



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

October 4, 2002

### **H.R. 2037**

#### **Protection of Lawful Commerce in Arms Act**

*As ordered reported by the House Committee on the Judiciary on October 2, 2002*

H.R. 2037 would require courts to dismiss certain lawsuits filed against manufacturers and sellers of guns and ammunition, as well as the trade associations that represent them. Specifically, the bill would affect lawsuits seeking damages for gun-related crimes committed by consumers of these products. CBO estimates that implementing H.R. 2037 would not have a significant impact on the federal budget. Enacting the bill would not affect direct spending or revenues.

H.R. 2037 would impose both an intergovernmental mandate and a private-sector mandate as defined in the Unfunded Mandates Reform Act (UMRA) by prohibiting state, local, and tribal governments and the private sector from entering into lawsuits against certain manufacturers or sellers of firearms and ammunition products, and related trade associations, when such products are used unlawfully to do harm.

Depending on how lawsuits would be resolved under current law, plaintiffs could stand to receive significant amounts in damage awards. Because few lawsuits have been completed, CBO has no basis for predicting the level of potential damage awards, if any. Therefore, we cannot determine the cost of these mandates (forgone net revenues from damage awards) or whether they would exceed the annual thresholds established in UMRA for intergovernmental mandates (\$58 million in 2002, adjusted annually for inflation) and for private-sector mandates (\$115 million in 2002, adjusted annually for inflation).

On October 3, 2002, CBO transmitted a cost estimate for H.R. 2037 as ordered reported by the House Committee on Energy and Commerce on September 25, 2002. Neither version of the bill would have a significant effect on the federal budget. Both versions of the bill contain intergovernmental and private-sector mandates, but CBO has no basis for estimating the aggregate costs of these mandates.

The CBO staff contacts for this estimate are Ken Johnson (for federal costs), Angela Seitz (for the state and local impact), and Cecil McPherson (for the private-sector impact). The estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.