CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

July 14, 1998

S. 512
Identity Theft and Assumption Deterrence Act of 1998

As ordered reported by the Senate Committee on the Judiciary on July 9, 1998

SUMMARY

S. 512 would establish a new federal crime relating to fraud through the use of identification information and would direct the Federal Trade Commission (FTC) to provide a centralized complaint and consumer education service for victims of identity theft. The bill would authorize such sums as may be necessary for providing that service. Based on information from FTC, CBO estimates that implementing the bill would cost $17 million over the 1999-2003 period, assuming appropriation of the necessary amounts.

Because enactment of S. 512 could affect direct spending and receipts, pay-as-you-go procedures would apply to the bill. However, CBO estimates that any impact on direct spending and receipts would not be significant.

S. 512 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

For purposes of this estimate, CBO assumes S. 512 will be enacted by the end of fiscal year 1998, and that the estimated amounts necessary to implement the bill will be appropriated by the start of each fiscal year. Outlays have been estimated on the basis of historical spending patterns for FTC and information provided by the agency. The estimated budgetary impact of S. 512 is shown in the following table. The costs of this legislation fall within budget function 370 (commerce and housing credit).

	By Fiscal Year, in Millions of Dollars				
	1999	2000	2001	2002	2003
SPENDING SUBJECT TO APPROPRIATION					
Estimated Authorization Level	2	3	4	4	4
Estimated Outlays	2	3	4	4	4

In addition to the discretionary spending shown in the table, S. 512 could lead to increases in both revenues and direct spending from provisions relating to criminal fines and asset forfeiture; CBO estimates that any such increases would be less than $500,000 in each year.

BASIS OF ESTIMATE

The vast majority of the estimated costs are for personnel to log complaints by victims of identity theft, provide information to such victims, and refer complaints to the appropriate authorities. Based on information from the FTC, CBO estimates that the agency will receive about 1,000 calls per day on average, resulting in an annual cost of $3 million to $4 million.

S. 512 also would establish a new federal crime related to fraud through the use of identification information. Violators would be subject to imprisonment, forfeiture of personal property, and fines. As a result, the federal government would be able to pursue cases that it otherwise would not be able to prosecute. CBO expects that the government probably would not pursue many such cases, so we estimate that any increase in federal costs for law enforcement, court proceedings, or prison operations would not be significant. Any such additional costs would be subject to the availability of appropriated funds.

Because those prosecuted and convicted under S. 512 could be subject to criminal fines, the federal government might collect additional fines if the bill is enacted. Collections of such fines are recorded in the budget as governmental receipts (revenues), which are deposited in the Crime Victims Fund and spent in the following year. CBO expects that any additional collections from enacting S. 512 would be negligible, however, because of the small number of cases likely to be involved. Because any increase in direct spending would equal the fines collected with a one-year lag, the additional direct spending also would be negligible.

Enacting S. 512 also could lead to more assets being seized and forfeited to the United States, but we estimate that any such increase would be less than $500,000 annually in value. Proceeds from the sale of any such assets would be deposited as revenues into the assets forfeiture fund of the Department of Justice and spent out of that fund in the same year. Thus, the change in direct spending from the assets forfeiture fund would match any increase in revenues to that fund.

PAY-AS-YOU-GO CONSIDERATIONS

Section 252 of the Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. Enacting S. 512 could affect direct spending and receipts, but CBO estimates that any such effects would be less than $500,000 a year.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 512 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

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