



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

April 4, 2003

H.R. 1036

Protection of Lawful Commerce in Arms Act

As ordered reported by the House Committee on the Judiciary on April 3, 2003

H.R. 1036 would require courts to dismiss certain lawsuits filed against manufacturers and sellers of guns and ammunition, as well as the trade associations that represent them. Specifically, the bill would affect lawsuits seeking damages for gun-related crimes committed by consumers of these products. CBO estimates that implementing H.R. 1036 would not have a significant impact on the federal budget. Enacting the bill would not affect direct spending or revenues.

H.R. 1036 would impose both an intergovernmental mandate and a private-sector mandate as defined in the Unfunded Mandates Reform Act (UMRA). The bill would prohibit state, local, and tribal governments, and the private sector from entering into lawsuits against certain manufacturers or sellers of firearms and ammunition products and related trade associations when such products are used unlawfully to do harm.

Depending on how such claims are resolved under current law, plaintiffs could stand to receive significant amounts in damage awards. More than 30 governmental entities have such lawsuits pending. Because few lawsuits have been completed, CBO has no basis for predicting the level of potential damage awards, if any. Therefore, we cannot determine the cost of these mandates (forgone net value of damage awards) or whether they would exceed the annual thresholds established in UMRA for intergovernmental mandates (\$59 million in 2003, adjusted annually for inflation) and for private-sector mandates (\$117 million in 2003, adjusted annually for inflation).

The CBO staff contacts for this estimate are Lanette J. Walker (for federal costs), Victoria Heid Hall (for the state and local impact), and Cecil McPherson (for the private-sector impact). The estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.