



**CONGRESSIONAL BUDGET OFFICE
PAY-AS-YOU-GO ESTIMATE**

November 20, 2001

H.R. 3162

**Uniting and Strengthening America by Providing Appropriate Tools
Required to Intercept and Obstruct Terrorism (USA PATRIOT)
Act of 2001**

As cleared by the Congress and signed by the President on October 26, 2001

SUMMARY

H.R. 3162 (enacted as Public Law 107-56) will expand the powers of federal law enforcement agencies and financial regulators to investigate and prosecute terrorist acts and financial crimes, establish new federal crimes, and increase penalties for acts of terrorism. The legislation will increase the payments to families of public safety officers who have died as a result of injuries incurred in the line of duty. In addition, H.R. 3162 will modify some of the current restrictions, and place new restrictions, on spending from the Crime Victims Fund.

CBO estimates that the act will increase direct spending by \$104 million in fiscal year 2002, by a total of \$50 million over the 2003-2006 period, and by about \$20 million in each year thereafter. We estimate that the act will increase revenues by less than \$500,000 annually.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

CBO's estimate of the impact of H.R. 3162 on direct spending and revenues is shown in the following table (the estimated changes in receipts are less than \$500,00 each year). For purposes of enforcing pay-as-you-go procedures, only the effects in the budget year and the succeeding four years are counted. The costs of this legislation fall within budget function 750 (administration of justice).

	By Fiscal Year, in Millions of Dollars									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Changes in outlays										
Public Safety Officers	74	19	20	20	21	21	22	22	23	23
Crime Victims Fund	<u>30</u>	<u>-239</u>	<u>-194</u>	<u>153</u>	<u>250</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	104	-220	-174	173	271	21	22	22	23	23
Changes in receipts	0	0	0	0	0	0	0	0	0	0

BASIS OF ESTIMATE

Public Safety Officers Death Benefits

H.R. 3162 will increase the federal payment to each family of a public safety officer who has died in the line of duty from \$155,000 to \$250,000. This provision will apply retroactively beginning on January 1, 2001. CBO estimates that the families of over 750 officers in fiscal year 2002 and about 200 officers in each year thereafter will be eligible for this payment. The 2002 estimate includes about 400 deaths related to the terrorist attacks on September 11, 2001, about 150 other deaths in 2001, and about 200 deaths in 2002—based on the number of deaths of public safety officers in the line of duty experienced in recent years.

CBO estimates that H.R. 3162 will increase payments for death benefits by \$74 million in 2002 and about \$20 million in each year thereafter. For the families of officers killed during the attacks on September 11, it is possible that these payments will result in a reduction in other federal compensation payments that may be made under Public Law 107-42, the Airline Transportation Safety and System Stabilization Act, which offers compensation to victims of the September 11 terrorist attacks. However, the Department of Justice (DOJ) has not yet issued guidelines on how this compensation will be provided. In particular, DOJ has not determined which payments to victims of the attacks will result in a reduction in federal compensation payments.

Crime Victims Fund

CBO estimates that H.R. 3162 will change the timing of outlays from the Crime Victims Fund over the 2002-2006 period, but the net effect of the changes will be zero over that period. The act modifies program obligations in two ways.

First, for fiscal year 2003 and each year thereafter, the legislation restricts spending from the Crime Victims Fund to 90 percent to 120 percent of the amounts spent in the previous year, subject to amounts available in the fund. The appropriation act for fiscal year 2002 (as cleared by the Congress on November 15, 2001) limits obligations from the fund to \$550 million for 2002, and CBO expected the fund to reach that level. There were no such restrictions for the following years. CBO estimated that, under prior law, most of the fund's remaining balances (which are well over \$1 billion) would be spent over the 2003-2004 period, with significantly lower spending in subsequent years. CBO expects that H.R. 3162 will result in a more uniform pattern of outlays from the fund, resulting in decreased spending in fiscal years 2003 and 2004 and increased spending in 2005 and 2006—relative to prior law. Over the 2003-2006 period, CBO expects these changes to sum to zero.

H.R. 3162 also allocates up to \$50 million for an emergency reserve that will not be subject to other obligation limitations if the balances in the fund meet certain criteria. Based on information from DOJ, CBO estimates that this provision will result in additional spending of about \$30 million in each of the fiscal years 2002 through 2005, but these increases will be offset by lower spending in 2006.

Additional Fines

H.R. 3162 also will establish civil and criminal fines for new crimes established by the act. Based on information from DOJ, CBO estimates that any additional collections will not be significant because of the small number of individuals that are likely to be subject to such fines. Civil fines are classified as governmental receipts (revenues). Criminal fines are recorded as receipts and deposited in the Crime Victims Fund, and later spent without further appropriation action.

ESTIMATE PREPARED BY: Mark Grabowicz

ESTIMATE APPROVED BY:

Peter H. Fontaine
Deputy Assistant Director for Budget Analysis