

110TH CONGRESS } <i>1st Session</i>	HOUSE OF REPRESENTATIVES	{ REPORT 110-
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TEMPORARY EXTENSION OF TRADE ADJUSTMENT
ASSISTANCE PROGRAM

SEPTEMBER , 2007.—Committed to the Committee of the Whole House on the
State of the Union and ordered to be printed

Mr. RANGEL, from the Committee on Ways and Means,
submitted the following

R E P O R T

[To accompany H.R. 3375]

[Including cost estimate of the Congressional Budget Office]

The Committee on Ways and Means, to whom was referred the bill (H.R. 3375) to extend the trade adjustment assistance program under the Trade Act of 1974 for 3 months, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. TEMPORARY EXTENSION OF TRADE ADJUSTMENT ASSISTANCE PROGRAM.

(a) ASSISTANCE FOR WORKERS.—Section 245(a) of the Trade Act of 1974 (19 U.S.C. 2317(a)) is amended by striking “September 30, 2007” and inserting “December 31, 2007”.

(b) ASSISTANCE FOR FIRMS.—Section 256(b) of the Trade Act of 1974 (19 U.S.C. 2346(b)) is amended by inserting after “2007,” the following: “and \$4,000,000 for the 3-month period beginning on October 1, 2007.”

(c) ASSISTANCE FOR FARMERS.—Section 298(a) of the Trade Act of 1974 (19 U.S.C. 2401g(a)) is amended by inserting before the period the following: “, and there are authorized to be appropriated and there are appropriated to the Department of Agriculture to carry out this chapter \$9,000,000 for the 3-month period beginning on October 1, 2007”.

(d) EXTENSION OF TERMINATION DATES.—Section 285 of the Trade Act of 1974 (19 U.S.C. 2271 note) is amended by striking “September 30” each place it appears and inserting “December 31”.

(e) EFFECTIVE DATE.—The amendments made by this section shall be effective as of October 1, 2007.

SUMMARY AND BACKGROUND

Purpose and Summary

The bill, H.R. 3375, as amended, would extend the Trade Adjustment Assistance program beyond its expiration date of September 30, 2007, for three months to December 31, 2007. Because of the language in the underlying law, extending the Adjustment Assistance for Farmers program required authorizing and appropriating funds to cover \$9 million in budget authority and outlays, as estimated by the Congressional Budget Office.

Background and Need for Legislation

Section 221 et seq. of the Trade Act of 1974, as amended by the Trade Adjustment Assistance Reform Act of 2002, comprises three programs: Adjustment Assistance for Workers, Adjustment Assistance for Firms, and Adjustment Assistance for Farmers. All three programs expire on September 30, 2007.

Trade Adjustment Assistance legislation reauthorizing and reforming the program is in the process of being developed and should be introduced shortly. However, the introduction and subsequent consideration of the legislation will not occur before the program's September 30, 2007 expiration. Therefore, until the comprehensive TAA reform and reauthorization bill is passed and enacted into law, an extension of the existing law is needed to ensure that individuals and firms adversely affected by trade get the assistance they need and deserve.

Legislative History

H.R. 3375, a bill to extend the trade adjustment assistance program under the Trade Act of 1974 for 3 months, was introduced on August 3, 2007 and referred to the House Committee on Ways and Means.

The House Committee on Ways and Means marked up H.R. 3375 on September 18, 2007, and ordered the bill, as amended, favorably reported by voice vote.

EXPLANATION OF THE BILL

(Sec. 1 of the bill, as amended, and sec. 2317(a), 2346(b), 2401(g)(a), and 2271 note of the Act).

Current Law.

Section 221 et seq. of the Trade Act of 1974, as amended by the Trade Adjustment Assistance Reform Act of 2002, comprises three programs: Adjustment Assistance for Workers, Adjustment Assistance for Firms, and Adjustment Assistance for Farmers. All three programs ("the TAA programs") expire on September 30, 2007.

Explanation of Provision.

Section 1 of H.R. 3375, as amended, would extend the expiration date of the TAA programs to December, 31, 2007.

