

## 5. USER CHARGES AND OTHER COLLECTIONS

In addition to collecting taxes and other receipts by the exercise of its sovereign powers, which is discussed in the previous chapter, the Federal Government collects income from the public from market-oriented activities and the financing of regulatory expenses. These collections are classified as user charges, and they include the sale of postage stamps and electricity, charges for admittance to national parks, premiums for deposit insurance, and proceeds from the sale of assets, such as rents and royalties for the right to extract oil from the Outer Continental Shelf.

Depending on the laws that authorize the collections, they are credited to expenditure accounts as “offsetting collections,” or to receipt accounts as “offsetting receipts.” The budget refers to these amounts as “offsetting” because they are subtracted from gross outlays rather than added to taxes on the receipts side of the budget. The purpose of this treatment is to produce budget totals for receipts, outlays, and budget authority in terms of the amount of resources allocated governmentally, through collective political choice, rather than through the market.<sup>1</sup>

Usually offsetting collections are authorized to be spent for the purposes of the account without further action by the Congress. Offsetting receipts may or may not be earmarked for a specific purpose, depending on the legislation that authorizes them. When earmarked, the authorizing legislation may either authorize them to be spent without further action by the Congress, or require them to be appropriated in annual appropriations acts before they can be spent.

Offsetting collections and receipts include most user charges, which are discussed below, as well as some amounts that are not user charges. Table 5–1 summarizes these transactions. For 2004, total offsetting collections and receipts from the public are estimated to be \$234.6 billion, and total user charges are estimated to be \$176.3 billion.

The following section discusses user charges and the Administration’s user charge proposals. The subsequent section displays more information on offsetting collections and receipts. The offsetting collections and receipts by agency are displayed in Table 21–1, “Outlays to the Public, Net and Gross,” which appears in Chapter 21 of this volume.

**Table 5–1. GROSS OUTLAYS, USER CHARGES, OTHER OFFSETTING COLLECTIONS AND RECEIPTS FROM THE PUBLIC, AND NET OUTLAYS**

(In billions of dollars)

	2002 Actual	Estimate	
		2003	2004
Gross outlays .....	2,233.0	2,378.0	2,464.0
Offsetting collections and receipts from the public:			
User charges <sup>1</sup> .....	155.3	167.7	173.5
Other .....	66.6	69.9	61.1
Subtotal, offsetting collections and receipts from the public .....	222.0	237.6	234.6
Net outlays .....	2,011.0	2,140.4	2,229.4

<sup>1</sup> Total user charges are shown below. They include user charges that are classified on the receipts side of the budget in addition to the amounts shown on this line. For additional details of total user charges, see Table 5–2, “Total User Charge Collections.”

Total user charges:			
Offsetting collections and receipts from the public .....	155.3	167.7	173.5
Receipts .....	2.4	2.7	2.8
Total, User charges .....	157.8	170.4	176.3

<sup>1</sup> Showing collections from business-type transactions as offsets on the spending side of the budget follows the concept recommended by the 1967 Report of the President’s Commis-

sion on Budget Concepts. The concept is discussed in Chapter 24: “Budget System and Concepts and Glossary” in this volume.

## USER CHARGES

### I. Introduction and Background

The Federal Government may charge those who benefit directly from a particular activity or those subject to regulation. Based on the definition used in this chapter, Table 5-2 shows that user charges were \$157.8 billion in 2002, and are estimated to increase to \$170.4 billion in 2003 and to \$176.3 billion in 2004, growing to an estimated \$198.4 billion in 2008, including the user charges proposals that are shown in Table 5-3. This table shows that the Administration is proposing to increase user charges by an estimated \$2.1 billion in 2004, growing to an estimated \$2.6 billion in 2008.

*Definition.* The term “user charge” as used here is more broadly defined than the “user fee” concept used in this chapter in prior years. User charges are fees, charges, and assessments levied on individuals or organizations directly benefiting from, or subject to regulation by, a government program or activity. In addition, the payers of the charge must be limited to those benefiting from, or subject to regulation by, the program or activity, and may not include the general public or a broad segment of the public (such as those who pay income taxes or customs duties).

- Examples of business-type or market-oriented user charges include charges for the sale of postal services (the sale of stamps), electricity (e.g., sales by the Tennessee Valley Authority), proceeds from the sale of goods by defense commissaries, payments for Medicare voluntary supplemental medical insurance, life insurance premiums for veterans, recreation fees for parks, the sale of weather maps and related information by the Department of Commerce, and proceeds from the sale of assets (property, plant, and equipment) and natural resources (such as timber, oil, and minerals).
- Examples of regulatory and licensing user charges include charges for regulating the nuclear energy industry, bankruptcy filing fees, immigration fees, food inspection fees, passport fees, and patent and trademark fees.

The broader “user charges” concept adopted this year aligns these estimates with the concept that establishes policy for charging prices to the public for the sale or use of goods, services, property, and resources (see OMB Circular No. A-25, “User Charges,” July 8, 1993).

User charges do not include all offsetting collections and receipts from the public, such as repayments received from credit programs; interest, dividends, and other earnings; payments from one part of the Federal Government to another; or cost sharing contributions. Nor do they include earmarked taxes (such as taxes paid to social insurance programs or excise taxes on gasoline), or customs duties, fines, penalties, and forfeitures.

*Alternative definitions.* The definition used in this chapter is useful because it is similar to the definition used in OMB Circular No. A-25, “User Charges,” which

provides policy guidance to Executive Branch agencies on setting prices for user charges. Alternative definitions may be used for other purposes. Much of the discussion of user charges below—their purpose, when they should be levied, and how the amount should be set—applies to these alternatives as well.

Other definitions of user charges could, for example:

- be narrower than the one used here, by limiting the definition to proceeds from the sale of goods and services (and excluding the sale of assets), and by limiting the definition to include only proceeds that are earmarked to be used specifically to finance the goods and services being provided. This is the definition of user fees used in previous chapters on this subject and is similar to one the House of Representatives uses as a guide for purposes of committee jurisdiction. The definition helps differentiate between taxes, which are under the jurisdiction of the Ways and Means Committee, and fees, which can be under the jurisdiction of other committees. (See the *Congressional Record*, January 3, 1991, p. H31, item 8.)
- be even narrower than the user fee concept described above, by excluding regulatory fees and focusing solely on business-type transactions.
- be broader than the one used in this chapter by including beneficiary- or liability-based excise taxes, such as gasoline taxes.<sup>2</sup>

*What is the purpose of user charges?* The purpose of user charges is to improve the efficiency and equity of certain Government activities, and to reduce the burden on taxpayers to finance activities whose benefits accrue to a relatively limited number of people, or to impose a charge on activities that impose a cost on the public.

