



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

May 4, 2007

### **H.R. 1595** **Guam World War II Loyalty Recognition Act**

*As ordered reported by the House Committee on Natural Resources on May 2, 2007*

#### **SUMMARY**

H.R. 1595 would authorize the appropriation of \$126 million for the federal government to compensate Guam residents for their mistreatment during the island's occupation by Japanese military forces during World War II. The legislation also would authorize the appropriation of \$5 million for a grant program to memorialize the occupation of Guam during World War II.

CBO estimates that implementing H.R. 1595 would cost about \$130 million over the 2008-2012 period, assuming appropriation of the authorized amounts. Enacting the legislation could increase revenues from civil and criminal penalties and direct spending of any collections, but CBO estimates that any amounts collected or spent would be negligible.

H.R. 1595 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

H.R. 1595 contains a private-sector mandate, as defined in UMRA, on individuals seeking to represent certain claimants who are eligible to receive money from the Foreign Claims Settlement Commission (FCSC). The bill would limit the amount of compensation individuals can receive to represent claimants who file for claims with the FCSC under this bill. CBO estimates, however, that the cost would be minimal, if any, and would fall well below the annual threshold established by UMRA (\$131 million in 2007, adjusted annually for inflation).

#### **ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated budgetary impact of H.R. 1595 is shown in the following table. The costs of this legislation fall within budget function 800 (general government).

	By Fiscal Year, In Millions of Dollars				
	2008	2009	2010	2011	2012
<b>CHANGES IN SPENDING SUBJECT TO APPROPRIATION</b>					
Guam War-Claim Compensation Payments					
Estimated Authorization Level	100	26	0	0	0
Estimated Outlays	80	40	6	0	0
Grant Program					
Estimated Authorization Level	5	0	0	0	0
Estimated Outlays	1	1	1	1	1
Total Changes					
Estimated Authorization Level	105	26	0	0	0
Estimated Outlays	81	41	7	1	1

## **BASIS OF ESTIMATE**

For this estimate, CBO assumes that the bill will be enacted by the end of fiscal year 2007, that the authorized amounts will be provided each year, and that spending will follow historical patterns for similar programs.

### **Spending Subject to Appropriation**

CBO estimates that implementing H.R. 1595 would cost about \$130 million over the 2008-2012 period, assuming appropriation of the authorized amounts.

**Guam War-Claim Compensation Payments.** H.R. 1595 would authorize the appropriation of \$126 million for the Department of Treasury to make compensation payments to the residents of Guam for deaths and injuries suffered during the Japanese occupation of the island in World War II. The Foreign Claims Settlement Commission, an agency within the Department of Justice, would adjudicate such claims including promulgating rules and regulations as well as publicizing the program.

**Grant Program.** Section 5 would authorize the appropriation of \$5 million for the Department of the Interior to establish a grant program to support activities in memory of Guam's occupation during World War II.

## **Direct Spending and Revenues**

H.R. 1595 would establish civil and criminal penalties for false claims related to deaths and injuries suffered during the Japanese occupation of Guam during World War II. Thus, the federal government might collect additional fines if the bill is enacted. Collections of civil fines are recorded as revenues and deposited in the Treasury; collections of criminal fines are deposited in the Crime Victims Fund and later spent. CBO expects that any additional revenues and direct spending from enacting those provisions would be negligible.

## **ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS**

H.R. 1595 contains no intergovernmental mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

## **ESTIMATED IMPACT ON THE PRIVATE SECTOR**

H.R. 1595 contains a private-sector mandate as defined in UMRA. The bill would limit the fees payable to attorneys or others seeking to represent individuals who file a claim to receive money from the FCSC under this bill. Specifically, section 4(b)6 would limit fees for representational services to not more than 1 percent of the amount that the claimant is paid. The limitation on representational fees is a private-sector mandate as defined in UMRA. Because the claimants in this program would be a new source of business generated under the bill, representatives would not lose fees that they could have collected in the absence of the bill. CBO therefore estimates that the cost to comply with the mandate would be minimal, if any, and would fall well below the annual threshold established by UMRA (\$131 million in 2007, adjusted annually for inflation).

## **ESTIMATE PREPARED BY:**

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