



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

April 10, 2008

H.R. 4881
Contracting and Tax Accountability Act of 2008
*As ordered reported by the House Committee on Oversight and Government Reform
on March 13, 2008*

SUMMARY

H.R. 4881 would prohibit federal agencies from awarding contracts to persons or companies that have failed to pay their federal taxes. Additionally, under the bill, certain contractors and grantees that receive federal funds would have to certify that they do not have federal tax debt, and the Internal Revenue Service (IRS) would be authorized to confirm or refute those claims for the federal agencies involved.

CBO estimates that implementing H.R. 4881 would cost \$5 million in 2009 and \$14 million over the 2009-2013 period, assuming appropriation of the necessary amounts. The Joint Committee on Taxation (JCT) estimates that the legislation would have a negligible effect on revenues. H.R. 4881 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

The estimated budgetary impact of H.R. 4881 is shown in the following table. The cost of this legislation falls within budget function 800 (general government).

	By Fiscal Year, in Millions of Dollars				
	2009	2010	2011	2012	2013
CHANGES IN SPENDING SUBJECT TO APPROPRIATION					
Estimated Authorization Level	5	3	2	2	2
Estimated Outlays	5	3	2	2	2

BASIS OF ESTIMATE

For this estimate, CBO assumes that the bill will be enacted near the start of fiscal year 2009, that the necessary funds will be provided for each year, and that spending will follow historical patterns for similar programs.

According to the Office of Management and Budget and the General Services Administration, the government currently collects information on contractors and grants through a variety of databases. In addition, the IRS has a database regarding tax liens and already provides tax-debt information to the Treasury Department's Offset Program, which withholds or reduces certain federal payments to collect delinquent tax and nontax debt owed to federal agencies. Using that information, CBO estimates that updating and combining the databases to meet the bill's requirements would cost about \$5 million in 2009 and \$14 million over the 2009-2013 period. This would include costs to create regulations, provide training to federal employees, and update and maintain the databases.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 4881 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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