



CONGRESSIONAL BUDGET OFFICE  
COST ESTIMATE

May 1, 1998

**S. 1260**

**Securities Litigation Uniform Standards Act of 1998**

*As ordered reported by the Senate Committee on Banking, Housing, and Urban Affairs  
on April 29, 1998*

S. 1260 would amend existing law related to class actions involving certain types of securities fraud. Under this bill, certain class actions could not be based on state law and could only be maintained in federal courts.

CBO estimates that implementing S. 1260 would have no significant impact on the federal budget. Recent data on the number of securities-related class actions brought under state law suggest that fewer than 100 cases per year might shift to federal courts as a result of this bill. Although class actions often involve complex and time-consuming issues, CBO estimates that the federal court system would not incur significant costs to process that number of new cases. Because S. 1260 would not affect direct spending or receipts, pay-as-you-go procedures would not apply.

S. 1260 contains an intergovernmental mandate as defined in the Unfunded Mandates Reform Act of 1995 (UMRA) because it would preempt state securities laws. However, CBO estimates that the impact on state budgets would not be significant. The bill contains no private-sector mandates as defined in UMRA.

The CBO staff contacts for this estimate are Kathleen Gramp (for federal costs), and Pepper Santalucia (for the state and local impact). This estimate was approved by Robert A. Sunshine, Deputy Assistant Director for Budget Analysis.