Because of the language in the underlying law, extending the Adjustment Assistance for Farmers program required authorizing and appropriating funds to cover the cost of the program for the duration of the extension. The Committee therefore authorized and appropriated \$9 million. The Committee's decision to authorize and appropriate \$9 million for the Adjustment Assistance for Farmers program should not be considered a cut in funding for the program. The Adjustment Assistance for Farmers program is under used. *See* "New Program for Farmers Provides Some Assistance, but Has Had Limited Participation and Low Program Expenditures," (Government Accountability Office, December 2006). In light of this under use, the Committee provided the level of funding that the Congressional Budget Office estimated the Adjustment Assistance for Farmers program would cost in terms of budget authority and outlays over the course of the three month extension.¹ When the bill, as amended, comes to the floor, the Committee intends to offer a manager's amendment that extends Customs users' fees and makes a shift in corporate estimated tax payments to offset the \$9 million in budget authority and outlays.

To the extent that authorization levels for this program, or any of the other TAA programs, are at issue, they will be taken up when the Committee considers TAA reform and reauthorization legislation later this year and not in connection with this simple extension of existing law.

Effective Date

The provision would take effect on October 1, 2007.

VOTE OF THE COMMITTEE

In compliance with clause 2(y) of Rule XI of the Rules of the House of Representatives, the bill, H.R. 3375, was ordered favorably reported to the House of Representatives by voice vote (with a quorum being present).

BUDGET EFFECTS OF THE BILL

Committee Estimate of Budgetary Effects

In compliance with clause 3(d)(2) of rule XIII of the Rules of the House of Representatives, the following statement is made concerning the effects on the budget of this bill, H.R. 3375, as reported: The Committee agrees with the estimate prepared by CBO which is included below.

Statement Regarding New Budget Authority and Tax

In compliance with clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee states that enactment of H.R. 3375 would provide new budget authority regarding the Adjustment Assistance for Farmers program for the duration of the three month extension.

¹ Because the Congressional Budget Office included the Adjustment Assistance for Workers and the Adjustment Assistance for Firms programs in its FY 2008 budget baselines, a similar analysis was not required.

Cost Estimate Prepared by the Congressional Budget Office

In compliance with clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, requiring a cost estimate prepared by the CBO, the following report prepared by the CBO is provided.

[INSERT CBO LETTER]

OTHER MATTERS TO BE DISCUSSED UNDER THE RULES OF THE HOUSE

Committee Oversight Findings And Recommendations

With respect to clause 3(c)(1) of rule XIII of the Rules of the House of Representatives (relating to oversight findings), the Committee concluded that it was appropriate and timely to enact the extension included in the bill as reported.

Statement Of General Performance Goals And Objectives

With respect to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the Committee establishes the following performance related goals and objectives for this legislation:

The Departments of Labor, Commerce, and Agriculture shall use the authority and, in the case of the Department of Agriculture, appropriations provided for by the legislation to continue to enroll and assist individuals and firms impacted by trade, as contemplated by Section 221 et seq. of the Trade Act of 1974, as amended by the Trade Adjustment Assistance Reform Act of 2002.

Constitutional Authority Statement

With respect to clause 3(d)(1) of rule XIII of the Rules of the House of Representatives, relating to Constitutional Authority, the Committee states that the Committee's action in reporting the bill is derived from Article 1 of the Constitution, Section 8 ('The Congress shall have power to lay and collect taxes, duties, imposts and excises, to pay the debts and to provide for * * * the general Welfare of the United States.')

Information Relating To Unfunded Mandates

This information is provided in accordance with section 423 of the Unfunded Mandate Act of 1995 (P.L. 104-4). The Committee has determined that the bill, as reported, does not contain Federal mandates on the private sector. The Committee has determined that the bill does not impose a Federal intergovernmental mandate on State, local, or tribal governments. However, when the bill, as amended, comes before the full House of Representatives, a manager's amendment will be proposed that will extend Customs users fees and make a shift in corporate estimated tax payments to pay for the \$9 million in new mandatory spending included in the legislation. Historically, the Congressional Budget Office has considered such fee extensions to be unfunded mandates imposed on the private sector.



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

September 21, 2007

H.R. 3375

**A bill to extend the trade adjustment assistance program under the
Trade Act of 1974 for three months**

*As ordered reported by the House Committee on Ways and Means
on September 18, 2007*

SUMMARY

H.R. 3375 would extend certain programs authorized under the Trade Act of 1974 for three months, through December 31, 2007. Under current law, the authority for those Trade Adjustment Assistance (TAA) programs—TAA for Firms, TAA for Farmers and Fishermen, and TAA for Workers—is scheduled to expire on September 30, 2007.

