CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

September 28, 1999

S. 486
Methamphetamine Anti-Proliferation Act of 1999

As reported by the Senate Committee on the Judiciary on August 5, 1999

SUMMARY

S. 486 would authorize appropriations to the Drug Enforcement Administration (DEA), the Office of National Drug Control Policy (ONDCP), and the Department of Health and Human Services (HHS) to combat the production, trafficking, and abuse of amphetamine and methamphetamine. The bill also would increase the recommended penalties for certain offenses involving those two drugs and would amend certain laws relating to controlled substances.

CBO estimates that implementing the legislation would result in additional discretionary spending of about $242 million over the 2000-2004 period. This total assumes that amounts appropriated to ONDCP and HHS are increased annually to account for anticipated inflation. Alternatively, if no increases to cover inflation are assumed, we estimate that implementing the bill would increase spending by about $233 million over the next five years. Because S. 486 could affect direct spending and receipts, pay-as-you-go procedures would apply. However, we estimate that any impact on direct spending or receipts would be less than $500,000 a year.

S. 486 contains both an intergovernmental and a private-sector mandate as defined in the Unfunded Mandates Reform Act (UMRA). CBO estimates that the costs to state, local, or tribal governments would not be significant and would not meet the threshold established in that act ($50 million in 1996, adjusted for inflation). Overall, the bill would benefit state and local law enforcement. CBO also estimates that the costs of the private-sector mandate would fall below the threshold established in UMRA ($100 million in 1996, adjusted for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 486 is shown in the following table. The costs of this legislation fall within budget functions 550 (health), 750 (administration of justice), and 800 (general government).

	By Fiscal Year, in Millions of Dollars				
	2000	2001	2002	2003	2004
CHANGES IN SPENDING SUBJECT TO APPROPRIATION					
DEA Programs					
Authorization Level	13	12	12	7	7
Estimated Outlays	9	12	12	8	7
ONDCP Programs					
Estimated Authorization Level	15	15	16	16	16
Estimated Outlays	4	13	15	16	16
HHS Programs					
Estimated Authorization Level	32	31	32	33	33
Estimated Outlays	11	25	29	31	32
Federal Prison System					
Estimated Authorization Level	a	a	a	1	1
Estimated Outlays	a	a	a	1	1
Total Changes					
Estimated Authorization Level	60	58	60	57	57
Estimated Outlays	24	50	56	56	56

a. Less than $500,000.

BASIS OF ESTIMATE

Spending Subject to Appropriation

For this cost estimate, CBO assumes that the necessary amounts will be appropriated for each fiscal year and that outlays will follow historical spending rates for the authorized activities or for similar programs. Because the bill would authorize such sums as necessary for some programs after fiscal year 2000, CBO included an adjustment for anticipated inflation in this estimate.

Drug Enforcement Administration. S. 486 would authorize the appropriation of $50 million over the 2000-2004 period for DEA to combat the manufacturing and trafficking of amphetamine and methamphetamine. This would include funds for DEA to train law enforcement personnel to investigate clandestine drug laboratories.

Office of National Drug Control Policy. The bill would authorize the appropriation of $15 million for fiscal year 2000 and such sums as may be necessary for each of fiscal years 2001 through 2004 for ONDCP to combat the trafficking of amphetamine and methamphetamine.

Department of Health and Human Services. CBO estimates that S. 486 would authorize the appropriation of $161 million over the 2000-2004 period for HHS programs to prevent the abuse of amphetamine and methamphetamine, including funding for the Public Health Service, the National Institutes of Health, and the Institute of Medicine.

The bill would authorize the appropriation of $15 million for fiscal year 2000 and such sums as may be necessary for each fiscal year thereafter for the Public Health Service to expand efforts to prevent the abuse of methamphetamine and to provide a waiver of registration requirements for practitioners dispensing certain narcotics.

Section 16 would authorize such sums as are necessary for the National Institutes of Health to expand its research on methamphetamine use and addiction. The additional funding would be used by the National Institute on Drug Abuse (NIDA) for interdisciplinary studies and clinical trials. Based on information from NIDA, CBO estimates this provision would require additional appropriations of about $15 million annually.

