



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

March 21, 2003

S. 275

Professional Boxing Amendments Act of 2003

*As ordered reported by the Senate Committee on Commerce, Science, and Transportation
on March 13, 2003*

SUMMARY

S. 275 would establish the United States Boxing Administration (USBA) within the Department of Labor. The administration would protect the safety and interests of boxers, and would govern the business of professional boxing by regulating boxing contracts, licensing and registering boxing participants, and issuing guidelines for ranking boxers.

Assuming the appropriation of the necessary amounts, CBO estimates that implementing S. 275 would cost \$7 million in 2004 and \$34 million over the 2004-2013 period. (Those amounts reflect adjustments for anticipated inflation.)

S. 275 also would make violations of certain provisions of the Professional Boxing Safety Act of 1996 federal crimes. CBO estimates that this provision would not have a significant effect on direct spending or revenues.

By placing requirements on boxing commissions run by state and tribal governments, S. 275 would impose intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA). CBO estimates that the cost of those mandates would not be significant and would not exceed the threshold established in the law (\$59 million in 2003, adjusted annually for inflation).

S. 275 would impose several private-sector mandates, as defined by UMRA, on the boxing industry. CBO estimates that the total direct cost of those mandates would fall below the annual threshold established by UMRA for private-sector mandates (\$117 million in 2003, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 275 is shown in the following table. The costs of this legislation fall within budget function 550 (health).

	By Fiscal Year, in Millions of Dollars				
	2004	2005	2006	2007	2008
CHANGES IN SPENDING SUBJECT TO APPROPRIATION ^a					
Estimated Authorization Level ^b	8	8	7	6	6
Estimated Outlays	7	8	7	6	6

a. S. 275 also could increase direct spending and revenues, but CBO estimates that any such effects would be less than \$500,000 a year.

b. Includes adjustments for anticipated inflation.

BASIS OF ESTIMATE

CBO estimates that implementing S. 275 would cost \$34 million over the 2004-2008 period, assuming appropriation of the necessary amounts. For this estimate, we assume the bill will be enacted this summer and that the estimated authorization amounts will be appropriated for each year beginning in fiscal year 2004. Enacting the bill also could increase both direct spending and revenues, but the amounts of any such changes would not be significant.

Spending Subject to Appropriation

S. 275 would authorize the appropriation of such sums as necessary for establishing a boxing administration to regulate professional boxing matches and those individuals involved in the sport. This new regulator would monitor both boxer safety and the business of professional boxing. CBO estimates these activities would cost \$7 million in 2004 and \$34 million over the 2004-2008 period, assuming appropriation of the necessary amounts.

Currently, tribal and state boxing commissions act as governing bodies—issuing licenses, ensuring boxing safety, and monitoring boxing contracts and fights within their jurisdiction. The USBA would not replace these entities or the activities they undertake, although the bill

would specify the minimum safety standards and licensing requirements those entities must maintain. S.275 would create a separate, federal entity to govern the sport of boxing, with national, minimal standards and requirements for the business of professional boxing.

United States Boxing Administration. S. 275 would create the USBA within the Department of Labor. It would be headed by an administrator to be named by the President. In addition to that position, the bill would allow the hiring of the necessary staff to fulfill the requirements of the bill. The USBA would issue regulations concerning the ranking of boxers by sanctioning organizations, minimum safety standards for boxing matches, minimum contractual requirements, and other issues. The bill also would require the USBA to monitor compliance with issued regulations (including onsite checks of compliance with health and safety standards). In addition, the USBA would have to process submitted contracts for boxing matches and approve certain types of boxing matches before they could occur.

CBO estimates that the USBA would employ about 30 people (including 3 senior executives, about 20 people at the GS-12 or GS-13 level, and less than 10 support staff) to write regulations, inspect boxing matches, and establish and maintain the registries, among other activities. Assuming the appropriation of the necessary amounts, CBO estimates the cost of salaries and other benefits for these individuals would be \$3 million in 2004 and \$18 million over the 2004-2008 period. In addition to those costs, CBO estimates the cost of leasing office space, travel to and from matches, office equipment, and other costs would be \$1 million in 2003 and \$6 million over the 2004-2008 period.

