



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

May 12, 1999

S. 795

Fastener Quality Act Amendments Act of 1999

*As ordered reported by the Senate Committee on Commerce, Science, and Transportation
on May 5, 1999*

SUMMARY

The Fastener Quality Act (Public Law 101-592) imposes testing, recordkeeping, and disclosure requirements on manufacturers, distributors, and importers of certain screws, bolts, nuts, studs, and load-bearing washers. S. 795 would change the requirements for certifying documents and accrediting the laboratories that test fasteners. The bill also would increase civil penalties for certain violations of the Fastener Quality Act.

Enacting S. 795 would probably increase collections of civil fines, which are recorded as receipts; therefore, pay-as-you-go procedures would apply. CBO estimates, however, that the amounts of additional receipts would not be significant. CBO estimates that implementing S. 795 would cost the National Institute of Standards and Technology (NIST) less than \$500,000 a year, subject to the availability of appropriated funds.

S. 795 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

S. 795 would increase civil fines for falsifying or misrepresenting records about the quality of fasteners. The bill also would increase civil fines for recklessly or intentionally violating the recordkeeping requirements of the Fastener Quality Act. CBO estimates that additional collections from civil fines would not be significant.

Based on information from NIST, CBO estimates that the agency would spend less than \$500,000 a year to implement the bill. The costs of this legislation fall within budget function 370 (commerce and housing credit).

PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. S. 795 would affect receipts by increasing civil fines for certain violations of the Fastener Quality Act. Collections from such fines are likely to be negligible, however, because the federal government would probably not pursue many additional cases under the bill.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

S. 795 contains no intergovernmental mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

S. 795 contains no new private-sector mandates as defined in UMRA. Under current law, regulations to implement the Fastener Quality Act will go into effect on June 24, 1999. As currently written, those regulations impose testing, certification, insignia, and recordkeeping requirements on manufacturers, distributors, importers, and other private-sector entities in the fastener industry. According to industry sources, the regulations will impose significant costs on those entities. Based on information provided by government and industry sources, CBO estimates that S. 795 would significantly reduce the requirements imposed on the private sector.

PREVIOUS CBO ESTIMATE

On April 8, 1999, CBO transmitted a cost estimate for H.R. 1183, the Fastener Quality Act Amendments Act of 1999, as ordered reported by the House Committee on Science on March 25, 1999. Unlike S. 795, H.R. 1183 would not alter civil penalties; therefore, the House bill would not affect receipts.

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