CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

June 4, 2002

S. 1742
Identity Theft Victims Assistance Act of 2002

As ordered reported by the Senate Committee on the Judiciary on May 16, 2002

SUMMARY

S. 1742 would require businesses to provide copies of records related to incidents of identity theft for victims or law enforcement agencies if certain requirements are met. Credit agencies also would be required to block public access to a person's credit history if the person is a victim of identity theft. Persons who falsely claim to be victims of identity theft to block access to their credit histories would be subject to criminal penalties or imprisonment.

CBO estimates that implementing S. 1742 would not have a significant impact on the federal budget. CBO expects that the bill's provisions related to criminal penalties would increase both revenues and direct spending by less than $500,000 a year. Therefore, pay-as-you-go procedures would apply.

S. 1742 would impose both intergovernmental and private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). CBO estimates the costs of complying with those requirements would not exceed the thresholds established in UMRA ($58 million and $115 million, respectively, in 2002, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

If S. 1742 were enacted, the federal government would be able to pursue cases that it otherwise would not be able to prosecute. CBO expects that any increase in federal costs for law enforcement, court proceedings, or prison operations would not be significant because of the small number of cases likely to be involved. Any such additional costs would be subject to the availability of appropriated funds.

Because those prosecuted and convicted under S. 1742 could be subject to criminal fines, the federal government might collect additional fines if the bill is enacted. Collections of such fines are recorded in the budget as governmental receipts (revenues), which are deposited in the Crime Victims Fund and spent in subsequent years. CBO expects that any additional receipts and direct spending would be less than $500,000 each year.

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. Although S. 1742 could affect both direct spending and receipts, CBO estimates that any such effects would be less than $500,000 a year.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

S. 1742 would impose an intergovernmental mandate by preempting state laws prohibiting disclosure of financial information to third parties. To the extent that public entities, as creditors (as defined in the Truth in Lending Act, 15 U.S.C. 1602), fall under the requirement to release records to victims and law enforcement agencies, that provision also would constitute a mandate as defined in UMRA. CBO estimates that the cost of complying with those requirements would not be significant and would not exceed the threshold established in UMRA ($58 million in 2002, adjusted annually for inflation). Overall, the bill would benefit state, local, and tribal governments by providing law enforcement agencies with better access to records in an identity theft investigation and by allowing state attorneys general to bring identity theft suits on behalf of citizens of their state.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

S. 1742 would impose private-sector mandates on credit reporting agencies and on certain business entities that possess information relating to an alleged identity theft transaction. Under the bill, a business entity would be required to provide all relevant transaction information without charge and within 20 days after the receipt of a written request by the victim of alleged identity theft. According to the Federal Trade Commission (FTC) and industry sources, most businesses currently provide such information upon request to possible victims. Therefore, CBO estimates that the direct cost of the mandate would fall below the annual threshold established by UMRA for private-sector mandates ($115 million in 2002, adjusted annually for inflation).

The bill also would impose a private-sector mandate on credit reporting agencies by requiring them to permanently block the reporting of information resulting from identity theft and to provide specific notification to the business entity responsible for furnishing such information. According to the FTC and industry sources, credit reporting agencies currently block the reporting of such information and provide notification. Therefore, CBO estimates that the direct cost to comply with the mandate would be small, if any.

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