Licensing and Registration. S. 275 would require the USBA to license boxers, managers, and promoters every two to four years. CBO assumes that license fees would be similar to those now currently charged by boxing commissions. The bill would require the USBA to maintain a registry with the names of licensed boxers, managers, and promoters, as well as boxing judges and referees. Based on spending for similar registries, CBO estimates the cost of developing the boxing registry would be \$2 million over the 2004-2007 period, assuming the appropriation of the necessary amount. CBO estimates that the licensing fees (considered offsetting collections) would offset the cost of maintaining the registry by 2007.

The bill also would establish a medical registry that would contain information about the health of each boxer, including medical records and incidents of medical suspensions. CBO estimates that developing and maintaining the medical registry would cost about \$2 million in 2004 and \$8 million over the 2004-2008 period, assuming the appropriation of the necessary amounts.

Boxer-Safety Provisions. S. 275 would establish minimum safety standards for boxing matches. The bill would require that boxers be tested for infectious diseases prior to

competing. The bill would require disclosure of potential injuries to all boxers at the time of registry with a boxing commission. Professional boxing officials have indicated that these activities are generally current practice, but the USBA would have to monitor compliance with these provisions. The estimated cost of monitoring boxer health and safety is included above in the cost of establishing the USBA.

Direct Spending and Revenues

The bill would allow the Attorney General of the United States to pursue criminal actions against certain persons in violation of the statute. The law already allows criminal prosecution of managers, promoters, matchmakers, and licensees. Because those prosecuted and convicted under S. 275 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.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

S. 275 contains intergovernmental mandates as defined in UMRA, because state and tribal boxing commissions would be required to meet certain health and safety standards and reporting requirements. Currently, most boxing commissions maintain a certain level of health and safety standards. This bill would make those standards uniform. It would require boxers to be tested for infectious disease and require commissions to make health and safety disclosures to boxers when they are registered, as well as expand safety requirements for boxing matches. Boxing commissions would be required to report all registries of boxers to the USBA and to meet uniform standards to be set by the administration.

Information from tribes involved in professional boxing and from the Association of Boxing Commissions indicates that many state and tribal boxing commissions already regulate boxing matches using standards similar to those that would be required by this bill. CBO therefore expects any costs associated with additional health and safety measures and other USBA reporting requirements to be minimal.

S. 275 also would give the USBA authority to subpoena witnesses and evidence from any place in the United States, including Indian land. This authority would be considered a mandate under UMRA, but would not be likely to impose significant costs.

CBO estimates that the cost of complying with all of the intergovernmental mandates in the bill would not be significant, and thus would not exceed the threshold established in UMRA (\$59 million in 2003, adjusted annually for inflation).

ESTIMATED IMPACT ON THE PRIVATE SECTOR

S. 275 would impose several private-sector mandates, as defined by UMRA, on the boxing industry. CBO estimates that the total direct cost of those mandates would fall below the annual threshold established by UMRA for private-sector mandates (\$117 million in 2003, adjusted annually for inflation).

The bill would require boxers, managers, promoters, and sanctioning organizations to be licensed by the USBA established in the bill. According to representatives of the boxing industry, license fees would most likely cost the industry less than \$1 million per year.

The bill also would impose mandates on the industry by requiring additional safety standards, standard clauses for contracts, and the filing of reports. The bill would require boxers, managers, promoters, and sanctioning organizations to meet certain uniform standards addressing the health and safety of boxers. The bill would require certain contract provisions to be included in each bout agreement, boxer-manager contract, and promotional agreement, and would require those agreements to be filed with the USBA. Sanctioning organizations would be required to adopt guidelines to be promulgated by the USBA for the rating of professional boxers. Under the bill, promoters, judges, referees, and sanctioning organizations would be required to report certain information about boxing matches to the USBA. Based on information from the Department of Labor and representatives of the boxing industry, a majority of the industry already complies in large part with the above requirements under state boxing commission regulations. Therefore, CBO estimates that the incremental cost for the boxing industry to comply with those mandates would fall well below the annual threshold.

In addition, entities in the private sector, if subpoenaed, would be required to attend and provide testimony, evidence, or materials related to any investigations the USBA may conduct. Such a requirement would be a private-sector mandate under UMRA. CBO expects that the commission would likely exercise its subpoena power sparingly and that the costs to comply with a subpoena would not be significant.

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