



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 21, 2000

H.R. 3575 **Student Athlete Protection Act**

As ordered reported by the House Committee on the Judiciary on September 13, 2000

CBO estimates that implementing H.R. 3575 would have no significant effect on the federal budget. The legislation would not affect direct spending or receipts, so pay-as-you-go procedures would not apply. H.R. 3575 contains both an intergovernmental and a private-sector mandate as defined in the Unfunded Mandates Reform Act (UMRA). CBO estimates that the costs associated with complying with the mandates would not exceed the thresholds established by the act (\$55 million for intergovernmental mandates and \$109 million for private-sector mandates in 2000, adjusted annually for inflation).

H.R. 3575 would prohibit government entities from operating or authorizing gambling schemes based on competitive games or performances by high school, college, or Olympic athletes. (Currently, Nevada is the only state that allows betting on amateur sports.) Violators of the bill's provisions could face civil actions brought by the Department of Justice or by certain sports organizations, but we expect very few such cases. CBO estimates that any added costs to the department or to the federal courts from pursuing such cases would not be significant. Any such costs would be paid from appropriated funds.

CBO estimates that the prohibition on wagering on amateur sports would reduce revenues collected by the state of Nevada by approximately \$2 million per year. Based on information from the Nevada Games Control Board, CBO estimates that because of this prohibition the private sector would lose about \$40 million annually in net income (measured as the amount wagered less the amount paid out).

On May 1, 2000, CBO transmitted a cost estimate for S. 2340, the Amateur Sports Integrity Act, as ordered reported by the Senate Committee on Commerce, Science, and Transportation on April 13, 2000. That legislation also banned gambling on amateur sports but contained many other provisions. The two cost estimates reflect those differences.

The CBO staff contacts for this estimate are Mark Grabowicz (for federal costs), Shelley Finlayson (for the state and local impact), and Paige Piper/Bach (for the private-sector impact). This estimate was approved by Robert A. Sunshine, Assistant Director for Budget Analysis.