CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

May 9, 2016

H.R. 3832
Stolen Identity Refund Fraud Prevention Act of 2016

As ordered reported by the House Committee on Ways and Means on April 28, 2016

H.R. 3832 would amend current law with an aim to reduce identity theft related to federal tax administration. Specifically, the bill would require the Internal Revenue Service (IRS) to maintain a central office for identity theft issues, to notify taxpayers of any instances of identity theft detected by the IRS, and to provide affected taxpayers with information on the circumstances of such theft. The bill also would require the IRS to report to the Congress on electronic tax filings and the problem of identity theft and to provide biannual reports on identity theft and fraudulent tax refunds. Finally, H.R. 3832 would establish specific civil and criminal penalties for tax fraud involving identity theft.

Based on information from the Government Accountability Office and the IRS, CBO estimates that implementing H.R. 3832 would cost about $2 million annually or $10 million over the 2017-2021 period to notify taxpayers of instances of identity theft and to provide reports on this subject to the Congress; such spending would be subject to the availability of appropriated funds.

Enacting the legislation could increase federal revenues from individuals subject to criminal and civil penalties under H.R. 3832 as well as associated direct spending of those criminal penalties; therefore pay-as-you-go procedures apply. However, CBO estimates that such effects would not be significant in any year because of the small number of cases likely to be involved. The staff of the Joint Committee on Taxation (JCT) estimates that enacting the bill would not affect revenues collected under the Internal Revenue Code.

CBO and JCT estimate that enacting H.R. 3832 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2027.

CBO has determined that the nontax provisions of the bill contain no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). Similarly, JCT has determined that the tax provisions of the bill contain no intergovernmental or private-sector mandates as defined in UMRA.

The CBO staff contact for this estimate is Matthew Pickford. This estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.