



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

July 11, 2000

S. 1687

Federal Trade Commission Reauthorization Act of 2000

*As ordered reported by the Senate Committee on Commerce, Science, and Transportation
on June 15, 2000*

SUMMARY

S. 1687 would authorize appropriations for the Federal Trade Commission (FTC) for fiscal years 2001 and 2002. The bill also would direct the FTC and the Department of Justice (DOJ) to examine the process each agency uses to review merging businesses and to eliminate reporting burdens, duplication and delays where possible. Finally, the bill would require the FTC and the DOJ to report on the burden to private industry caused by the agencies' review of mergers.

Based on the historical spending patterns of the FTC, CBO estimates that implementing S. 1687 would cost \$339 million over the 2001-2005 period. S. 1687 would not affect direct spending or receipts; therefore, pay-as-you-go procedures would not apply.

S. 1687 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

For this estimate CBO assumes that the amounts authorized by the bill will be appropriated near the start of each year. The estimated budgetary impact of S. 1687 is shown in the following table. The costs of this legislation fall within budget function 370 (commerce and housing credit).

By Fiscal Year, in Millions of Dollars

	2000	2001	2002	2003	2004	2005
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SPENDING SUBJECT TO APPROPRIATION

Gross FTC Spending Under Current Law						
Estimated Budget Authority ^a	125	3	0	0	0	0
Estimated Outlays	123	13	0	0	0	0
Proposed Changes						
Authorization Level	0	162	177	0	0	0
Estimated Outlays	0	149	176	14	0	0
Gross FTC Spending Under S. 1687						
Authorization Level	125	165	177	0	0	0
Estimated Outlays	123	162	176	14	0	0

a. The 2000 level is the gross amount appropriated for that year. Such spending is offset by collections of fees that cover most of the agency's costs. The 2001 amount is the CBO estimate of the funds provided as an advance appropriation for that year.

BASIS OF ESTIMATE

Companies considering merging with another firm or acquiring another firm must file notice of their intentions with the Federal Trade Commission (FTC). Companies pay fees of \$45,000 for each such filing. In 1999 and 2000, these collections were recorded as an offset to the appropriated spending of the FTC and the Antitrust Division of the Department of Justice, with one-half of the collections credited to each agency. Each agency collected about \$97 million in 1999. Because the FTC is authorized to collect and spend these fees without further appropriation action, they are not shown in the table.

S. 1687 would authorize appropriations for the FTC totaling about \$165 million in 2001 and \$177 million in 2002. Based on the historical spending pattern of the FTC, CBO estimates S. 1687 would cost \$339 over the 2001-2005 period. Based on information from the FTC, CBO estimates that the other provisions would have no significant budgetary impact.

PAY-AS-YOU-GO CONSIDERATIONS: None.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 1687 contains no intergovernmental or private sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

ESTIMATE PREPARED BY:

Federal Costs: Mark Hadley

Impact on State, Local, and Tribal Governments: Shelley Finlayson

Impact on the Private Sector: Jean Wooster

ESTIMATE APPROVED BY:

Peter H. Fontaine

Deputy Assistant Director for Budget Analysis