CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

August 1, 2013

S. 394
Metal Theft Prevention Act of 2013

As reported by the Senate Committee on the Judiciary on June 17, 2013

CBO estimates that implementing S. 394 would have no significant cost to the federal government. Enacting the bill could affect direct spending and revenues; therefore, pay-as-you-go procedures apply. However, CBO estimates that any effects would be insignificant.

S. 394 would establish new federal crimes relating to the theft and recycling of certain metal taken from critical infrastructure (assets of railroads and electric companies, for example). As a result, the government might be able to pursue cases that it otherwise would not be able to prosecute. CBO expects that S. 394 would apply to a relatively small number of additional offenders, however, so any increase in costs for law enforcement, court proceedings, or prison operations would not be significant. Any such costs would be subject to the availability of appropriated funds.

Because those prosecuted and convicted under S. 394 could be subject to civil and criminal fines, the federal government might collect additional fines if the legislation is enacted. Civil fines are recorded in the budget as revenues and deposited into the general fund of the Treasury. Criminal fines are recorded as revenues, deposited in the Crime Victims Fund, and later spent. CBO expects that any net effects associated with collecting and spending such penalties would not be significant in any year because of the relatively small number of cases likely to be affected.

S. 394 would impose intergovernmental and private-sector mandates by requiring buyers of certain scrap metals (primarily recycling agents) to collect and maintain information about each purchase. Buyers also would be prohibited from paying more than $100 in cash over a two-day period to any one seller for scrap metals. Sellers of scrap metals would be required to provide documentation proving that they are authorized to do so. Currently, the majority of states have laws that contain one or more of the requirements contained in this bill. Because buyers and sellers of scrap metal already must comply with those requirements, any additional costs resulting from this legislation would be minimal, according to industry analysts. Therefore, CBO estimates that the cost of the mandates to public and private entities would be below the annual thresholds established by the

Unfunded Mandates Reform Act for intergovernmental and private-sector mandates ($75 million and $150 million in 2013, respectively, adjusted annually for inflation).

The CBO staff contacts for this estimate are Mark Grabowicz (for federal costs), Melissa Merrell (for the impact on state, local, and tribal governments), and Marin Burnett (for the impact on the private sector). The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.