User charges that are set to cover the costs of production of goods and services can provide efficiency in the allocation of resources within the economy. They allocate goods and services to those who value them the most, and they signal to the Government how much of the goods or services it should provide. Prices in private, competitive markets serve the same purposes.

User charges for goods and services that do not have special social benefits improve equity, or fairness, by requiring that those who benefit from an activity are the same people who pay for it. The public often perceives user charges as fair because those who benefit from the good or service pay for it in whole or in part, and those who do not benefit do not pay.

*When should the Government charge a fee?* Discussions of whether to finance spending with a tax or a fee often focus on whether the benefits of the activity

<sup>2</sup>Beneficiary- and liability-based taxes are terms taken from the Congressional Budget Office, *The Growth of Federal User Charges*, August 1993, and updated in October 1995. In addition to gasoline taxes, examples of beneficiary-based taxes include taxes on airline tickets, which finance air traffic control activities and airports. An example of a liability-based tax is the excise tax that formerly helped fund the hazardous substance superfund in the Environmental Protection Agency. This tax was paid by industry groups to finance environmental cleanup activities related to the industry activity but not necessarily caused by the payer of the fee.

are to the public in general or to a limited group of people. In general, if the benefits accrue broadly to the public, then the program should be financed by taxes paid by the public; in contrast, if the benefits accrue to a limited number of private individuals or organizations, then the program should be financed by charges paid by the private beneficiaries. For Federal programs where the benefits are entirely public or entirely private, applying this principle is relatively easy. For example, according to this principle, the benefits from national defense accrue to the public in general and should be (and are) financed by taxes. In contrast, the benefits of electricity sold by the Tennessee Valley Authority accrue exclusively to those using the electricity, and should be (and are) financed by user charges.

In many cases, however, an activity has benefits that accrue to both public and to private groups, and it may be difficult to identify how much of the benefits accrue to each. Because of this, it can be difficult to know how much of the program should be financed by taxes and how much by fees. For example, the benefits from recreation areas are mixed. Fees for visitors to these areas are appropriate because the visitors benefit directly from their visit, but the public in general also benefits because these areas protect the Nation's natural and historical heritage now and for posterity.

As a further complication, where a fee may be appropriate to finance all or part of an activity, some consideration must be given to the ease of administering the fee.

**What should be the amount of the fee?** For programs that have private beneficiaries, the amount of the charge should depend on the costs of producing the goods or services and the portion of the program that is for private benefits. If the benefit is primarily private, and any public benefits are incidental, current policies support charges that cover the full cost to the Government, including both direct and indirect costs.<sup>3</sup>

The Executive Branch is working to put cost accounting systems in place across the Government that would make the calculation of full cost more feasible. The difficulties in measuring full cost are associated in part with allocating to an activity the full costs of capital, retirement benefits, and insurance, as well as other Federal costs that may appear in other parts of the budget. Guidance in the Statement of Federal Financial Accounting Standards No. 4, Managerial Cost Accounting Concepts and Standards for the Federal Government (July 31, 1995), should underlie cost accounting in the Federal Government.

**Classification of user charges in the budget.** As shown in Table 5-1, most user charges are classified

<sup>3</sup>Policies for setting user charges are promulgated in OMB Circular No. A-25: "User Charges" (July 8, 1993).

as offsets to outlays on the spending side of the budget, but a few are classified on the receipts side of the budget. An estimated \$2.8 billion in 2004 are classified this way and are included in the totals described in Chapter 4. "Federal Receipts." They are classified as receipts because they are regulatory charges collected by the Federal Government by the exercise of its sovereign powers. Examples include filing fees in the United States courts, agricultural quarantine inspection fees, and passport fees.

The remaining user charges, an estimated \$173.5 billion in 2004, are classified as offsetting collections and receipts on the spending side of the budget. Some of these are collected by the Federal Government by the exercise of its sovereign powers and would normally appear on the receipts side of the budget, but are required by law to be classified as offsetting collections or receipts.

An estimated \$126.5 billion of user charges for 2004 are credited directly to expenditure accounts, and are generally available for expenditure when they are collected, without further action by the Congress. An estimated \$47.0 billion of user charges for 2004 are deposited in offsetting receipt accounts, and are available to be spent only according to the legislation that established the charges.

As a further classification, the accompanying Tables 5-2 and 5-3 identify the charges as discretionary or mandatory. These classifications are terms from the Budget Enforcement Act of 1990 as amended and are used frequently in the analysis of the budget. "Discretionary" in this chapter refers to charges generally controlled through annual appropriations acts and under the jurisdiction of the appropriations committees in the Congress. These charges offset discretionary spending under the discretionary caps. "Mandatory" refers to charges controlled by permanent laws and under the jurisdiction of the authorizing committees. These charges are subject to rules of paygo, whereby changes in law affecting mandatory programs and receipts cannot result in a net cost. Mandatory spending is sometimes referred to as direct spending.

These and other classifications are discussed further in this volume in Chapter 24, "Budget System and Concepts and Glossary."

## II. Current User Charges

As shown in Table 5-2, total user charge collections (including those proposed in this budget) are estimated to be \$176.3 billion in 2004, increasing to \$198.4 billion in 2008. User charge collections by the Postal Service and for Medicare premiums are the largest and are estimated to be more than half of total user charge collections in 2004.

