

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

May 18, 2010

H.R. 5139

Extending Immunities to the Office of the High Representative and the International Civilian Office in Kosovo Act of 2010

As ordered reported by the House Committee on Foreign Affairs on April 28, 2010

H.R. 5139 would extend certain privileges and immunities to the Office of the High Representative in Bosnia and Herzegovina and the International Civilian Office in Kosovo. Under current law, international organizations and their employees that enjoy such privileges and immunities are exempt from paying property taxes, customs duties, and taxes on imports, and from certain judicial proceedings. CBO estimates that a small number of people and properties would benefit if this provision was implemented, and that the forgone taxes, duties, fines, and criminal penalties would be less than \$500,000 each year, and over both the 2011-2015 and 2011-2020 periods.

The Statutory Pay-As-You-Go Act of 2010 establishes budget reporting and enforcement procedures for legislation affecting direct spending or revenues. Because enacting H.R. 5139 would affect direct spending and revenues, pay-as-you-go procedures would apply. However, CBO estimates that the net effects would be insignificant over the 2010-2020 period. The net changes in outlays and revenues from extending immunities to those two organizations that are subject to those pay-as-you-go procedures are shown in the following table.

CBO Estimate of Pay-As-You-Go Effects for H.R. 5139 as ordered reported by the House Committee on Foreign Affairs on April 28, 2010

	By Fiscal Year, in Millions of Dollars												
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020		2010- 2020
NET INCREASE OR DECREASE (-) IN THE DEFICIT													
Statutory Pay-As-You-Go Impact	0	0	0	0	0	0	0	0	0	0	0	0	0

H.R. 5139 would impose intergovernmental and private-sector mandates, as defined in the Unfunded Mandates Reform Act (UMRA), by extending privileges and immunities to employees of the two organizations. Those mandates would eliminate the right to take legal action in U.S. courts against the offices and their employees, limit some taxing authority in the District of Columbia, and preempt state laws governing the search and seizure of property. However, the bill would continue to allow the use of alternative dispute resolution procedures, such as arbitration, instead of court procedures.

Because it is unlikely that public entities would take legal action against the offices or levy taxes on them in the absence of this bill, CBO estimates that the costs to public entities would be insignificant and would fall well below the annual threshold established in UMRA for intergovernmental mandates (\$70 million in 2010, adjusted annually for inflation). CBO further estimates that the costs to private entities would fall below the annual threshold for private-sector mandates (\$141 million in 2010, adjusted annually for inflation) because, according to the Department of State, the protections in the bill are rarely invoked.

The CBO staff contact for this estimate is Sunita D'Monte. The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.