The bill would require HHS, within nine months of enactment, to prepare a report on the development of medication to treat addiction to amphetamine and methamphetamine. The study would be conducted through the Institute of Medicine. Based on discussions with the institute, CBO estimates that it would cost about $1 million in fiscal year 2000 to conduct the study. The bill also would require HHS to prepare an annual report on methamphetamine consumption throughout the United States and any relationship between the level of consumption and population or geographic area. CBO estimates that completing such reports would cost about $500,000 annually.

Federal Prison System. S. 486 would direct the United States Sentencing Commission to increase penalties recommended for the manufacture of amphetamine or methamphetamine. The commission has assigned each federal crime a base level, numbered from 1 to 43, which corresponds to a certain recommended length of imprisonment, with higher numbers reflecting longer prison terms. The bill would direct the commission to amend the federal sentencing guidelines to increase the base level penalty for manufacturing amphetamine or methamphetamine by at least three levels, in most cases. Under the bill's provisions, the commission also would increase the penalties for offenses involving amphetamine to equal the base level for offenses involving methamphetamine.

According to the U.S. Sentencing Commission, the longer sentences required by S. 486 would increase the prison population by roughly 130 prisoners a year by fiscal year 2004. CBO estimates that the cost to support these additional prisoners would be about $3 million over the 1999-2004 period. The full budgetary effects of these provisions would not be realized until 20 to 30 years after enactment. Then the additional prison population resulting from enactment of this bill would stabilize at roughly 350 prisoners per year, assuming no significant change in the number of annual convictions. At that time, the cost to the prison system basis would reach about $3 million annually (at 1999 prices), subject to the availability of appropriated funds.

Revenues and Direct Spending

The bill would establish both new federal crimes and greater penalties for existing offenses relating to controlled substances, which could result in increased criminal fines. Collections of such fines are recorded in the budget as governmental receipts (i.e., revenues), which are deposited in the Crime Victims Fund and spent in subsequent years. Any additional collections are likely to be negligible because of the relatively small number of cases involved. Because any increase in direct spending would equal the fines collected (with a lag of one year or more), the additional direct spending also would be negligible.

S. 486 would provide for mandatory restitution in cases involving the manufacture of amphetamine or methamphetamine. Any amounts of restitution made to the federal government would be deposited into the Assets Forfeiture Fund and spent from that fund, mostly in the same year. Thus, enacting S. 486 could increase both revenues deposited into the fund and direct spending from the fund. However, CBO estimates that any increased revenues or spending would not exceed $500,000 in any year.

PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. Enacting S. 486 could affect both direct spending and receipts, but CBO estimates that any such effects would be less than $500,000 a year.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

S. 486 contains an intergovernmental mandate as defined in UMRA. The bill would preempt a state's ability to preclude the distribution of certain narcotic drugs for detoxification treatment, unless a state specifically enacted a law allowing for such preclusion within three years of the passage of this bill. Because states would not be required to take any action, however, CBO estimates the costs associated with this preemption would be insignificant.

The bill also would make a number of changes to current law that would benefit state and local governments. First, it would allow a state or local government to receive restitution for crimes relating to illegal use of amphetamines and methamphetamines. States could see a small increase in revenue from this provision, but CBO estimates that the revenue generated would not be significant. In addition, the bill would expand the uses of the drug control and system improvement grants, and would provide opportunities to state and local governments to receive training and assistance from the DEA. Finally, the bill would provide a grant to Iowa State University for research on the production of methamphetamines.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

S. 486 would create a new private-sector mandate by prohibiting placing and carrying advertisements for drug paraphernalia. Because current law forbids only the sale of drug paraphernalia, the bill would impose a new enforceable duty on newspapers, magazines, radio and television stations, computer network operators, and other entities that publish or broadcast advertisements. The costs of the mandate would be quite low. Persons trafficking in drug paraphernalia have little incentive to advertise, since to do so would attract the attention of law enforcement officials. Consequently, publishing and broadcasting entities would lose only a very small amount of advertising revenue, if any.

ESTIMATE PREPARED BY:

Federal Costs (HHS): Cyndi Dudzinski
Federal Costs (all other costs): Mark Grabowicz
Impact on State, Local, and Tribal Governments: Lisa Cash Driskill
Impact on the Private Sector: John Harris

ESTIMATE APPROVED BY:

Peter H. Fontaine
Deputy Assistant Director for Budget Analysis