



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

October 8, 2002

S. 2946

Federal Trade Commission Reauthorization Act of 2002

*As ordered reported by the Senate Committee on Commerce, Science, and Transportation
on September 19, 2002*

SUMMARY

S. 2946 would authorize annual appropriations for the Federal Trade Commission (FTC) equal to a total of \$611 million during the 2003-2005 period. In addition, the bill would allow the FTC to accept monetary gifts from nonfederal entities. CBO estimates that the provision related to monetary gifts would increase revenues by less than \$500,000 a year.

Assuming appropriation of the amounts specified in S. 2946, CBO estimates that implementing the bill would cost about \$165 million in 2003 and \$611 million over the 2003-2006 period. Most of this spending would likely be offset, however, by fees collected under current law for reviewing certain mergers. Assuming the FTC continues to collect these fees, CBO estimates that net FTC spending under S. 2946 would equal \$28 million in 2003 and \$129 million over the 2003-2006 period.

S. 2946 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

The estimated budgetary impact of S. 2946 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				
	2003	2004	2005	2006	2007
SPENDING SUBJECT TO APPROPRIATION					
Gross FTC Spending Under S. 2946					
Authorization Level	179	208	224	0	0
Estimated Outlays ^a	178	205	223	18	0
Less Offsetting Collections ^b					
Estimated Authorization Level	-150	-165	-180	0	0
Estimated Outlays	-150	-165	-180	0	0
Net FTC Spending Under S. 2946					
Estimated Authorization Level	29	43	44	0	0
Estimated Outlays	28	40	43	18	0

- a. Estimated outlays for fiscal year 2003 include \$13 million in outlays from the 2002 appropriations for the FTC.
- b. The FTC collects fees that offset the agency's annual appropriations. The amount collected is not dependent upon the amount appropriated.

BASIS OF ESTIMATE

S. 2946 would authorize appropriations for the FTC equal to about \$179 million for 2003, about \$208 million for 2004, and about \$224 million for 2005. By comparison, the agency received an appropriation of \$156 million for 2002. Based on the agency's historical spending patterns, CBO estimates that implementing S. 2946 would increase the FTC's gross spending by \$165 million in 2003 and \$611 million over the 2003-2006 period, assuming the appropriation of the specified amounts. (The estimated gross spending for 2003 would be \$178 million, including \$13 million in outlays from the 2002 appropriation.)

The gross spending of the FTC is typically offset by fees the agency collects for reviewing mergers. Under current law, the fee rate varies by the size of the merger, and the proceeds from the fee are split evenly between the FTC and the Antitrust Division of the Department of Justice. For example, CBO estimates that the FTC's share of these fees in 2002 will equal about \$108 million. These collections offset estimated gross outlays of \$151 million, resulting in net outlays of about \$43 million in 2002.

As shown in the table, CBO estimates that these fee collections will total \$495 million over the 2003-2005 period under current law. Assuming the FTC collects these amounts, we

estimate that net FTC spending under S. 2946 would equal \$28 million in 2003 and \$129 million over the 2003-2006 period.

S. 2946 also would give the FTC permission to receive monetary gifts from nonfederal entities. Based on information from the FTC, CBO expects that this provision would cause revenues to rise by less than \$500,000 a year.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 2946 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

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