Table 5-2. TOTAL USER CHARGE COLLECTIONS

(In millions of dollars)

	2002 Actual	Estimates					
		2003	2004	2005	2006	2007	2008
<b>Receipts</b>							
Agricultural quarantine inspection fees .....	231	331	285	266	272	279	287
Abandoned mine reclamation fund .....	287	296	302	308	313	319	325
Corps of Engineers, Harbor maintenance fees .....	653	733	787	858	934	1,008	1,072
Other (includes immigration, passport, and consular fees; filing fees for the U.S. courts; and other fees) .....	1,257	1,359	1,428	1,439	1,395	1,420	1,240
Subtotal, receipts .....	2,428	2,719	2,802	2,871	2,914	3,026	2,924
<b>Offsetting Collections and Receipts from the Public</b>							
<b>Discretionary</b>							
Department of Agriculture: Food safety inspection and other fees .....	264	262	394	400	408	417	428
Department of Commerce: Patent and trademark, fees for weather services, and other fees .....	1,444	1,833	1,810	1,930	2,126	2,291	2,463
Department of Defense: Commissary and other fees .....	8,692	8,864	9,179	8,057	8,079	8,105	8,134
Department of Energy: Federal Energy Regulation Commission, power marketing, and other fees .....	826	1,294	1,053	1,072	1,092	1,116	1,143
Department of Health and Human Services: Food and Drug Administration, Centers for Medicare and Medicaid Services, and other fees .....	757	874	948	962	977	995	1,015
Department of Homeland Security, border and transportation security fees and other fees .....	1,149	2,441	2,523	2,570	2,622	2,680	2,748
Department of the Interior: Minerals Management Service and other fees .....	312	304	309	314	322	328	336
Department of Justice: Antitrust and other fees .....	348	399	422	430	438	448	459
Department of State: Passport and other fees .....	455	813	997	1,016	1,036	1,059	1,086
Department of Transportation: Railroad safety, navigation, and other fees .....	177	266	193	196	201	206	211
Department of the Treasury: Sale of commemorative coins and other fees .....	1,191	1,415	1,463	1,490	1,520	1,554	1,594
Department of Veterans Affairs: Medical care and other fees .....	989	1,615	2,140	2,240	2,419	2,618	2,832
Social Security Administration, State supplemental fees, supplemental security income .....	100	111	120	127	135	143	152
Federal Communications Commission: Regulatory fees and costs of auctions .....	297	336	351	358	365	373	383
Federal Trade Commission: Regulatory fees .....	69	166	177	180	184	188	193
Nuclear Regulatory Commission: Regulatory fees .....	476	499	546	556	568	580	595
Securities and Exchange Commission: Regulatory fees .....	1,013	1,332	1,542	1,837	2,171	1,142	1,173
All other agencies, discretionary user charges .....	340	553	573	587	597	610	626
Subtotal, discretionary user charges .....	18,899	23,377	24,740	24,322	25,260	24,853	25,571
<b>Mandatory</b>							
Department of Agriculture: Crop insurance and other fees .....	1,524	3,846	3,480	3,364	3,420	3,223	3,417
Department of Defense: Commissary surcharge and other fees .....	1,411	746	600	549	556	431	389
Department of Energy: Proceeds from the sale of energy, nuclear waste disposal fees, and other fees .....	4,899	4,947	5,155	5,160	5,006	4,576	4,668
Department of Health and Human Services: Medicare Part B insurance premiums, and other fees, .....	25,986	28,303	31,033	32,860	34,557	36,374	38,790
Department of Homeland Security: Customs, immigration, flood insurance, and other fees .....	4,647	5,619	5,530	5,632	5,830	6,037	6,254
Department of the Interior: Recreation and other fees .....	2,171	2,770	2,584	2,856	2,655	2,637	2,701
Department of Justice: Immigration and other fees .....	275	333	349	354	359	364	370
Department of Labor: Insurance premiums to guaranty private pensions .....	2,382	1,826	2,378	2,497	2,584	2,673	2,769
Department of the Treasury: Customs, bank regulation, and other fees .....	664	674	693	710	727	744	751
Department of Veterans Affairs: Veterans life insurance and other fees .....	2,074	1,820	1,685	1,642	1,600	1,560	1,525
Office of Personnel Management: Federal employee health and life insurance fees .....	8,210	9,067	9,916	10,630	11,366	12,140	13,065
Federal Deposit Insurance Corporation: Deposit insurance fees .....	3,925	2,059	2,323	2,518	3,677	4,112	4,394
National Credit Union Administration: Credit union share insurance and other fees .....	519	573	605	565	583	619	667
Postal Service: Fees for postal services .....	64,957	69,437	70,159	70,897	71,586	72,376	73,065
Tennessee Valley Authority: Proceeds from the sale of energy .....	6,959	6,986	7,196	7,459	7,697	7,904	8,047
Undistributed Offsetting Receipts: Sale of spectrum licenses, OCS receipts, and other fees .....	5,025	4,380	4,189	14,230	13,282	8,396	8,098
All other agencies, mandatory user charges .....	818	956	857	2,123	2,137	894	909
Subtotal, mandatory user charges .....	136,446	144,342	148,732	164,046	167,622	165,060	169,879
Subtotal, user charges that are offsetting collections and receipts from the public .....	155,345	167,719	173,472	188,368	192,882	189,913	195,450
<b>Total, User charges</b> .....	<b>157,773</b>	<b>170,438</b>	<b>176,274</b>	<b>191,239</b>	<b>195,796</b>	<b>192,939</b>	<b>198,374</b>

### III. User Charge Proposals

As shown in Table 5–3, the Administration is proposing new or increased user charges that would increase collections by an estimated \$2.1 billion in 2004, increasing to \$2.6 billion in 2008.

#### A. User Charge Proposals to Offset Discretionary Spending

##### 1. Offsetting collections

#### Department of Agriculture

*Animal and Plant Health Inspection Service.*—Legislation will be proposed to establish user fees for APHIS costs for animal welfare inspections, such as for animal research centers, humane societies, and kennels.

*Grain Inspection, Packers and Stockyards Administration.*—The Administration proposes to collect a license fee to cover the cost of administering GIPSA's packers and stockyards program and a user fee to cover the cost of the standardization program.

*Food Safety and Inspection Service.*—The Administration proposes a new user fee for the Department of Agriculture's Food Safety and Inspection Service (FSIS). Under the proposed fee, the meat, poultry and egg industries would be required to reimburse the Federal Government for the full cost of extra shifts for inspection services. FSIS would recover 100 percent of inspection costs from establishments for additional, complete work shifts beyond a primary approved shift.

#### Department of Commerce

*Patent and Trademark Office.*—The Administration proposes legislation to restructure patent fees and adjust trademark fees in support of the objectives of PTO's strategic plan to enhance examination quality, improve the efficiency of the patent and trademark examination systems, and better reflect the agency's costs.

#### Department of Health and Human Services

*Fees for the review of new drugs for animals.*—The Administration is proposing the authorization of fees for the review of new drugs for animals. The Food and Drug Administration's review of these drugs is required before they are available on the market. Spending financed by these fees would be in addition to regular appropriations.