Assuming appropriation of the authorized amount, CBO estimates that implementing H.R. 3375 would increase discretionary spending for TAA for Firms by \$4 million over the next two years. CBO estimates that enacting the bill also would increase mandatory spending by \$9 million in fiscal year 2008, under the TAA for Farmers program. The costs of extending TAA for Workers are assumed in the current baseline; thus, we estimate no additional costs for that extension. In addition, the bill would affect direct spending and revenues for tax credits for health insurance, but those effects also are assumed in the current baseline. The net effects of the bill that are already assumed in the baseline would add \$214 million to the deficit in 2008.

H.R. 3375 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA); any costs to state governments would be incurred voluntarily.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 3375 is shown in the following table. The costs of this legislation fall within budget functions 350 (agriculture) and 450 (community and regional development).

	By Fiscal Year, in Millions of Dollars				
	2008	2009	2010	2011	2012

CHANGES IN SPENDING SUBJECT TO APPROPRIATION

TAA for Firms					
Authorization Level	4	0	0	0	0
Estimated Outlays	1	3	0	0	0

CHANGES IN DIRECT SPENDING

TAA for Farmers and Fishermen					
Budget Authority	9	0	0	0	0
Estimated Outlays	9	0	0	0	0

Notes: The costs of continuing TAA for Workers are assumed to continue in CBO's baseline, consistent with section 257 of the Deficit Control Act. Beneficiaries under the TAA for Workers program also are eligible for a health care tax credit, which would affect outlays and revenues. The outlay and revenue effects of extending that credit to those beneficiaries also are assumed to continue in the current baseline.

TAA = Trade Adjustment Assistance.

BASIS OF ESTIMATE

For purposes of this estimate, CBO assumes that H.R. 3375 will be enacted by the end of fiscal year 2007, and that amount authorized for 2008 will be appropriated. H.R. 3375 would extend the authorization of TAA programs for workers, farmers and fishermen, and firms for three months, through December 31, 2007. Under current law, authorizations for those programs expire on September 30, 2007.

Spending Subject to Appropriation

H.R. 3375 would authorize the appropriation of \$4 million for the three-month period beginning on October 1, 2007, for the Secretary of Commerce to provide financial assistance to domestic firms experiencing a decline in sales and employment to become more competitive. CBO estimates that implementing this provision would cost \$4 million over the next two years, assuming appropriation of the specified amount.

Direct Spending and Revenues

The TAA for Farmers program provides compensation to agricultural producers who, as a consequence of increased imports, face prices that are less than 80 percent of the average price over the previous five years for their products. The bill would appropriate \$9 million for the TAA for Farmers program for the three-month period from October 1, 2007, to December 31, 2007. Under current law, \$90 million was appropriated for each year over the 2003-2007 period, although spending was well below the amounts provided in those years—a total of \$47 million through 2006. CBO estimates that the \$9 million provided in this bill would be spent in 2008 to cover administrative costs and payments to producers of any commodities that may qualify for compensation during the three-month period.

In addition, the bill would reauthorize the TAA for Workers program through December 31, 2007. The authority for that program, which provides extended unemployment and training benefits for workers who lose their job as a result of increased international trade, would otherwise expire on September 30, 2007. Consistent with the budget projection rules in section 257 of the Deficit Control Act, the costs of extending TAA for Workers are included in CBO's baseline. CBO estimates that outlays for that program would total about \$200 million over the three-month period covered by H.R. 3375.

Workers who are certified as eligible for TAA also may be eligible for a health care tax credit (HCTC) to subsidize the cost of health insurance. The TAA-related costs of that program, which include both increased outlays and reduced revenues, also are assumed to continue in CBO's baseline. The Joint Committee on Taxation estimates that outlays for the HCTC related to TAA beneficiaries would total \$9 million over the three-month period covered by H.R. 3375. Reduced revenues over that period are estimated at \$5 million.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 3375 contains no intergovernmental or private-sector mandates as defined in UMRA. States that provide employment services, training, and supplemental assistance under cooperative agreements with the U.S. Department of Labor would benefit from the program extension authorized in the bill. Any costs those states might incur to comply with program conditions would be incurred voluntarily.

