



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

August 19, 2009

H.J. Res. 56

A joint resolution approving the renewal of import restrictions contained in the Burmese Freedom and Democracy Act of 2003, and for other purposes

*As cleared by the Congress on July 23, 2009,
and signed by the President on July 28, 2009*

SUMMARY

H.J. Res. 56 (enacted as Public Law 111-42) renews for one year the ban on all imports from Burma, including a ban on imports of certain gemstones originating from Burma. The ban was originally enacted as the Burmese Freedom and Democracy Act of 2003 (Public Law 108-61) and was set to expire on July 28, 2004. The ban had been renewed five times through its previous expiration date of July 28, 2009. Previous legislation limited renewals of the ban to a total of six years. This act will increase that limit to nine years, thereby allowing three additional one-year bans. The act also extends customs user fees and shifts some corporate estimated tax receipts between years.

CBO estimates that extending the ban on U.S. imports from Burma and shifting corporate tax receipts will increase federal revenues by \$142 million over the 2010-2014 period and reduce them by \$2 million over the 2010-2019 period. Additionally, CBO estimates that H.J. Res. 56 will increase offsetting receipts (a credit against direct spending) by \$11 million in 2018. As a result, the law produces an estimated reduction in deficits of \$9 million over the 2010-2019 period.

Under H.J. Res. 56, the President can lift the import restrictions if the State Peace and Development Council, the military regime of Burma, has made substantial and measurable progress to end violations of human rights, implemented a democratic government, and met its obligations under international counter-narcotics agreements. The President also has the authority to terminate the restrictions upon the request of a democratically elected government in Burma or waive them in the national interest.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.J. Res. 56 is shown in the following table. This legislation's effects on federal spending fall within budget function 750 (administration of justice).

	By Fiscal Year, in Millions of Dollars												2009- 2014	2009- 2019
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019			
CHANGES IN REVENUES														
Burmese Import Ban	*	-2	0	0	0	0	0	0	0	0	0	-2	-2	
Corporate Estimated Tax Payments	<u>0</u>	<u>6,864</u>	<u>3,024</u>	<u>-9,888</u>	<u>-11,850</u>	<u>11,994</u>	<u>-144</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>144</u>	<u>0</u>	
Total Estimated Changes in Revenues	*	6,862	3,024	-9,888	-11,850	11,994	-144	0	0	0	0	142	-2	
CHANGES IN DIRECT SPENDING														
Customs User Fees														
Estimated Budget Authority	0	0	0	0	0	0	0	0	0	-11	0	0	-11	
Estimated Outlays	0	0	0	0	0	0	0	0	0	-11	0	0	-11	
Note: * = revenue loss of less than \$500,000.														

BASIS OF ESTIMATE

Revenues

Burmese Import Ban. Under H.J. Res. 56, the President will have the authority to lift or waive the ban imposed by the resolution. For this estimate, CBO assumes that the President will not exercise this authority before the termination of the one-year ban.

Based on data from the United States International Trade Commission (USITC) on past U.S. imports from Burma and CBO's most recent forecast of total U.S. imports, CBO estimates that H.J. Res. 56 will reduce federal revenues by less than \$500,000 in 2009 and by about \$2 million in 2010, net of income and payroll tax offsets.

In years just before the import ban first went into effect, over half of all U.S. imports from Burma were knitted or crocheted clothing and apparel goods. The remaining

imports included apparel items not knitted or crocheted, certain types of fish and crustaceans, goods made of wood, certain precious and semiprecious stones and metals, and woven fabrics and tapestries. In 2001 and 2002, roughly 80 percent of duties collected on these imports came from knitted and crocheted articles. CBO assumes that most of the banned imports will be replaced with imports from other countries.

The President can remove the ban on imports upon the request of a democratically elected government in Burma or if he were to determine and notify the Congress that to do so is in the national interest. Should the ban be lifted, U.S. companies would be allowed to resume importation of goods produced, manufactured, grown, or assembled in Burma. If such an action were taken during the 2009-2010 period, the impact on federal revenues would be reduced accordingly.

Corporate Estimated Tax. Previously enacted legislation has shifted the timing of corporate tax payments for certain future years, usually from the beginning of one fiscal year to the end of the prior year. This has been achieved by increasing for certain types of corporations the amount of required installments of estimated tax due in July through September of a given year. H.J. Res. 56 repeals previous adjustments that would have applied to estimated payments due in tax years after 2009. Additionally, for corporations with at least \$1 billion in assets in 2013, the act increases the portion of corporate estimated tax payments due in July through September of 2014. JCT estimates that these provisions will increase net revenues by \$144 million over the 2010-2014 period and decrease revenues by \$144 million in 2015.

Direct Spending

Prior to enactment of H.J. Res. 56, customs user fees were scheduled to expire either after January 31, 2018 (for COBRA fees) or after February 14, 2018 (for merchandise processing fees). Such fees are recorded in the budget as offsetting receipts (a credit against direct spending). H.J. Res. 56 extends COBRA fees for one week: through February 7, 2018. CBO estimates that this provision will increase offsetting receipts by \$11 million in 2018.

PREVIOUS CBO ESTIMATE

On July 23, 2009, CBO transmitted a cost estimate for S.J. Res. 17, similar legislation that was ordered reported by the Senate Committee on Finance on July 23, 2009. The differences in the estimated costs for the two versions of this legislation reflect differences in the legislative language. In particular, S.J. Res. 17 did not include provisions affecting corporate estimated taxes or customs user fees.

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