*Medicare duplicate or unprocessable claims.*—The Administration proposes new user fees for providers submitting duplicate or unprocessable claims. The Centers for Medicare and Medicaid Services (CMS) and its contractors go to great lengths to ensure that providers are aware of billing requirements and the need to submit accurate claims. Charging a fee for duplicate or unprocessable claims would heighten provider awareness of these issues and increase efficiency by deterring this action.

*Medicare appeals fee.*—Sections 521 and 522 of the Benefit Improvements Protection Act (BIPA) of 2000 require CMS to reform the current Medicare appeals process. The Administration proposes a modest filing

fee for providers who submit Medicare appeals to Qualified Independent Contractors, which represent a new level of adjudication. This proposal would heighten provider awareness of reformed appeals processes and requirements as well as deter appeals submitted with inaccurate or insufficient information.

#### Department of State

*Machine readable visa (MRV) fees.*—Both the PATRIOT Act and the Border Security Act have placed additional, costly requirements upon the State Department to update databases, interview more visa applicants, gather biometric information in the visa interview process and input that biometric information into shared databases, adjudicate a larger number of applications annually, and reduce the amount of consular activities that may be performed by foreign service nationals. Only cleared Americans may perform certain consular tasks. This is all at a time when visa applications have decreased by more than 2 million since 2001, thereby reducing receipts by an anticipated shortfall of \$200 million in 2004. In July 2002, there was an increase in the MRV fee from \$65 to \$100. Rather than request an additional appropriation in 2004, the Administration proposes another MRV fee increase to cover the shortfall. However, prior to any new fee increase, the Department of State must evaluate in a revised cost-of-service study the likely effects of an increase.

#### Department of Veterans Affairs

*Establish an annual enrollment fee for PL 7 and PL 8 veterans (non-disabled, higher income).*—Legislation will be proposed to establish an annual enrollment fee of \$250 for Priority Level 7 and 8 veterans. The increased receipts will allow the Department of Veterans Affairs to refocus the medical care system on caring for its core population, which is service-connected and lower-income veterans.

#### Corps of Engineers

*Fees transferred from the Power Marketing Administrations.*—Beginning in 2003, the Administration proposes that financing of the operation and maintenance costs of the Corps of Engineers in the Southeastern, Southwestern, and Western service areas of the Power Marketing Administrations be funded by receipts from the Power Marketing Administrations in these areas. These receipts are derived from the sale of power and related services. This proposal transfers Power Marketing Administration receipts to the Corps of Engineers equivalent to its operating and maintenance costs for the facilities in these areas. The Bonneville Power Administration already funds certain Corps of Engineers' hydropower facilities in this fashion.

#### Environmental Protection Agency

*Extension of pesticide maintenance fee.*—As authorized by the Federal Insecticide, Fungicide, and Rodenticide Act, EPA currently collects a maintenance fee to fund a portion of its pesticide reregistration and tolerance reassessment activities. The authorization to

Table 5-3. USER CHARGE PROPOSALS

(Estimated collections in millions of dollars)

	2003	2004	2005	2006	2007	2008	2004-2008
<b>DISCRETIONARY</b>							
<i>1. Offsetting collections.</i>							
<b>Department of Agriculture</b>							
Animal and Plant Health Inspection Service .....		8	8	8	8	8	40
Grain Inspection, Packers and Stockyards Administration .....		29	30	30	31	32	152
Food Safety and Inspection Service .....		122	122	122	122	122	610
<b>Department of Commerce</b>							
Patent and Trademark Office .....	207	201	182	209	238	267	1,097
<b>Department of Health and Human Services</b>							
Fees for the review of new drugs for animals .....		5	5	5	5	5	25
Medicare duplicate or unprocessable claims .....	60	195	195	195	195	195	975
Medicare paper claims .....	70						
Medicare appeals fee .....		6	6	6	6	6	30
<b>Department of State</b>							
Machine readable visa fees .....	67	271	280	289	300	311	1,451
<b>Department of Veterans Affairs</b>							
Establish an annual enrollment fee for PL 7 and PL 8 veterans (non-disabled, higher income) .....		230	241	265	292	321	1,349
<b>Corps of Engineers</b>							
Fees transferred from the Power Marketing Administrations in the Department of Energy .....	149	145	148	151	154	158	756
<b>Environmental Protection Agency</b>							
Extension of pesticide maintenance fee .....		8	8	8			24
<b>Commodity Futures Trading Commission</b>							
Fees on each round-turn commodities futures and options transactions .....	33						
<i>2. Offsetting receipts</i>							
<b>Environmental Protection Agency</b>							
Abolish cap on pre-manufacturing notification fees .....	4	4	8	8	8	8	36
<b>Nuclear Regulatory Commission</b>							
Extend NRC fees at their 2005 level for 2006 and later .....				367	374	384	1,125
Subtotal, discretionary user charges proposals .....	590	1,224	1,233	1,663	1,733	1,817	7,670
<b>MANDATORY</b>							
<i>1. Offsetting collections</i>							
<b>Federal Deposit Insurance Corporation</b>							
Deposit insurance fees .....		-453	-764	-231	59	39	-1,350
<i>2. Offsetting receipts</i>							
<b>Department of Agriculture</b>							
Forest Service recreation and entrance fees .....			37	50	50	55	192
<b>Department of Energy</b>							
Arctic National Wildlife Refuge, collections for research and development .....			1,200				1,200
Transfer certain Power Marketing Administrations fees to the Corps of Engineers .....	-149	-145	-148	-151	-154	-158	-756
<b>Department of Homeland Security</b>							
Border and transportation security conveyance and passenger fee .....		305	320	336	353	371	1,685
Border and transportation security merchandise processing fee .....		1,093	1,170	1,252	1,339	1,433	6,287
<b>Department of the Interior</b>							
Recreation fees .....			39	40	42	43	164
Bureau of Land Management land sale authority .....		10	25	34	42	50	161
Arctic National Wildlife Refuge, collection for payments to Alaska .....			1,201	1	101	1	1,304
Arctic National Wildlife Refuge, rents .....			1	1	101	1	104
<b>Federal Communications Commission</b>							
Spectrum license user fees .....			10	25	50	100	185
Analog spectrum fee .....					500	500	1,000
Extend auction authority .....					-2,000	-2,000	-4,000
Subtotal, mandatory user charges proposals .....	-149	810	3,091	1,357	483	435	6,176
<i>3. Governmental receipts</i>							
<b>Department of the Interior</b>							
Extend abandoned mine reclamation fees .....			308	313	319	325	1,265
National Indian Gaming Commission activity fees .....			3	4	4	5	16
<b>Department of the Treasury</b>							
Extend Internal Revenue Service user fees .....		68	81	6			155
Subtotal, governmental receipts user charges proposals .....		68	392	323	323	330	1,436
<b>Total, user charge proposals .....</b>	<b>441</b>	<b>2,102</b>	<b>4,716</b>	<b>3,343</b>	<b>2,539</b>	<b>2,582</b>	<b>15,282</b>

