CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

March 4, 1999

H.R. 808
A bill to extend for 6 additional months the period for which chapter 12 of title 11 of the United States Code is reenacted

As ordered reported by the House Committee on the Judiciary on March 2, 1999

CBO estimates that enacting H.R. 808 would result in no significant impact on the federal budget. Because this bill would affect both direct spending and receipts, pay-as-you-go procedures would apply, but CBO estimates that such effects would not be significant. H.R. 808 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments.

H.R. 808 would extend for six additional months chapter 12 of Title 11 of the U.S. Code, which was created by the Bankruptcy Judges, United States Trustees, and Family Farmer Bankruptcy Act of 1986 (Public Law 99-554). Chapter 12, which is due to expire on April 1, 1999, specifies bankruptcy procedures available only to family farmers with regular annual income and is intended to facilitate an efficient and expeditious bankruptcy process.

Based on information from the Executive Office of the United States Trustees (U.S. Trustees), CBO expects that without the temporary extension of chapter 12, family farmers filing for bankruptcy would split their filings about evenly between chapter 11 and chapter 13. Chapter 12 has a $200 filing fee and does not require the bankrupt party to pay quarterly fees to the government. Chapter 11, in contrast, requires an $800 filing fee as well as quarterly filing fees. (On average, $1,000 is collected per case.) Chapter 13 requires only a $130 filing fee. Bankruptcy fees appear in two different places in the budget. Some of the fees are recorded as governmental receipts (revenues); others are recorded as offsetting collections to the U.S. Trustee System Fund and the Administrative Office of the United States Courts (AOUSC). The percentage of the fees allocated between these two accounts varies by chapter.

Assuming that half the annual caseload—about 500 cases—would be affected by this bill, its enactment would result in a negligible loss in revenues and a loss in offsetting collections of less than $500,000 in 1999. The loss of offsetting collections would reduce the amount available for spending by the U.S. Trustees and the AOUSC; however, CBO estimates that no additional appropriations would be required to replace this projected loss of fees because it would be matched by a reduction in workload associated with chapter 11 and chapter 13 cases, resulting in no net budgetary effect.

The CBO staff contact for this estimate is Susanne S. Mehlman. This estimate was approved by Robert A. Sunshine, Deputy Assistant Director for Budget Analysis.