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REPT. 107–720
Part 2

AUTHORIZING THE PRESIDENT OF THE UNITED STATES TO AGREE TO CERTAIN AMENDMENTS TO THE AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE UNITED MEXICAN STATES CONCERNING THE ESTABLISHMENT OF A BORDER ENVIRONMENT COOPERATION COMMISSION AND A NORTH AMERICAN DEVELOPMENT BANK, AND FOR OTHER PURPOSES

OCTOBER 7, 2002.—Ordered to be printed

Mr. OXLEY, from the Committee on Financial Services, submitted the following

SUPPLEMENTAL REPORT

[To accompany H.R. 5400]

This supplemental report shows the cost estimate of the Congressional Budget Office with respect to the bill (H.R. 5400), as reported, which was not included in part 1 of the report submitted by the Committee on Financial Services on October 3, 2002 (H. Rept. 107–720, pt. 1).

This supplemental report is submitted in accordance with clause 3(a)(2) of rule XIII of the Rules of the House of Representatives.

In addition to containing the cost estimate provided by the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974, this supplemental report updates those sections of H. Rept. 107–415, part 1 relevant to that cost estimate. Any section appearing in this part should be deemed to supersede the same section in part 1 of this report.

COMMITTEE COST ESTIMATE

The Committee adopts as its own the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

CONGRESSIONAL BUDGET OFFICE ESTIMATE

Pursuant to clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, the following is the cost estimate provided by the Congressional Budget office:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, October 3, 2002.

Hon. MICHAEL G. OXLEY,
Chairman, Committee on Financial Services,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 5400, a bill to authorize the President of the United States to agree to certain amendments to the agreement between the government of the United States of America and the government of the United Mexican States concerning the establishment of a Border Environment Cooperation Commission and a North American Development Bank, and for other purposes.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Joseph C. Whitehill.

Sincerely,

BARRY B. ANDERSON
(For Dan L. Crippen, Director).

Enclosure.

H.R. 5400—A bill to authorize the President of the United States to agree to certain amendments to the Agreement between the Government of the United States of America and the Government of the United Mexican States concerning the establishment of a Border Environment Cooperation Commission and a North American Development Bank, and for other purposes

H.R. 5400 would authorize the President to agree to a change in the North American Development Bank's (NADBank's) charter that would permit the bank to use its capital to make grants and below-market-rate loans to finance environmental infrastructure projects. The bill also would expand NADBank's regional focus to include the area in Mexico within 300 kilometers of the United States/Mexican border. CBO estimates that enacting the bill would not affect federal spending or receipts.

The NADBank was established as a multilateral development bank by an agreement between the governments of the United States and Mexico in 1993. It has a mandate to finance environmental infrastructure projects in the U.S./Mexican border region with a particular focus on potable water, wastewater treatment, municipal solid waste, and related projects. Capitalized by appropriations of $225 million from each government, NADBank began operations in November 1994. In addition to the paid-in capital, NADBank has the authority to borrow an additional $2.55 billion, an amount sufficient to support lending operations of up to $3 billion.

In the eight years of its existence however, NADBank has financed few projects. Of the $450 million in appropriated funds for NADBank, 10 percent was earmarked for grant assistance in the two countries; the rest of the funds were invested in government and other income generating securities. As of March 31, 2001, the bank had outstanding loans of $8 million—an amount slightly less than its annual operating expenses. H.R. 5400 would authorize the bank to make grants and below-market-rate loans. NADBank has

announced plans to use the authority to provide $80 million in grants for a water conservation fund and $50 million in below-market-rate loans. We estimate that expanding its regional focus would not greatly increase the demand for NADBank financing. Given the relative inactivity of the bank and the fact that it has no outstanding debt, CBO estimates that using its capital base in this manner would likely have no impact on its other financing operations or credit rating.

H.R. 5400 contains no intergovernmental or private-sector mandates as defined by the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments.

The CBO staff contact is Joseph C. Whitehill. This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

FEDERAL MANDATES STATEMENT

The Committee adopts as its own the estimate of Federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act.