collect these fees was scheduled to expire at the end of fiscal year 2001 but was extended through appropriations language through fiscal year 2002. The Administration is proposing to extend the authority to collect these fees at \$8 million annually through fiscal year 2006.

### **Commodity Futures Trading Commission**

*Fees on each round-turn commodities futures and options transaction.*—The Commodity Futures Trading Commission (CFTC) regulates U.S. futures and options markets. It strives to protect investors by preventing fraud and abuse and ensuring adequate disclosure information. The President's 2003 Budget proposed a fee on each round-turn commodities futures and options transaction. This proposal recognized that market participants derive direct benefit from CFTC's oversight, which provides legal certainty and contributes to the integrity and soundness of the markets. The fee is not proposed for 2004 and may be reconsidered after additional analysis.

#### *2. Offsetting receipts*

### **Environmental Protection Agency**

*Abolish cap on pre-manufacturing notification fees.*—EPA collects fees from chemical manufacturers seeking to bring new chemicals into commerce. These fees are authorized by the Toxic Substances Control Act and are now subject to an outdated statutory cap. The Administration is proposing appropriations language to modify the cap so that EPA can increase fees to fully cover the cost of the program.

### **Nuclear Regulatory Commission**

*Extend NRC fees at their 2005 level for 2006 and later.*—The Omnibus Budget Reconciliation Act (OBRA) of 1990, as amended, required that the Nuclear Regulatory Commission (NRC) assess license and annual fees that recover approximately 92 percent of its budget authority in 2008, less the appropriation from the Nuclear Waste Fund. Licensees are required to reimburse NRC for its services, because licensees benefit from such services.

Under OBRA, as amended, the budget authority recovery requirement decreases by 2 percentage points per year until it reaches 90 percent in 2005. After 2005, the requirement reverts to 33 percent per year. If the 90 percent requirement is not extended beyond 2005, fees would drop from an estimated \$558 million in 2005 to \$202 million in 2006. With an extension at 90 percent, fees would be an estimated \$569 million in 2006, an increase of \$367 million.

## **B. User Charge Proposals to Offset Mandatory Spending**

### *1. Offsetting collections*

### **Federal Deposit Insurance Corporation**

*Deposit insurance fees.*—The Federal Deposit Insurance Corporation (FDIC) insures deposits in bank and

savings associations (thrifts) through the Bank Insurance Fund (BIF) and the Savings Association Fund (SAIF). The 2004 Budget proposes to merge the BIF and the SAIF, which offer an identical product. The FDIC is required to maintain a designated reserve ratio (DRR, the ratio of insurance fund reserves to total insured deposits) of 1.25 percent. If insurance fund reserves fall below the DRR, the FDIC must charge sufficient premiums to restore the reserve ratio to 1.25 percent. The Administration's 2004 Budget assumes that some premium fees will be required to maintain the DRR in 2004 and beyond. A merged fund is projected to reduce the need for FDIC-insured depository institutions to increase premium payments over the near-term.

### *2. Offsetting receipts*

### **Department of Agriculture**

*Forest Service recreation and entrance fees.*—The Administration proposes to permanently extend the current pilot program that allows the Forest Service to collect increased recreation and entrance fees. These receipts would be available for use without further appropriation and are necessary to maintain and improve recreation facilities and services. A similar proposal affects recreation fees for the National Park Service, the Bureau of Land Management, and the Fish and Wildlife Service in the Department of the Interior.

### **Department of Energy**

*Arctic National Wildlife Refuge, collections for research and development.*—The budget includes a proposal to authorize the Department of the Interior to conduct environmentally responsible oil and gas exploration and development within a small area of the Arctic National Wildlife Refuge, sometimes referred to as the "1002 Area," located in northern Alaska. The Department of the Interior estimates that recoverable oil from this area is between 5.7 and 16 billion barrels of oil. The budget assumes that the first oil and gas lease sale would be held in 2005 and would result in \$2.4 billion in new revenues. Beginning in 2005 the budget would dedicate one-half of the first lease sale, \$1.2 billion, to fund increased research and development on renewable energy technology by the Department of Energy over a seven-year period. All oil and gas revenues from the 1002 Area would be shared fifty percent with the State of Alaska, including the estimated \$2 million annual rental payments.

*Transfer certain Power Marketing Administration fees to the Corps of Engineers.*—Beginning in 2003, the Administration proposes that financing of the operation and maintenance costs of the Corps of Engineers in the Southeastern, Southwestern, and Western service areas of the Power Marketing Administration be funded by receipts from the Power Marketing Administrations in these areas. This proposal is discussed under the Corps of Engineers above.

## Department of Homeland Security

*Border and transportation security conveyance, passenger, and merchandise processing fees.*—The Administration proposes the reauthorization of two user fees: the border security conveyance and passenger fees; and the merchandise processing fee. The Border and Transportation Security Directorate currently collects nine different conveyance and passenger user fees under the Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1985 and related statutes and a merchandise processing fee established by the Omnibus Budget Reconciliation Act (OBRA) of 1986, all of which are set to expire on September 30, 2003.

## Department of the Interior

*Recreation fees.*—The Administration proposal gives permanent authority for bureaus in the Department of the Interior (DOI) to collect and spend the receipts from entrance and other recreation fees. DOI's National Park Service, Fish and Wildlife Service, and Bureau of Land Management are currently authorized to do so through 2004 under the recreation fee demonstration program.

