



Table 1. Direct Spending and Revenue Effects of H.R. 5430, the United States-Mexico-Canada Agreement Implementation Act, as introduced on December 13, 2019

December 16, 2019

Tables 1 and 2 display CBO's estimates of the cost of enacting H.R. 5430. Table 1 covers the costs of enacting title I, which would approve the United States-Mexico-Canada Agreement (USMCA). Table 2 includes CBO's estimate of appropriations under Title IX of H.R. 5430, which would provide appropriations to several federal agencies for the implementing the USMCA. The bill would designate those amounts as emergency requirements in accordance with section 251 of the Balanced Budget and Emergency Deficit Control Act of 1985. The limits on discretionary budget authority established by the Budget Control Act of 2011 (Public Law 112-25), as amended, would be adjusted to accommodate that funding.

By Fiscal Year, Millions of Dollars

| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2020-2024 | 2020-2029 |
|--|------|------|------|------|------|------|------|------|------|------|-----------|-----------|
| INCREASES OR DECREASES (-) IN DIRECT SPENDING | | | | | | | | | | | | |
| Department of Agriculture | | | | | | | | | | | | |
| Estimated Budget Authority | -19 | -23 | -17 | -13 | -7 | -5 | 0 | 0 | 0 | 0 | -79 | -84 |
| Estimated Outlays ^a | -19 | -23 | -17 | -13 | -7 | -5 | 0 | 0 | 0 | 0 | -79 | -84 |
| North American Development Bank | | | | | | | | | | | | |
| Estimated Budget Authority | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Estimated Outlays ^b | 10 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 10 | 10 |
| Total Changes | | | | | | | | | | | | |
| Estimated Budget Authority | -19 | -23 | -17 | -13 | -7 | -5 | 0 | 0 | 0 | 0 | -79 | -84 |
| Estimated Outlays | -9 | -23 | -17 | -13 | -7 | -5 | 0 | 0 | 0 | 0 | -69 | -74 |
| INCREASES IN REVENUE | | | | | | | | | | | | |
| Estimated Revenues ^{c,d} | 10 | 40 | 70 | 230 | 360 | 450 | 460 | 450 | 450 | 450 | 710 | 2,970 |
| NET DECREASE IN THE DEFICIT | | | | | | | | | | | | |
| Effect on the Deficit | -19 | -63 | -87 | -243 | -367 | -455 | -460 | -450 | -450 | -450 | -779 | -3,044 |

Source: Congressional Budget Office.

Estimates are relative to CBO's May 2019 baseline; assumed enactment by February 2020.

a. CBO estimates that enacting the bill would result in greater U.S. exports of certain dairy products, leading to slightly higher dairy prices and thus a small decrease in federal payments that support dairy producers.

b. On October 22, 2019, CBO transmitted a cost estimate for H.R. 132, the North American Development Bank Improvement and Pollution Solution Act of 2019. In 2016, the Congress appropriated \$10 million for paid-in capital, but did not specifically authorize the Department of Treasury to obligate those funds. By authorizing the United States to participate, H.R. 132 would allow the department to pay \$10 million to the bank; CBO expects it would do so in 2020. The full cost estimate can be found here: <https://www.cbo.gov/system/files/2019-10/hr132.pdf>.

c. The estimated revenue effects of enacting H.R. 5430 mainly reflect higher expected revenue from tariffs on motor vehicles and parts. Because of stricter rules of origin for motor vehicles and new labor value content requirements, CBO projects that certain imports of motor vehicles and parts that currently benefit from favorable treatment under the North American Free Trade Agreement would not be eligible for favorable treatment under the new agreement. Because of that change in eligibility, CBO projects that duty-free imports of vehicles and parts into the United States from the USMCA partner countries would decline. A portion of that decline in duty-free imports would be replaced by domestic production while some of that decline would be replaced by imports subject to less favorable treatment. As a result of those changes, total customs revenue would rise. In addition, lower trade barriers would increase duty-free imports from Canada, leading to a small reduction in tariff revenues collected on agricultural imports subject to tariffs.

d. Revenue estimates are net of income and payroll taxes.

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Table 2. Discretionary Appropriations of Title IX, the USMCA Supplemental Appropriations Act, 2019

December 16, 2019

Table 2 displays CBO’s estimate of appropriations under title IX of H.R. 5430, which would provide appropriations to several federal agencies for the implementation of the United States-Mexico-Canada Agreement. The bill would designate those amounts as emergency requirements in accordance with section 251 of the Balanced Budget and Emergency Deficit Control Act of 1985. The limits on discretionary budget authority established by the Budget Control Act of 2011 (Public Law 112-25), as amended, would be adjusted to accommodate that funding.

By Fiscal Year, Millions of Dollars

| Appropriations Subcommittee | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2020-2024 | 2020-2029 |
|--|------|------|------|------|------|------|------|------|------|------|-----------|-----------|
| Agriculture | | | | | | | | | | | | |
| Budget Authority | 4 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4 | 4 |
| Estimated Outlays | 3 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4 | 4 |
| Commerce, Justice, Science | | | | | | | | | | | | |
| Budget Authority | 106 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 106 | 106 |
| Estimated Outlays | 68 | 22 | 16 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 106 | 106 |
| Interior and Environment | | | | | | | | | | | | |
| Budget Authority | 308 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 308 | 308 |
| Estimated Outlays | 37 | 121 | 120 | 30 | 0 | 0 | 0 | 0 | 0 | 0 | 308 | 308 |
| Labor, Health and Human Services, Education | | | | | | | | | | | | |
| Budget Authority | 210 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 210 | 210 |
| Estimated Outlays | 11 | 63 | 63 | 42 | 21 | 0 | 0 | 0 | 0 | 0 | 200 | 200 |
| State and Foreign Operations | | | | | | | | | | | | |
| Budget Authority | 215 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 215 | 215 |
| Estimated Outlays | 215 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 215 | 215 |
| Total | | | | | | | | | | | | |
| Budget Authority | 843 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 843 | 843 |
| Estimated Outlays | 334 | 207 | 199 | 72 | 21 | 0 | 0 | 0 | 0 | 0 | 833 | 833 |

Source: Congressional Budget Office.

Estimates are relative to CBO’s May 2019 baseline; assumed enactment by February 2020.

Section 905 of H.R. 5430 specifies requirements for the budgetary treatment of title IX. Consistent with that section, and at the direction of the House Committee on the Budget, title IX is considered to be appropriation legislation rather than authorization legislation.

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