CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

November 2, 1999

H.R. 1832
Muhammad Ali Boxing Reform Act

As ordered reported by the House Committee on Commerce on September 29, 1999

SUMMARY

H.R. 1832 aims to protect professional boxers from unfair business practices of managers and promoters. The bill would require the Association of Boxing Commissioners to establish guidelines for minimum provisions that should be included in boxing contracts; prohibit managers and promoters from having shared financial interests; and require the Federal Trade Commission (FTC) to provide information about organizations that sanction professional boxing matches. H.R. 1832 would allow the FTC to charge the sanctioning organizations fees to offset the costs of providing such information. The bill also would make violations of certain provisions of the Professional Boxing Safety Act of 1996 federal crimes. Finally, the bill would clarify that federal laws that regulate boxing also apply in the United States Virgin Islands.

Based on information from the FTC, CBO estimates that enacting H.R. 1832 would have no significant impact on the federal budget. Implementing the bill would require far less than \$500,000 a year in additional discretionary spending during the 2000-2004 period. That cost would be at least partially offset by fees, resulting in little or no net impact. H.R. 1832 would affect direct spending and receipts, so pay-as-you-go procedures would apply, but CBO estimates that those effects would also be less than \$500,000 a year.

H.R. 1832 contains an intergovernmental mandate as defined in the Unfunded Mandates Reform Act (UMRA), however, CBO estimates that the cost of complying with this mandate would not be significant and would not exceed the threshold established in that act (\$50 million in 1996, adjusted annually for inflation).

H.R. 1832 would impose several private-sector mandates on the boxing industry, mainly on promoters and on organizations that sanction professional boxers. In general, the new mandates on promoters are aimed at protecting boxers from exploitation. The bill also would impose disclosure requirements on sanctioning organizations. CBO estimates that the total

direct costs of the private-sector mandates identified in this bill would not exceed the statutory threshold established in UMRA ($100 million in 1996, adjusted annually for inflation) in any of the next five years.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

Based on information from the FTC, CBO estimates that enacting H.R. 1832 would require new spending subject to appropriation of far less than $500,000 a year during the 2000-2004 period, and that such amounts would be at least partially offset by collections of fees. The costs of this legislation fall within budget function 370 (commerce and housing credit).

Enacting H.R. 1832 could increase governmental receipts from the collection of criminal fines, but CBO estimates that any such increase would be less than $500,000 annually. Criminal fines are deposited in the Crime Victims Fund and are spent in subsequent years. Thus, any change in direct spending from the fund would also amount to less than $500,000 annually.

PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. CBO estimates that any increases in governmental receipts and direct spending would each total less than $500,000 a year.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

H.R. 1832 contains an intergovernmental mandate as defined in UMRA, but CBO estimates that complying with the mandate would not result in significant additional costs to states. State boxing commissions would be required to establish procedures to ensure that no boxer is permitted to box while under suspension in any state due to unsportsmanlike conduct. Current law already requires state boxing commissions to have procedures in place to prevent boxers suspended for other reasons from boxing in their states. Therefore, CBO estimates that the additional costs to states to comply with this new requirement would not be significant. Enactment of the bill would impose no other costs on state, local, or tribal governments.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

H.R. 1832 would impose several private-sector mandates on the boxing industry. The most costly mandate would put a one-year limit on certain contracts between a boxer and a promoter, or between promoters with respect to a boxer. The one-year limitation would apply to those situations where a promoter secures promotional rights from a boxer (or another promoter) as a condition for that boxer to compete in a particular bout. Based on information from industry sources, CBO expects that this limitation could impose costs, in the form of lost revenues, on only a few promoters.

The bill would require sanctioning organizations to make several new disclosures to regulators and others in the boxing industry. In addition, H.R. 1832 would impose mandates with minimal costs on the Association of Boxing Commissioners, managers, licensees, matchmakers, judges, and referees. Based on information from representatives of the boxing industry, CBO estimates that the total direct costs of the private-sector mandates identified in this bill would not exceed the statutory threshold established in UMRA ($100 million in 1996, adjusted annually for inflation) in any of the next five years.

PREVIOUS CBO ESTIMATE

On May 17, 1999, CBO transmitted a cost estimate of S. 305, the Muhammad Ali Boxing Reform Act, as ordered reported by the Senate Committee on Commerce, Science, and Transportation on May 5, 1999. That bill also would have no significant budgetary impact.

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