*Bureau of Land Management land sale authority.*—The Administration will propose legislation to amend BLM's land sale authority under the Federal Land Transaction Facilitation Act (FLTFA) to: (1) allow BLM to use updated management plans to identify areas suitable for disposal, (2) allow a portion of the receipts to be used by BLM for restoration projects, and (3) cap receipt retention at \$100 million per year. BLM is currently limited to selling lands that had been identified for disposal in land use plans that were in effect prior to enactment of FLTFA. Use of the receipts is currently limited to the purchase of other lands for conservation purposes.

*Arctic National Wildlife Refuge collections for payments to Alaska.*—The budget includes a proposal to authorize the Department of the Interior to conduct environmentally responsible oil and gas exploration and development within a small area of the Arctic National Wildlife Refuge, sometimes referred to as the "1002 Area," located in northern Alaska. This proposal is discussed under the Department of Energy above.

## Federal Communications Commission

*Spectrum license user fees.*—To continue to promote efficient spectrum use, the Administration proposes new authority for the FCC to set user fees on unauctioned spectrum licenses, based on public-interest and spectrum-management principles. Fee collections are estimated to begin in 2005 and total \$1.9 billion in the first ten years.

*Analog spectrum fee.*—To encourage television broadcasters to vacate the analog spectrum after 2006, as required by law, the Administration proposes author-

izing the FCC to establish an annual lease fee totaling \$500 million for the use of analog spectrum by commercial broadcasters beginning in 2007. Upon return of their analog spectrum license to the FCC, individual broadcasters will be exempt from the fee, and fee collections would decline.

*Extend auction authority.*—The Administration will propose legislation to extend indefinitely the FCC's authority to auction spectrum licenses, which expires in 2007. Reductions in estimated receipts in 2007 and 2008 resulting from possible shifting of spectrum auctions from 2007 into later years are more than offset by higher estimated receipts for those auctions in 2009 and 2010 as well as future new auctions. Estimated additional receipts from this proposal are \$2.2 billion over the next ten years.

### 3. Governmental receipts

## Department of the Interior

*Extend abandoned mine reclamation fees.*—Collections from abandoned mine reclamation fees are allocated to States for reclamation grants. Current fees of 35 cents per ton for surface mined coal, 15 cents per ton for underground mined coal, and 10 cents per ton for lignite coal are scheduled to expire on September 30, 2004. Abandoned land problems are expected to exist in certain States after all the money from the collection of fees under current law is expended. The Administration proposes to extend these fees until the most significant abandoned mine land problems are fixed. The Administration also proposes to modify the authorization language to allocate more of the receipts collected toward restoration of abandoned coal mine land.

*National Indian Gaming Commission activity fees.*—The National Indian Gaming Commission regulates and monitors gaming operations conducted on Indian lands. Since 1998, the Commission has been prohibited from collecting more than \$8 million in annual fees from gaming operations to cover the costs of its oversight responsibilities. The Administration proposes to amend the current fee structure so that the Commission can adjust its activities to the growth in the Indian gaming industry.

## Department of the Treasury

*Extend Internal Revenue Service user fees.*—The Administration proposes to extend for two years, through September 30, 2005, the IRS's authority to charge fees for written responses to questions from individuals, corporations, and organizations related to their tax status or the effects of particular transactions for tax purposes. Under current law, these fees are scheduled to expire effective with requests made after September 30, 2003.

---

**OTHER OFFSETTING COLLECTIONS AND RECEIPTS**

---

Table 5-4 shows the distribution of user charges and other offsetting collections and receipts according to whether they are offsetting collections credited to expenditure accounts or offsetting receipts. The table shows that total offsetting collections and receipts from the public are estimated to be \$234.6 billion in 2004. Of these, an estimated \$152.2 billion are offsetting collections credited to appropriation accounts and an estimated \$82.4 billion are deposited in offsetting receipt accounts.

Information on the user charges presented in Table 5-4 is available in Tables 5-2 and 5-3 and the discussion that accompanies those tables. Major offsetting collections deposited in expenditure accounts that are not user charges are pre-credit reform loan repayments and collections from States to supplement payments in the supplemental security income program. Major offsetting

receipts that are not user charges include military assistance program sales and interest income.

Table 5-5 includes all offsetting receipts deposited in receipt accounts. These include payments from one part of the Government to another, called intragovernmental transactions, and collections from the public. These receipts are offset (deducted) from outlays in the Federal budget. In total, offsetting receipts are estimated to be \$492.6 billion in 2004—\$410.2 billion are intragovernmental transactions, and \$82.4 billion are from the public, shown in the table as proprietary receipts from the public and offsetting governmental receipts.

As noted above, offsetting collections and receipts by agency are also displayed in Table 21-1, “Outlays to the Public, Net and Gross,” which appears in Chapter 21 of this volume.

**Table 5-4. OFFSETTING COLLECTIONS AND RECEIPTS FROM THE PUBLIC**  
(In millions of dollars)

	2002 Actual	Estimate	
		2003	2004
<b>Offsetting collections credited to expenditure accounts:</b>			
User charges:			
Postal service stamps and other postal fees .....	64,597	69,437	70,159
Defense Commissary Agency .....	4,983	5,100	5,174
Federal employee contributions for employees and retired employees health benefits funds .....	6,495	7,283	8,051
Sale of energy:			
Tennessee Valley Authority .....	6,959	6,986	7,196
Bonneville Power Administration .....	3,650	3,807	4,010
All other user charges <sup>1</sup> .....	27,128	30,775	31,921
Subtotal, user charges .....	113,812	123,388	126,511
Other collections credited to expenditure accounts:			
Pre-credit reform loan repayments .....	16,132	13,526	13,763
Supplemental security income (collections from the States) .....	3,735	3,949	4,056
Other collections .....	10,008	8,637	7,829
Subtotal, other collections .....	29,875	26,112	25,648
Subtotal, collections credited to expenditure accounts .....	143,687	149,500	152,159
<b>Offsetting receipts:</b>			
User charges:			
Medicare premiums .....	25,952	28,269	30,998
Outer Continental Shelf rents, bonuses, and royalties .....	5,024	4,300	3,989
All other user charges <sup>1</sup> .....	10,557	11,762	11,974
Subtotal, user charges deposited in receipt accounts .....	41,533	44,331	46,961
Other collections deposited in receipt accounts:			
Military assistance program sales .....	11,225	12,259	11,974
Interest income .....	12,449	12,873	14,025
All other collections deposited in receipt accounts .....	13,084	18,617	9,464
Subtotal, other collections deposited in receipt accounts .....	36,758	43,749	35,463
Subtotal, collections deposited in receipt accounts .....	78,291	88,080	82,424
<b>Total, offsetting collections and receipts from the public .....</b>	<b>221,978</b>	<b>237,580</b>	<b>234,583</b>
<b>Total, offsetting collections and receipts excluding off-budget .....</b>	<b>156,902</b>	<b>167,993</b>	<b>164,286</b>
<b>ADDENDUM:</b>			
User charges that are offsetting collections and receipts <sup>2</sup> .....	155,345	167,719	173,472
Other offsetting collections and receipts from the public .....	66,633	69,861	61,111
<b>Total, offsetting collections and receipts from the public .....</b>	<b>221,978</b>	<b>237,580</b>	<b>234,583</b>

<sup>1</sup>For additional detail on items classified as user charges, see Table 5-2.

