



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

April 18, 2008

**H.R. 5712
Close the Contractor Fraud Loophole Act**

*As ordered reported by the House Committee on Oversight and Government Reform
on April 16, 2008*

H.R. 5712 would amend the Federal Acquisition Regulation primarily to require certain contractors working outside of the United States to notify the government of any criminal violations of U.S. laws or any contract overpayments that occur while performing such contracts. According to the Office of Management and Budget and the General Services Administration, the Administration is in the process of implementing similar requirements. Thus, CBO estimates that implementing H.R. 5712 would have no significant impact on agencies' spending.

Enacting the legislation could increase revenues from civil and criminal fines that could be imposed on those who violate the amended regulations. Collections of civil fines are recorded in the budget as receipts (that is, revenues) and deposited into the general fund of the Treasury. Criminal fines are also recorded as receipts, which are deposited in the Crime Victims Fund and spent in subsequent years. CBO expects that any additional revenues or direct spending associated with civil and criminal fines would total less than \$500,000 each year.

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

The CBO staff contact for this estimate is Matthew Pickford. The estimate was approved by Peter H. Fontaine, Assistant Director for Budget Analysis Division.