ESTIMATE PREPARED BY:

Federal Costs:

TAA for Firms—Daniel Hoople (226-2860)

TAA for Farmers and Fishermen—Dave Hull (226-2860)

TAA for Workers—Christina Hawley Anthony (226-2820)

Impact on State, Local, and Tribal Governments: Lisa Ramirez-Branum (225-3220)

Impact on the Private Sector: Jacob Kuipers (226-2940)

ESTIMATE APPROVED BY:

Peter H. Fontaine

Assistant Director for Budget Analysis



CONGRESSIONAL BUDGET OFFICE
U.S. Congress
Washington, DC 20515

Peter R. Orszag, Director

September 21, 2007

Honorable Charles B. Rangel
Chairman
Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 3375, a bill to extend the trade adjustment assistance program under the Trade Act of 1974 for three months.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Christina Hawley Anthony, who can be reached at 226-2820.

Sincerely,

for Robert A. Givishim

Peter R. Orszag

Enclosure

cc: Honorable Jim McCrery
Ranking Republican

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

[INSERT]

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

TRADE ACT OF 1974

* * * * *

TITLE II—RELIEF FROM INJURY CAUSED BY IMPORT COMPETITION

* * * * *

CHAPTER 2—ADJUSTMENT ASSISTANCE FOR WORKERS

* * * * *

Subchapter C—General Provisions

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SEC. 245. AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—There are authorized to be appropriated to the Department of Labor, for the period beginning October 1, 2001, and ending [September 30, 2007] *December 31, 2007*, such sums as may be necessary to carry out the purposes of this chapter.

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CHAPTER 3—ADJUSTMENT ASSISTANCE FOR FIRMS

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SEC. 256. DELEGATION OF FUNCTIONS TO SMALL BUSINESS ADMINISTRATION; AUTHORIZATION OF APPROPRIATIONS.

(a) * * *

(b) There are authorized to be appropriated to the Secretary \$16,000,000 for each of fiscal years 2003 through 2007, and \$4,000,000 for the 3-month period beginning on October 1, 2007, to carry out the Secretary's functions under this chapter in connection with furnishing adjustment assistance to firms. Amounts appropriated under this subsection shall remain available until expended.

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CHAPTER 5—MISCELLANEOUS PROVISIONS

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SEC. 285. TERMINATION.

(a) ASSISTANCE FOR WORKERS.—

(1) IN GENERAL.—Except as provided in paragraph (2), trade adjustment assistance, vouchers, allowances, and other payments or benefits may not be provided under chapter 2 after **【September 30】** *December 31, 2007*.

(2) EXCEPTION.—Notwithstanding paragraph (1), a worker shall continue to receive trade adjustment assistance benefits and other benefits under chapter 2 for any week for which the worker meets the eligibility requirements of that chapter, if on or before **【September 30】** *December 31, 2007*, the worker is—

(A) * * *

* * * * *

(b) OTHER ASSISTANCE.—

(1) ASSISTANCE FOR FIRMS.—Technical assistance may not be provided under chapter 3 after **【September 30】** *December 31, 2007*.

(2) ASSISTANCE FOR FARMERS.—

(A) IN GENERAL.—Except as provided in subparagraph (B), adjustment assistance, vouchers, allowances, and other payments or benefits may not be provided under chapter 6 after **【September 30】** *December 31, 2007*.

(B) EXCEPTION.—Notwithstanding subparagraph (A), an agricultural commodity producer (as defined in section 291(2)) shall continue to receive adjustment assistance benefits and other benefits under chapter 6, for any week for which the agricultural commodity producer meets the eligibility requirements of chapter 6, if on or before **【September 30】** *December 31, 2007*, the agricultural commodity producer is—

(i) * * *

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CHAPTER 6—ADJUSTMENT ASSISTANCE FOR FARMERS

* * * * *

SEC. 298. AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—There are authorized to be appropriated and there are appropriated to the Department of Agriculture not to exceed \$90,000,000 for each of the fiscal years 2003 through 2007 to carry out the purposes of this chapter, *and there are authorized to be appropriated and there are appropriated to the Department of Agriculture to carry out this chapter \$9,000,000 for the 3-month period beginning on October 1, 2007.*

* * * * *