



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

May 20, 2015

S. 1109 **Truth in Settlements Act of 2015**

*As reported by the Senate Committee on Homeland Security and Governmental Affairs
on May 6, 2015*

S. 1109 would establish new requirements for the public disclosure of settlement agreements entered into by federal agencies. Specifically, the legislation would require that non-confidential settlements be posted online if they involve payments from nonfederal entities that are greater than \$1 million and are related to a violation of civil or criminal laws. Under the bill, each settlement posted online would have to include the names of the parties involved, a description of the claims settled, the amount to be paid, and whether the settlement is a criminal or civil penalty or a fine. In addition, S. 1109 would require the Government Accountability Office (GAO) to complete a report on the confidentiality of settlement agreements.

CBO estimates that enacting S. 1109 would have no significant effect on the federal budget because most of the information required is already collected during the settlement process and the cost of making it available online would not be significant. CBO also estimates that the cost for GAO to prepare the required study would be small. Enacting S. 1109 could affect direct spending by some agencies (such as the Tennessee Valley Authority) because they are authorized to use receipts from the sale of goods, fees, and other collections to cover their operating costs; therefore, pay-as-you-go procedures apply. Because most of those agencies can make adjustments to the amounts collected, CBO estimates that any net changes in direct spending by those agencies would not be significant. Enacting the bill would not affect revenues.

S. 1109 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

S. 1109 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 (\$154 million in 2015, 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, Assistant Director for Budget Analysis.