



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

March 9, 2015

### **S. 304**

### **Motor Vehicle Safety Whistleblower Act**

*As ordered reported by the Senate Committee on Commerce, Science, and Transportation  
on February 26, 2015*

#### **SUMMARY**

S. 304 would award a portion of penalties levied on certain companies that manufacture motor vehicles or parts to individuals who provide information that leads to the imposition of those penalties (those individuals are known as whistleblowers). Based on information from the National Highway Traffic Safety Administration (NHTSA), CBO estimates that in any one year, the effect of enacting S. 304 would likely be small, but that over the 2015-2025 period, enacting S. 304 would increase direct spending by \$3 million. Because enacting the legislation would affect direct spending, pay-as-you-go procedures apply. Enacting the legislation would not affect revenues.

S. 304 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

#### **ESTIMATED COST TO THE FEDERAL GOVERNMENT**

CBO estimates that enacting S. 304 would increase direct spending by less than \$500,000 each year and by \$3 million over the 2015-2025 period. The costs of this legislation fall within budget function 400 (transportation).

#### **BASIS OF ESTIMATE**

S. 304 would authorize the Secretary of Transportation at his discretion, to award to a whistleblower up to 30 percent of any civil penalty that exceeds \$1 million and is collected from a company that manufactures motor vehicles or parts with serious defects or that violates certain safety laws. Information from NHTSA indicates that, since 2010, the average penalty levied for violations of vehicle safety laws was about \$10 million. Information from whistleblowers has rarely been used to impose those penalties according to NHTSA.

Based on information from NHTSA about its historical use of information from whistleblowers, CBO expects that over the 2016-2025 period, one penalty will be imposed by NHTSA because of information provided by a whistleblower. Assuming a whistleblower is awarded 30 percent of an average sized penalty this provision would increase direct spending by \$3 million over the 2015-2025 period. Because CBO cannot predict the timing for when any whistleblower awards would be made, CBO estimates there is a small chance that such spending would occur in each of the next 10 years.

## **PAY-AS-YOU-GO CONSIDERATIONS**

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays that are subject to those pay-as-you-go procedures are shown in the following table.

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**CBO Estimate of Pay-As-You-Go Effects for S. 304, as ordered reported by the Senate Committee on Commerce, Science, and Transportation on February 26, 2015.**

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	By Fiscal Year, in Millions of Dollars											2015-	2015-
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2020	2025
<b>NET INCREASE IN THE DEFICIT</b>													
Statutory Pay-As-You-Go Impact	0	0	0	0	0	0	0	0	0	0	0	1	3

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## **INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

S. 304 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

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