<sup>2</sup>Excludes user charges that are classified on the receipts side of the budget. For total user charges, see Table 5-1 or Table 5-2.

Table 5-5. OFFSETTING RECEIPTS BY TYPE

(In millions of dollars)

Source	2002 Actual	Estimate					
		2003	2004	2005	2006	2007	2008
<b>INTRAGOVERNMENTAL TRANSACTIONS</b>							
<b>On-budget receipts:</b>							
Federal intrafund transactions:							
Distributed by agency:							
Interest from the Federal Financing Bank .....	2,040	2,268	2,482	2,316	2,137	2,001	1,941
Proposed Legislation (non-PAYGO) .....		-23	-72	-123	-150	-148	-133
Interest on Government capital in enterprises .....	1,244	1,022	1,062	1,473	1,357	1,414	1,243
General fund payments to retirement and health benefits funds:							
DoD retiree health care fund .....		15,111	16,470	18,040	19,787	21,689	23,757
Other .....	3,363	2,402	2,522	2,676	2,759	2,685	2,430
Proposed Legislation (non-PAYGO) .....				8	21	36	51
Undistributed by agency:							
Employing agency contributions:							
DoD retiree health care fund .....		7,656	8,374	8,880	9,437	10,029	10,656
Total Federal intrafunds .....	6,647	28,436	30,838	33,270	35,348	37,706	39,945
Trust intrafund transactions:							
Distributed by agency:							
Payments to railroad retirement .....	5,149	21,586	4,027	6,597	6,291	6,582	6,690
Other .....		1	1	1	1	1	1
Total trust intrafunds .....	5,149	21,587	4,028	6,598	6,292	6,583	6,691
Total intrafund transactions .....	11,796	50,023	34,866	39,868	41,640	44,289	46,636
Interfund transactions:							
Distributed by agency:							
Federal fund payments to trust funds:							
Contributions to insurance programs:							
Military retirement fund .....	17,047	17,928	18,617	19,269	19,944	20,643	21,365
Supplementary medical insurance .....	78,319	80,905	94,518	96,192	101,018	106,365	113,409
Proposed Legislation (non-PAYGO) .....				-25	-8		
Hospital insurance .....	11,693	8,460	9,028	9,505	10,191	11,007	12,150
Railroad social security equivalent fund .....	94	114	105	114	116	122	129
Rail industry pension fund .....	242	330	292	300	309	321	334
Civilian supplementary retirement contributions .....	22,368	22,747	23,036	23,335	23,740	24,245	24,748
Proposed Legislation (non-PAYGO) .....		2,059	2,085	2,300	2,495	2,600	2,799
Unemployment insurance .....	718	1,188	641	512	507	518	537
Other contributions .....	540	481	511	513	515	518	516
Subtotal .....	131,021	134,212	148,833	152,015	158,827	166,339	175,987
Miscellaneous payments .....	1,429	1,026	1,674	1,462	1,509	1,491	1,547
Proposed Legislation (non-PAYGO) .....			2,468				
Subtotal .....	132,450	135,238	152,975	153,477	160,336	167,830	177,534
Trust fund payments to Federal funds:							
Quinquennial adjustment for military service credits .....							
Other .....	1,139	1,142	1,128	1,185	1,225	1,255	1,285
Proposed Legislation (non-PAYGO) .....			1,851	-444	-433	-429	-423
Subtotal .....	1,139	1,142	2,979	741	792	826	862
Total interfunds distributed by agency .....	133,589	136,380	155,954	154,218	161,128	168,656	178,396
Undistributed by agency:							
Employer share, employee retirement (on-budget):							
Civil service retirement and disability insurance .....	10,731	9,975	10,739	11,565	12,555	13,235	13,856
CSRD from Postal Service .....	6,763	7,026	7,221	7,479	7,584	7,822	8,233
Proposed Legislation (PAYGO) .....		-3,490	-2,658	-2,851	-2,873	-3,065	-3,411
Hospital insurance (contribution as employer) <sup>1</sup> .....	2,191	2,333	2,402	2,533	2,639	2,747	2,902
Proposed Legislation (non-PAYGO) .....							
Postal employer contributions to FHI .....	722	684	683	706	728	751	776
Military retirement fund .....	12,935	12,084	12,546	12,915	13,318	13,765	14,155
Other Federal employees retirement .....	147	145	149	153	157	161	165

Table 5-5. OFFSETTING RECEIPTS BY TYPE—Continued

(In millions of dollars)

