# CONGRESSIONAL BUDGET OFFICE
# COST ESTIMATE

September 9, 2016

## H.R. 5510
### FTC Process and Transparency Reform Act of 2016

*As ordered reported by the House Committee on Energy and Commerce on July 14, 2016*

H.R. 5510 would make several changes to how the Federal Trade Commission (FTC) conducts its investigations and issues new rules and would increase the agency's annual reporting requirements. Specifically, the bill would codify the definition of "substantial injury" used to determine which acts or practices the agency can declare unlawful, require the agency to consider the costs of regulation weighed against the injury caused by the act or practice when making such a determination, and expand the type of information defendants can use as evidence in cases brought by the FTC. H.R. 5510 also would require the FTC, when providing recommendations of proposed regulations, to publish its economic analysis of such regulations unless certain criteria are met. Lastly, the bill would require the FTC to publish an annual plan describing its anticipated activities for the year and an annual report on the status of its enforcement actions pertaining to elder fraud.

On the basis of information from the FTC, CBO estimates that implementing H.R. 5510 would increase the agency's administrative costs by less than $500,000 annually. That increase in spending by the FTC, which would be subject to the availability of appropriated funds, would support two or three additional staff that CBO expects would be needed to comply with new annual reporting requirements.

A portion of the amount that the FTC collects in civil monetary penalties is remitted to the Treasury and is recorded as revenues. By changing procedures for how the FTC initiates and litigates violations of its rules, CBO expects that enacting H.R. 5510 could decrease those revenues; therefore, pay-as-you-go procedures apply. However, CBO estimates that any such decrease would be insignificant because of the small number of cases that CBO estimates would be affected by the changes. Enacting the bill would not affect direct spending.

CBO estimates that enacting H.R. 5510 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2027.

H.R. 5510 contains no intergovernmental or private-sector mandates as defined in Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

The CBO staff contact for this estimate is Stephen Rabent. The estimate was approved by Theresa Gullo, Assistant Director for Budget Analysis.