



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

May 25, 2007

H.R. 948

Social Security Number Protection Act of 2007

*As ordered reported by the House Committee on Energy and Commerce
on May 10, 2007*

SUMMARY

H.R. 948 would prohibit the sale or purchase of Social Security numbers (SSNs) as well as certain other activities related to their display or use. The Federal Trade Commission (FTC) would be required to develop regulations to enforce the new prohibitions. CBO estimates that promulgating and enforcing those regulations would not have a significant effect on federal spending.

Enacting the bill could increase federal revenues from civil penalties assessed for violations of the new regulations, but CBO estimates that any such increase would not be significant in any year. Enacting the bill would not affect direct spending.

H.R. 948 contains intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA). The bill would preempt state and local laws that restrict the use, sale, or purchase of Social Security numbers, but CBO estimates that the costs of those mandates would be small and would not exceed the threshold established in UMRA (\$66 million in 2007, adjusted annually for inflation).

H.R. 948 would impose private-sector mandates as defined in the UMRA. It would prohibit any entity in the private sector from selling or purchasing a Social Security number in violation of the regulations that the Federal Trade Commission would issue. The bill also would prohibit certain uses of Social Security numbers. The cost to the private sector of complying with those mandates is uncertain because it would depend on regulations that have not yet been promulgated. Therefore, CBO cannot determine whether the aggregate cost of mandates in the bill would exceed the annual threshold established by UMRA for private-sector mandates (\$131 million in 2007, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

H.R. 948 would make it illegal to display an individual's SSN on a public Web site or on a membership or identity card, to require the use of a SSN as a password for access to services, or to sell or purchase SSNs. The bill would require the FTC to develop and enforce those new prohibitions.

Based on information from the FTC, CBO estimates that the cost to develop regulations limiting the display and use of SSNs as well as their sale and purchase would be less than \$500,000 per year. Such costs would be subject to the availability of appropriated funds. The costs of this legislation would fall within budget function 370 (commerce and housing credit).

Enacting H.R. 948 could increase federal revenues from civil penalties assessed for violations of the new regulations. CBO estimates, however, that any additional revenues that would result from enacting the bill would not be significant because of the relatively small number of cases likely to be involved.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

H.R. 948 contains intergovernmental mandates as defined in UMRA. In particular, the bill would require state attorneys general to notify the FTC of any action taken under the bill, allow the FTC to intervene in those actions, and limit the actions that attorneys general may take in certain circumstances. Also, provisions regarding the use, sale, or purchase of Social Security numbers would preempt state laws. CBO estimates that the aggregate costs, if any, to state, local, and tribal governments of complying with the mandates in the bill would be small and would not exceed the threshold established in UMRA (\$66 million in 2007, adjusted annually for inflation).

CBO believes that the bill would grant no new authority to the FTC to regulate the activities of state and local governments. Under current law, the courts have ruled that the FTC does not have jurisdiction over those governments or over public universities. Furthermore, the bill's provisions apply to "persons," a term that does not include sovereigns such as state, local, or tribal governments. We expect, therefore, that the provisions of the bill regarding the use, sale, and purchase of Social Security numbers would not apply to such entities.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

H.R. 948 contains private-sector mandates as defined in UMRA. It would prohibit any entity from selling or purchasing a Social Security number (SSN) in violation of regulations that the FTC would issue to implement this legislation. The bill also would prohibit the display of Social Security numbers on any Web site that is generally accessible to the public or on any membership or identity cards. In addition, the bill would prohibit anyone from requiring that a consumer use a Social Security number as a password. The FTC would be required to ensure that the restrictions and conditions on the sale or purchase of SSNs are no broader than necessary to provide reasonable assurance that SSNs will not be used to commit or facilitate fraud, deception, or crime, and to prevent an undue risk of bodily, emotional, or financial harm to individuals.

H.R. 948 is aimed at prohibiting activities that have no legitimate purpose; however, despite the exemptions in the bill, some entities engaging in legitimate activities might be forced to change their business practices as a result of the legislation. The cost to the private sector of complying with the mandates in the bill is uncertain because it would depend on regulations that have not yet been promulgated. Consequently, CBO cannot determine whether the aggregate cost of mandates in H.R. 948 would exceed the annual threshold established by UMRA for private-sector mandates (\$131 million in 2007, adjusted annually for inflation).

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