CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

October 21, 1997

H.R. 1847
Telemarketing Fraud Prevention Act of 1997

As reported by the Senate Committee on the Judiciary on October 9, 1997

CBO estimates that implementing H.R. 1847 would not have a significant impact on discretionary spending. The act could lead to increases in both direct spending and receipts, but the amounts involved would be less than $500,000 a year. Because H.R. 1847 could affect direct spending and receipts, pay-as-you-go procedures would apply. This legislation contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act of 1995 and would have no significant impact on the budgets of state, local, or tribal governments.

H.R. 1847 would provide for increased penalties, including longer prison terms and greater criminal fines, for offenses relating to telemarketing fraud. In addition, the act would subject any real or personal property used in or gained from telemarketing fraud to forfeiture to the United States.

According to the United States Sentencing Commission, the act's provisions probably would affect fewer than 10 individuals per year. Assuming no significant change in the number of annual convictions, CBO estimates that additional costs of longer prison sentences would be less than $500,000 a year for at least the next five fiscal years, subject to the availability of appropriated funds.

Enacting H.R. 1847 could increase governmental receipts through greater collections of criminal fines. However, CBO estimates that any such increase would be less than $500,000 annually. Criminal fines are deposited in the Crime Victims Fund and spent the following year. Thus, the change in direct spending from the fund would match any increase in revenues attributable to H.R. 1847, with a one-year lag.

Finally, enacting H.R. 1847 could lead to more assets being seized and forfeited to the United States, but we estimate that any such increase would be less than $500,000 annually in value. Proceeds from the sale of any such assets would be deposited as revenues into the assets forfeiture fund of the Department of Justice and spent out of that fund in the same year.

Thus, the change in direct spending from the asset forfeiture fund would match any increase in revenues to that fund.

The CBO staff contact for this estimate is Mark Grabowicz. This estimate was approved by Robert A. Sunshine, Deputy Assistant Director for Budget Analysis.