



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

May 16, 2003

H.R. 1529

Involuntary Bankruptcy Improvement Act of 2003

As ordered reported by the House Committee on the Judiciary on May 7, 2003

H.R. 1529 would require the federal courts to expunge court records relating to a petition to initiate involuntary bankruptcy that is found to contain false or fraudulent statements. Based on information from the Administrative Office of the United States Courts, CBO estimates that the cost to expunge such records would have no significant impact on the federal budget. Enacting H.R. 1529 would not affect direct spending or revenues.

H.R. 1529 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments. H.R. 1529 would impose a private-sector mandate, as defined in UMRA, on consumer reporting agencies. The bill would give federal bankruptcy judges the authority to prohibit consumer reporting agencies from issuing a report containing any information relating to certain involuntary bankruptcy petitions the court has dismissed. In the event that the court uses such authority, the duty to comply with the prohibition would be considered a private-sector mandate under UMRA. According to industry representatives, the current practice of consumer reporting agencies is to not report any information when a court dismisses an involuntary bankruptcy petition. Therefore, CBO estimates that the cost of complying with such a mandate would be minimal, if any, and would fall well below the annual threshold established by UMRA for private-sector mandates (\$117 million in 2003, adjusted annually for inflation).

The CBO staff contacts for this estimate are Lanette J. Walker (for federal costs), and Paige Piper/Bach (for the impact on the private sector). This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.