



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 18, 2005

H.R. 1065

United States Boxing Commission Act

*As ordered reported by the House Committee on Energy and Commerce
on June 29, 2005*

SUMMARY

H.R. 1065 would establish the United States Boxing Commission (USBC) within the Department of Commerce. The commission would protect the interests of boxers and would govern the business of professional boxing by regulating the sport of boxing, licensing and registering boxing participants, and overseeing all boxing matches in the United States.

Assuming appropriation of the necessary amounts, CBO estimates that implementing H.R. 1065 would cost \$5 million in 2006 and \$26 million over the 2006-2010 period. Enacting the bill would not affect direct spending or revenues.

By placing requirements on boxing commissions run by state and tribal governments, H.R. 1065 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 that act (\$62 million in 2005, adjusted annually for inflation).

H.R. 1065 would impose several private-sector mandates, as defined in 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 (\$123 million in 2005, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 1065 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				
	2006	2007	2008	2009	2010
CHANGES IN SPENDING SUBJECT TO APPROPRIATION					
Estimated Authorization Level	6	6	5	5	5
Estimated Outlays	5	6	5	5	5

BASIS OF ESTIMATE

CBO estimates that implementing H.R. 1065 would cost \$26 million over the 2006-2010 period, assuming appropriation of the necessary amounts. For this estimate, we assume that the bill will be enacted before the start of 2006 and that the amounts estimated to be necessary will be appropriated for each year beginning in fiscal year 2006. Enacting the bill would not affect direct spending or revenues.

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 USBC would not replace those entities or the activities they undertake; however, H.R. 1065 would create a separate, federal entity to govern the sport of professional boxing with national, minimal standards and licensing requirements.

United States Boxing Commission

H.R. 1065 would create the USBC within the Department of Commerce. It would be headed by three commissioners to be appointed by the President. In addition to those positions, H.R. 1065 would allow the hiring of necessary staff to fulfill the requirements of the bill. The USBC would create and monitor compliance with regulations establishing uniform standards for professional boxing and would oversee all boxing matches held in the United States. Based on information provided by the Department of Commerce, CBO estimates the costs of the USBC would be about \$4 million in 2006 and about \$23 million over the 2006-2010 period, assuming the appropriation of the necessary amounts.

Licensing and Registration

H.R. 1065 would require the USBC to license boxers, managers, and promoters every two to four years. CBO assumes that license fees would be similar to those currently charged

by state boxing commissions. The bill would require the USBC 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 that the cost of developing the boxing registry would be about \$2 million over the 2006-2009 period, assuming the appropriation of the necessary amounts. CBO estimates that the licensing fees (considered offsetting collections) would offset the cost of maintaining the registry by about 2009.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

H.R. 1065 contains intergovernmental mandates as defined in UMRA because it would preempt the regulatory authority of certain state and tribal boxing commissions. The bill would create a United States Boxing Commission with the authority to promulgate uniform regulations and to review the regulations of state boxing commissions. 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 regulations to be minimal.

H.R. 1065 also would give the USBC 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 because it would be used rarely, it 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, therefore, would not exceed the threshold established in UMRA (\$62 million in 2005, adjusted annually for inflation).

ESTIMATED IMPACT ON THE PRIVATE SECTOR

H.R. 1065 would impose several private-sector mandates, as defined in UMRA, on the boxing industry. Such mandates would require private entities of the industry to be licensed by USBC, comply with USBC standards, and provide testimony, evidence, or materials related to any investigations conducted by the USBC. CBO estimates that the total direct cost of those mandates would fall below the annual threshold established by UMRA for private-sector mandates (\$123 million in 2005, adjusted annually for inflation).

The bill would require boxers, managers, promoters, referees, judges, and sanctioning organizations to be licensed by the USBC established in the bill. Those private entities would be required to comply with the minimum standards set forth by the USBC to receive

and renew their licenses. USBC would be required to consult with the Association of Boxing Commissions when setting uniform standards for the industry. CBO expects that future uniform standards established by the USBC would be incremental but, in many ways, similar to some combination of current state standards. CBO cannot estimate the costs associated with complying with those future minimum standards due to the uncertainty of what those standards would be. However, CBO expects that the incremental costs to comply with those standards would be minimal compared to UMRA's threshold because the boxing industry must currently comply with state standards. According to representatives of the boxing industry, license fees would most likely cost the industry less than \$1 million per year.

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 USBC may conduct. Such a requirement would be a private-sector mandate under UMRA. Based on information from the Department of Labor, 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.

PREVIOUS CBO ESTIMATE

On April 1, 2005, CBO transmitted a cost estimate for S. 148, the Professional Boxing Amendments Act of 2005, as ordered reported by the Senate Committee on Commerce, Science, and Transportation on March 10, 2005. Both S. 148 and H.R. 1065 would create a United States Boxing Commission that would have similar duties related to the sport of professional boxing. S. 148 would create a medical registry and would make violations of certain provisions of the Professional Boxing Safety Act of 1996 federal crimes, while H.R. 1065 would not. The federal cost estimates for the bills reflect these differences.

S. 148 contains additional testing and reporting requirements for state and tribal boxing commissions. The intergovernmental mandates statements reflect these differences between the two bills.

Both S. 148 and H.R. 1065 would require the professional boxing industry to be licensed by the USBC, to comply with the standards to be established by the USBC licensing, and to attend and provide testimony, evidence, or materials related to any investigations the USBC may conduct. S. 148 includes additional mandates on the boxing industry not found in H.R. 1065 by requiring additional safety standards, standard clauses for contracts, and filing of reports. CBO determined that the aggregate direct costs associated with complying with the mandates found in S. 148 would fall below the annual threshold established by UMRA for private-sector mandates (\$123 million in 2005, adjusted annually for inflation).

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