



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

August 17, 2006

H.R. 1078
Social Security Number Protection Act of 2006

*As ordered reported by the House Committee on Energy and Commerce
on July 26, 2006*

SUMMARY

H.R. 1078 would prohibit the sale or purchase of Social Security numbers (SSNs) and would require the Federal Trade Commission (FTC) to develop and enforce regulations restricting their sale or purchase. CBO estimates that promulgating the regulation and its enforcement would not have a significant effect on FTC spending.

Enacting the bill could increase federal revenues from civil penalties assessed for violations of the new regulation, but CBO estimates that any such increases would not be significant in any year. Enacting the bill would not affect direct spending.

H.R. 1078 contains intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA), but CBO estimates that any costs to state, local, or tribal governments would be small and would not exceed the threshold established in that act (\$64 million, adjusted annually for inflation).

H.R. 1078 also would impose a private-sector mandate as defined in UMRA. It would prohibit any person from selling or purchasing an SSN in violation of regulations that the FTC would be required to issue under this act. Because of the lack of industry data on the sale and purchase of Social Security numbers, CBO has no basis to estimate the costs to the private sector for prohibiting those transactions. Thus, CBO cannot estimate the cost of the mandate or whether the cost would exceed the annual threshold established by UMRA for private-sector mandates (\$128 million in 2006, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

Based on information from the FTC, CBO estimates that cost to develop and enforce regulations concerning the sale or purchase of social security numbers would be less than \$500,000 a year. Such costs would be subject to the availability of appropriated funds. The costs of this legislation fall within budget function 370 (commerce and housing credit).

Enacting the bill could increase federal revenues from civil penalties assessed for violations of the new regulation. CBO estimates, however, that any additional revenues that would result from enacting the bill would not be significant because of the relatively small number of cases likely to be involved.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

H.R. 1078 contains intergovernmental mandates as defined in UMRA. Provisions in section 3 would require State Attorneys General to notify the FTC of any action taken under the bill, allow the FTC to intervene in those actions, and limit the actions that Attorneys General may take in certain circumstances. Also, provisions regarding the sale or purchase of Social Security numbers in section 4 would preempt state laws in more than 30 states. These provisions constitute intergovernmental mandates as defined in UMRA. CBO estimates that the aggregate costs, if any, to state, local, and tribal governments of complying with the mandates in the bill would be small and would not exceed the threshold established in UMRA (\$64 million in 2006, adjusted annually for inflation).

CBO assumes that the bill would grant no new authority to the FTC to regulate the activities of state and local governments. Under current law, the courts have ruled that the FTC does not have jurisdiction over those governments or over public universities. The provisions of the bill regarding the sales and purchase of SSNs, therefore, would not apply to such entities.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

H.R. 1078 would impose a private-sector mandate as defined in UMRA. It would prohibit any individual, partnership, corporation, trust, estate, cooperative, association, or any other entity from selling or purchasing an SSN in violation of regulations that the FTC would be required to issue under this act. The FTC would be required to ensure that the restrictions and conditions on the sale or purchase of SSNs are no broader than necessary to provide reasonable assurance that SSNs will not be used to commit or facilitate fraud, deception, or crime, and to prevent an undue risk of bodily, emotional, or financial harm to individuals. Certain exceptions also would apply to the prohibition with respect to the sale or purchase

of SSNs. Those exceptions could be based on law enforcement or national security needs, public health, certain emergency situations, for certain research projects, for consumer credit reporting, or other circumstances that the FTC may determine.

Because of the lack of industry data on the sale and purchase of Social Security numbers, CBO has no basis to estimate the costs to the private sector for prohibiting those transactions. Thus, CBO cannot estimate the cost of the mandate or whether the cost would exceed the annual threshold established by UMRA for private-sector mandates (\$128 million in 2006, adjusted annually for inflation).

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