



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 9, 2014

### **S. 1898**

### **Truth in Settlements Act of 2014**

*As reported by the Senate Committee on Homeland Security and Governmental Affairs  
on July 30, 2014*

CBO estimates that enacting S. 1898 would have no significant effect on the federal budget. The legislation could affect direct spending by agencies not funded through annual appropriations; therefore, pay-as-you-go procedures apply. CBO estimates, however, that any net increase in spending by those agencies would not be significant. Enacting the bill would not affect revenues.

S. 1898 would establish new requirements for publicly disclosing settlement agreements entered into by a federal agency. Specifically, the legislation would require that non-confidential settlements involving payments from nonfederal entities greater than \$1 million and related to a violation of civil or criminal law be posted online. Under the bill, each settlement posted online would have to include the names of the parties involved, a description of the claims, the amount to be paid, and whether the settlement is a criminal or civil penalty or a fine. Because that information is already collected during the settlement process, CBO expects that making it available online would have a negligible cost.

S. 1898 contains no intergovernmental mandate as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments. S. 1898 would impose a private-sector mandate, as defined in UMRA, on issuers of securities that are required to submit reports to the Securities and Exchange Commission. The bill would require such issuers to describe in those reports any tax deduction claimed that relates to payments required under a covered settlement agreement with a federal agency. The cost of providing such information would be only slightly more than the cost of meeting current reporting requirements. CBO estimates, therefore, that the direct cost of complying with the mandate would be small and would fall well below the annual threshold established in UMRA for private-sector mandates (\$152 million in 2014, adjusted annually for inflation).

The CBO staff contacts for this estimate are Matthew Pickford (for federal costs) and Paige Piper/Bach (for the private-sector impact). The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.