



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

April 3, 2015

H.R. 1562 **Contracting and Tax Accountability Act of 2015**

*As ordered reported by the House Committee on Oversight and Government Reform
on March 25, 2015*

H.R. 1562 would prohibit federal agencies from awarding contracts or grants to persons or companies that have seriously delinquent tax debt. The legislation defines seriously delinquent tax debt to the federal government as Internal Revenue Service (IRS) assessments that may be collected by levy or through a court proceeding. Tax debt that is being paid in a timely manner, or is part of a requested or pending collection-due-process hearing, would not be considered seriously delinquent. Under the bill, certain contractors and grantees that receive federal funds would have to certify that they do not have such tax debt, and the IRS would be authorized to confirm or refute those claims on behalf of the federal agencies involved.

Based on information from the Office of Management and Budget, the IRS, and the staff of the Joint Committee on Taxation (JCT), CBO estimates that implementing H.R. 1562 would increase federal administrative costs by less than \$500,000 annually, assuming the availability of appropriated funds. The bill would affect direct spending by agencies not funded through annual appropriations; therefore, pay-as-you-go procedures apply. CBO estimates that any net increase in direct spending by such agencies would not be significant. JCT staff estimate that enacting the bill would have a negligible effect on revenues.

Most provisions of the bill would codify current practices used to collect tax debt. The federal government currently collects financial information on its contractors and grant recipients through a variety of databases. In addition, the IRS provides data on tax liens and tax debt to various Treasury Department programs which withhold or reduce certain federal payments to collect delinquent tax (and nontax) debt owed to federal agencies. Consequently, CBO estimates that implementing this bill will not significantly increase administrative costs to federal agencies.

H.R. 1562 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

The CBO staff contact for this estimate is Matthew Pickford. This estimate was approved by Theresa Gullo, Assistant Director for Budget Analysis.