Source	2002 Actual	Estimate					
		2003	2004	2005	2006	2007	2008
Total employer share, employee retirement (on-budget) .....	33,489	28,757	31,082	32,500	34,108	35,416	36,676
Interest received by on-budget trust funds .....	76,494	73,901	75,589	78,229	81,730	85,495	89,573
Proposed Legislation (non-PAYGO) .....		24	-57	-37	-35	-27	-31
Total interfund transactions undistributed by agency .....	109,983	102,682	106,614	110,692	115,803	120,884	126,218
Total interfund transactions .....	243,572	239,062	262,568	264,910	276,931	289,540	304,614
Total on-budget receipts .....	255,368	289,085	297,434	304,778	318,571	333,829	351,250
<b>Off-budget receipts:</b>							
Trust intrafund transactions:							
Distributed by agency:							
Interfund transactions:							
Distributed by agency:							
Federal fund payments to trust funds:							
Old-age, survivors, and disability insurance .....	13,553	13,046	13,379	14,415	15,344	16,645	18,156
Proposed Legislation (non-PAYGO) .....			628				
Undistributed by agency:							
Employer share, employee retirement (off-budget) .....	9,292	9,493	10,023	10,794	11,482	12,159	13,043
Interest received by off-budget trust funds .....	76,819	83,576	88,698	96,769	106,122	116,995	129,253
Total off-budget receipts: .....	99,664	106,115	112,728	121,978	132,948	145,799	160,452
<b>Total intragovernmental transactions .....</b>	<b>355,032</b>	<b>395,200</b>	<b>410,162</b>	<b>426,756</b>	<b>451,519</b>	<b>479,628</b>	<b>511,702</b>
<b>PROPRIETARY RECEIPTS FROM THE PUBLIC</b>							
<b>Distributed by agency:</b>							
Interest:							
Interest on foreign loans and deferred foreign collections .....	612	598	592	584	567	591	506
Interest on deposits in tax and loan accounts .....	341	225	450	700	700	700	700
Other interest (domestic—civil) <sup>2</sup> .....	11,443	12,015	12,951	14,008	14,620	15,270	16,022
Total interest .....	12,396	12,838	13,993	15,292	15,887	16,561	17,228
Dividends and other earnings .....	52	35	32	32	32	32	32
Royalties and rents .....	1,497	1,964	1,901	1,969	1,956	1,914	1,947
Sale of products:							
Sale of timber and other natural land products .....	322	211	220	220	236	248	258
Sale of minerals and mineral products .....	20	24	32	36	40	43	44
Sale of power and other utilities .....	644	684	679	691	717	728	739
Proposed Legislation (PAYGO) .....		-149	-145	-145	-151	-154	-158
Other <sup>2</sup> .....	115	81	70	71	71	72	73
Total sale of products .....	1,101	851	856	870	913	937	956
Fees and other charges for services and special benefits:							
Medicare premiums and other charges (trust funds) .....	25,952	28,269	30,998	32,861	34,534	36,339	38,755
Proposed Legislation (non-PAYGO) .....				-35	-12		
Nuclear waste disposal revenues .....	712	736	743	749	754	756	767
Veterans life insurance (trust funds) .....	185	183	171	155	140	127	114
Other <sup>2</sup> .....	3,674	3,649	4,320	4,263	4,492	4,741	5,003
Proposed Legislation (PAYGO) .....				76	90	92	98
Total fees and other charges .....	30,523	32,837	36,232	38,069	39,998	42,055	44,737
Sale of Government property:							
Sale of land and other real property <sup>2</sup> .....	123	299	106	107	114	135	160
Proposed Legislation (PAYGO) .....			10	25	34	42	50
Military assistance program sales (trust funds) .....	11,225	12,259	11,974	10,882	10,849	11,044	11,243
Other .....	759	127	80	55	52	9	1
Total sale of Government property .....	12,107	12,685	12,170	11,069	11,049	11,230	11,454
Realization upon loans and investments:							
Negative subsidies and downward reestimates .....	6,216	9,586	813	866	893	924	959
Repayment of loans to foreign nations .....	71	85	88	94	108	25	28

Table 5-5. OFFSETTING RECEIPTS BY TYPE—Continued

(In millions of dollars)

Source	2002 Actual	Estimate					
		2003	2004	2005	2006	2007	2008
Other .....	105	92	88	84	80	78	75
Total realization upon loans and investments .....	6,392	9,763	989	1,044	1,081	1,027	1,062
Recoveries and refunds <sup>2</sup> .....	3,580	5,867	5,335	3,638	3,548	3,655	3,762
Proposed Legislation (PAYGO) .....			14	30	-56	-109	-114
Miscellaneous receipt accounts <sup>2</sup> .....	1,622	1,852	1,876	1,893	1,922	1,942	1,965
Total proprietary receipts from the public distributed by agency .....	69,270	78,692	73,398	73,906	76,330	79,244	83,029
<b>Undistributed by agency:</b>							
Other interest: Interest received from Outer Continental Shelf escrow account .....	1						
Rents, bonuses, and royalties:							
Outer Continental Shelf rents and bonuses .....	197	569	615	499	481	583	418
Outer Continental Shelf royalties .....	4,827	3,731	3,374	3,996	4,674	4,761	4,778
Arctic National Wildlife Refuge:							
Arctic National Wildlife Refuge .....							
Proposed Legislation (PAYGO) .....				2,402	2	202	2
Sale of major assets .....				323			
Total proprietary receipts from the public undistributed by agency .....	5,025	4,300	3,989	7,220	5,157	5,546	5,198
<b>Total proprietary receipts from the public<sup>3</sup> .....</b>	<b>74,295</b>	<b>82,992</b>	<b>77,387</b>	<b>81,126</b>	<b>81,487</b>	<b>84,790</b>	<b>88,227</b>
<b>OFFSETTING GOVERNMENTAL RECEIPTS</b>							
<b>Distributed by agency:</b>							
Defense cooperation .....	12	12	12	12	12	12	12
Regulatory fees <sup>2</sup> .....	3,908	4,854	3,339	3,436	3,519	3,609	3,700
Proposed Legislation (non-PAYGO) .....		63	4	8	8	8	8
Proposed Legislation (PAYGO) .....			1,398	1,490	1,588	1,692	1,804
Other .....	75	79	84	85	85	88	89
<b>Undistributed by agency:</b>							
Spectrum auction proceeds .....	1	80	200	8,200	8,100	4,300	4,300
Proposed Legislation (PAYGO) .....				10	25	-1,450	-1,400
Total offsetting governmental receipts .....	3,996	5,088	5,037	13,241	13,337	8,259	8,513
<b>Total offsetting receipts .....</b>	<b>433,323</b>	<b>483,280</b>	<b>492,586</b>	<b>521,123</b>	<b>546,343</b>	<b>572,677</b>	<b>608,442</b>

<sup>1</sup> Includes provision for covered Federal civilian employees and military personnel.<sup>2</sup> Includes both Federal funds and trust funds.<sup>3</sup> Consists of:

	2002 Actual	Estimate					
		2003	2004	2005	2006	2007	2008
On-budget:							
Federal Funds .....	35,631	40,725	32,309	35,247	33,928	35,219	36,043
Trust Funds .....	38,581	42,185	44,995	45,795	47,473	49,483	52,094
Off-budget .....	83	82	83	84	86	88	90