estimated Outlays	20	100	152	177	187
International Clean Energy Foundation					
Authorization Level	20	20	20	20	20
Estimated Outlays	10	17	20	20	20
Interagency Working Group					
Authorization Level	5	5	5	5	5
Estimated Outlays	4	5	5	5	5
State Department Programs					
Estimated Authorization Level	3	3	3	3	3
Estimated Outlays	2	3	3	3	3
Commerce Department Programs					
Estimated Authorization Level	2	2	3	3	3
Estimated Outlays	1	2	2	2	2
Total Changes					
Estimated Authorization Level	230	230	231	231	231
Estimated Outlays	37	127	182	207	217

- a. The five-year costs in the text differ slightly from the sum of the annual costs shown here because of rounding.
- b. Enacting H.R. 2420 also could affect revenues and direct spending, but CBO estimates that any such effects would be less than \$500,000 a year.

BASIS OF ESTIMATE

For this estimate, CBO assumes that this legislation will be enacted near the start of fiscal year 2008, that the specified and estimated authorization amounts will be appropriated near the start of each fiscal year, and that outlays will follow historical spending patterns for existing and similar programs.

Spending Subject to Appropriation

H.R. 2420 would authorize the appropriation of an estimated \$230 million in 2008 and about \$1.2 billion over the 2008-2012 period to develop and promote methods to generate energy

using solar technology, wind technology, geothermal technology, hydroelectric technology, and carbon-capture technology. CBO estimates that implementing H.R. 2420 would cost \$37 million in 2008 and \$772 million over the 2008-2012 period, assuming appropriation of the specified and estimated amounts.

Foreign Assistance. Section 202 would authorize the appropriation of \$200 million a year over the 2008-2012 period for the United States Agency for International Development (USAID) to provide aid to developing countries for the development of energy technologies that result in lower emissions of greenhouse gases than currently used technologies. Based on spending patterns for similar programs, CBO estimates that implementing this section would cost \$20 million in 2008 and \$636 million over the 2008-2012 period, assuming appropriation of the specified amounts.

International Clean Energy Foundation. Title III would establish a government corporation known as the International Clean Energy Foundation and authorize the appropriation of \$20 million a year over the 2008-2012 period. The foundation's primary goal would be to reduce global emissions of greenhouse gases through grant-making, promoting international collaboration, fostering alternative energy sources, and building a repository of best practices for future initiatives. The foundation would make annual reports to the Congress. CBO estimates that the foundation would spend \$10 million in 2008 and \$87 million over the 2008-2012 period, assuming appropriation of the specified amounts.

Interagency Working Group. Section 208 would authorize the appropriation of \$5 million a year for the 2008-2012 period for an interagency working group that would work to increase exports of alternative energy technologies. The working group would be composed of the Administrator for USAID, and the Secretaries of Commerce and Energy. CBO estimates that implementing this section would cost \$4 million in 2008 and \$24 million over the 2008-2012 period, assuming appropriation of the specified amounts.

State Department Programs. Section 207 would authorize the Secretary of State to establish a new exchange program to promote research and cooperation in the area of climate change, and would authorize the appropriation of \$3 million a year over the 2008-2012 period for the program. Section 103 would authorize the establishment of an office to address challenges posed by global climate change and promote reducing greenhouse gases. Since the department already has an Office of Global Climate Change, CBO estimates that the new responsibilities instituted under the bill would increase spending by less than \$500,000 a year, assuming appropriation of the estimated amounts. Assuming appropriation of the specified and estimated amounts, CBO estimates these provisions would cost \$2 million in 2008 and \$16 million over the 2008-2012 period.

Commerce Department Programs. Other provisions of the bill would direct the International Trade Administration to develop or expand activities to promote the export of alternative energy technologies. Specifically, the bill would expand the United States and Foreign Commercial Service to undertake business development and outreach efforts in India and China and increase trade missions to and from the United States to present technologies under development or in use that could be exported to other countries. Based on information from the agency, CBO estimates that implementing these provisions of the bill would cost \$1 million in 2008 and \$9 million over the 2008-2012 period, assuming appropriation of the necessary amounts.

Direct Spending and Revenues

Section 302 would allow the International Clean Energy Foundation to accept and spend gifts and donations. Any gifts and donations to the foundation would increase governmental receipts. The spending of those receipts would increase direct spending, but CBO estimates this provision would have no significant effect on direct spending and receipts.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 2420 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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