

CUSTOMS TRADE PARTNERSHIP AGAINST TERRORISM
PILOT PROGRAM ACT OF 2022

MAY 24, 2022.—Committed to the Committee of the Whole House on the State of
the Union and ordered to be printed

Mr. THOMPSON of Mississippi, from the Committee on Homeland
Security, submitted the following

R E P O R T

[To accompany H.R. 6826]

[Including cost estimate of the Congressional Budget Office]

The Committee on Homeland Security, to whom was referred the bill (H.R. 6826) to require a pilot program on the participation of third-party logistics providers in the Customs Trade Partnership Against Terrorism, and for other purposes, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

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PURPOSE AND SUMMARY

H.R. 6826, “Customs Trade Partnership Against Terrorism Pilot Program Act of 2022,” establishes a 5-year pilot program for 10

non-asset-based third-party logistics providers and 10 asset-based third-party logistics providers to participate in the Customs Trade Partnership Against Terrorism (CTPAT) pilot program upon meeting program requirements. The Act directs the Secretary of Homeland Security to publish a Federal Register Notice for eligible entities to apply to participate in the program and to submit a report to Congress assessing the entities' participation in the pilot program and recommending whether these types of third-party logistics providers should join CTPAT on a permanent basis. The legislation requires the U.S. Government Accountability Office (GAO) to issue a report analyzing CTPAT's effectiveness in preventing security incidents in the cargo supply chain, as well as recommendations, as appropriate, to improve the CTPAT program and its participant benefits.

BACKGROUND AND NEED FOR LEGISLATION

Since November 2001, CTPAT has been a part of Customs and Border Protection's (CBP) multilayered approach of interdicting dangerous cargo at U.S. ports of entry (POE) and strengthening border security. The program incentivizes private companies to adopt tighter security measures throughout their global supply-chain management in exchange for enhanced trade facilitation at POEs. Today, CTPAT members include more than 11,400 companies that are: U.S. importers-exporters; U.S.-Canada highway carriers; U.S.-Mexico highway carriers; consolidators; customs brokers; port authority operators; and manufacturers. At present, CBP blocks non-asset-based third-party logistics providers and certain asset-based third-party logistics providers from participating in the program because they lack an international component within their supply chain.

To address this barrier to CTPAT participation, H.R. 6826 directs CBP to undertake a pilot program to allow certain non-asset-based third-party logistics providers and asset-based third-party logistics providers to participate in the program. The pilot program would examine whether the permanent participation of by such providers would enhance supply-chain security and expedite trade facilitation at POEs nationwide and prevent threats to the homeland.

HEARINGS

For the purposes of clause 3(c)(6) of rule XIII of the Rules of the House of Representatives, the following hearings were used to develop H.R. 6826:

The Committee did not hold a legislative hearing on H.R. 6826 in the 117th Congress.

COMMITTEE CONSIDERATION

The Committee met on March 2, 2022, a quorum being present, to consider H.R. 6826 and ordered the measure to be favorably reported to the House, without amendment, by voice vote.

COMMITTEE VOTES

Clause 3(b) of rule XIII requires the Committee to list the recorded votes on the motion to report legislation and amendments thereto.

No recorded votes were requested during consideration of H.R. 6826.

COMMITTEE OVERSIGHT FINDINGS

In compliance with clause 3(c)(1) of rule XIII, the Committee advises that the findings and recommendations of the Committee, based on oversight activities under clause 2(b)(1) of rule X, are incorporated in the descriptive portions of this report.

CONGRESSIONAL BUDGET OFFICE ESTIMATE, NEW BUDGET AUTHORITY, ENTITLEMENT AUTHORITY, AND TAX EXPENDITURES

With respect to the requirements of clause 3(c)(2) of rule XIII and section 308(a) of the Congressional Budget Act of 1974, and with respect to the requirements of clause 3(c)(3) of rule XIII and section 402 of the Congressional Budget Act of 1974, the Committee adopts as its own the estimate of any new budget authority, spending authority, credit authority, or an increase or decrease in revenues or tax expenditures contained in the cost estimate prepared by the Director of the Congressional Budget Office.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, March 23, 2022.

Hon. BENNIE G. THOMPSON,
*Chairman, Committee on Homeland Security,
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 6826, the CTPAT Pilot Program Act of 2022.

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

Sincerely,

PHILLIP L. SWAGEL,
Director.

Enclosure.

H.R. 6826, CTPAT Pilot Program Act of 2022			
As ordered reported by the House Committee on Homeland Security on March 2, 2022			
By Fiscal Year, Millions of Dollars	2022	2022-2026	2022-2031
Direct Spending (Outlays)	0	0	0
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	0	0	0
Spending Subject to Appropriation (Outlays)	*	1	not estimated
Statutory pay-as-you-go procedures apply?	No	Mandate Effects	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2032?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No
* = between zero and \$500,000.			

H.R. 6826 would require the Department of Homeland Security (DHS) to carry out a five-year pilot program to include certain third-party logistics providers in the customs trade partnership against terrorism (CTPAT) program. CTPAT is a voluntary program that encourages entities involved in international trade to cooperate with Customs and Border Protection (CBP) to strengthen international supply chains, improve border security, and facilitate the movement of secure cargo through the supply chain. Interested entities would need to apply to DHS.

The bill would require CBP to publish participation requirements for the pilot program in the Federal Register within one year of the bill's enactment and submit a report to the Congress on its findings about the pilot program six months after it ends. H.R. 6826 also would require the Government Accountability Office (GAO) to report to the Congress on the effectiveness of the CTPAT program within 18 months.

Using information from the agency, CBO estimates that any new activities required under H.R. 6826 would not require substantial action by DHS and would cost less than \$500,000 over the 2022–2026 period. Furthermore, based on the cost of similar activities, CBO estimates the cost to GAO of producing the report would be less than \$500,000 over the 2022–2026 period. Taken together, CBO estimates implementing the bill would cost \$1 million over the 2022–2026 period. All spending under the bill would be subject to the availability of appropriated funds.

On December 22, 2021, CBO transmitted a cost estimate for S. 2322, the CTPAT Pilot Program Act of 2021, as ordered reported by the Senate Committee on Homeland Security and Governmental Affairs on November 3, 2021. The two pieces of the legislation are similar, and CBO's estimates of their budgetary effects are the same.

The CBO staff contact for this estimate is Madeleine Fox. The estimate was reviewed by Leo Lex, Deputy Director of 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.

DUPLICATIVE FEDERAL PROGRAMS

Pursuant to clause 3(c) of rule XIII, the Committee finds that H.R. 6826 does not contain any provision that establishes or reauthorizes a program known to be duplicative of another Federal program.

STATEMENT OF GENERAL PERFORMANCE GOALS AND OBJECTIVES

Pursuant to clause 3(c)(4) of rule XIII, the objective of H.R. 6826 is to establish a 5-year pilot program allowing 10 non-asset-based third-party logistics providers and 10 asset-based third-party logistics providers to participate in CTPAT upon meeting the Secretary of Homeland Security's requirements published in their Federal Register notice. The pilot program's goal is to help determine whether the participation of these entities would enhance port se-

curity, combat terrorism, prevent United States supply-chain security breaches, or otherwise satisfy the goals of CTPAT.

CONGRESSIONAL EARMARKS, LIMITED TAX BENEFITS, AND LIMITED
TARIFF BENEFITS

In compliance with rule XXI, this bill, as reported, contains no congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clause 9(d), 9(e), or 9(f) of rule XXI.

ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act were created by this legislation.

APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that H.R. 6826 does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act.

SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

Section 1. Short title.

This section states that the Act may be cited as the “Customs Trade Partnership Against Terrorism Pilot Program Act of 2022” or the “CTPAT Pilot Program Act of 2022”.

Sec. 2. Pilot program on participation of third-party logistics providers in CTPAT.

This section establishes a pilot program to assess whether the participation of non-asset-based third-party logistic providers and asset-based third-party logistics providers in the CTPAT program would enhance port security, combat terrorism, prevent domestic supply-chain security breaches, and advance the goals of the program.

The Secretary of Homeland Security is required to publish in the Federal Register a notice for entities eligible to apply to the pilot program and describing the pilot’s application process and requirements. No more than 10 non-asset-based third-party logistics providers and 10 asset-based third-party logistics providers can participate in the pilot program on a voluntary basis for a period of not less than 1 and not more than 5 years.

Non-asset-based third-party logistics providers are entities that arrange international transportation of freight and are licensed or bonded by the Federal Maritime Commission, the Transportation Security Administration, U.S. Customs and Border Protection, or the Department of Transportation. Asset-based third-party logistics providers are entities that facilitate cross-border activity and are licensed or bonded by the Federal Maritime Commission, the Transportation Security Administration, U.S. Customs and Border Protection, or the Department of Transportation. The asset-based third-party logistics providers must also manage and execute logistics services using its own assets on behalf of customers.

The Secretary must also submit a report to Congress 180 days after the termination of the pilot program and detail the findings of the pilot and recommendations regarding participation in CTPAT.

Sec. 3. Report on effectiveness of CTPAT.

This section directs GAO to submit a report to Congress no later than 18 months after the enactment of this Act. The report shall include an analysis of security incidents in the United States cargo supply chain during the 5-year period preceding the submission of the report and describe whether incidents involved CTPAT participants. The report shall also include an analysis of causes for the suspension or removal of CTPAT members, the number of active CTPAT members involved in security incidents, and CTPAT benefits for its participants. Lastly, the report shall include recommendations, as appropriate, to improve the CTPAT program and enhance CTPAT benefits.

Sec. 4. Definitions.

This section defines “appropriate congressional committees” and “CTPAT.”