



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

October 10, 2001

### **H.R. 2975** **Provide Appropriate Tools Required to Intercept and Obstruct Terrorism (PATRIOT) Act of 2001**

*As ordered reported by the House Committee on the Judiciary on October 3, 2001*

#### **SUMMARY**

H.R. 2975 would expand the powers of federal law enforcement agencies to investigate and prosecute terrorist acts, establish new federal crimes, and increase penalties for acts of terrorism. The bill would allow certain victims of Iranian terrorism who have won judgments against Iran in U.S. court to collect monetary damages from the U.S. government. H.R. 2975 also would increase the payments to families of public safety officers who have died as a result of injuries incurred in the line of duty. Finally, the bill would authorize funding for the Immigration and Naturalization Service (INS), the Drug Enforcement Administration (DEA), and the Department of the Interior (DOI) to undertake activities to combat terrorism.

CBO estimates that enacting the bill would increase direct spending for payments to victims of terrorism and death benefits for public safety officers by a total of \$107 million in fiscal year 2002 and by about \$20 million in each year thereafter. Because this legislation would affect direct spending and receipts, pay-as-you-go procedures would apply. Assuming appropriation of the necessary amounts, CBO estimates that implementing H.R. 2975 would cost about \$1 billion over the 2002-2006 period, mostly for additional INS personnel.

Two provisions of H.R. 2975 would impose intergovernmental and private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). CBO estimates, however, that the cost of those mandates would fall well below the thresholds established in UMRA (\$56 million for intergovernmental mandates and \$113 million for private-sector mandates in 2001, adjusted annually for inflation).

The remaining provisions of the bill are either excluded from UMRA because they are necessary for the national security or contain no mandates.

## ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 2975 is shown in the following table. The costs of this legislation falls within budget functions 150 (international affairs), 300 (natural resources and environment), and 750 (administration of justice).

	By Fiscal Year, in Millions of Dollars				
	2002	2003	2004	2005	2006
<b>CHANGES IN DIRECT SPENDING</b>					
Payments to Victims of Terrorism					
Estimated Budget Authority	33	0	0	0	0
Estimated Outlays	33	0	0	0	0
Public Safety Officer Death Benefits					
Estimated Budget Authority	74	19	20	20	21
Estimated Outlays	74	19	20	20	21
<b>CHANGES IN SPENDING SUBJECT TO APPROPRIATION</b>					
Increased INS Personnel on Northern Border					
Estimated Authorization Level	107	161	206	211	217
Estimated Outlays	102	159	206	211	216
Improved INS Technology on Northern Border					
Authorization Level	50	0	0	0	0
Estimated Outlays	40	10	0	0	0
DOI Costs for Law Enforcement					
Estimated Authorization Level	10	10	11	11	11
Estimated Outlays	9	10	11	11	11
DEA Costs for Drug Control					
Authorization Level	5	0	0	0	0
Estimated Outlays	4	1	0	0	0
Additional Reporting Requirements					
Estimated Authorization Level	1	a	a	a	a
Estimated Outlays	1	a	a	a	a
Total Changes in Discretionary Spending					
Estimated Authorization Level	173	171	217	222	228
Estimated Outlays	156	180	217	222	227

a. Less than \$500,000.

Note: The bill also would increase governmental receipts, but by less than \$500,000 a year.

## **BASIS OF ESTIMATE**

For this estimate, CBO assumes that the bill will be enacted near the beginning of fiscal year 2002, that the necessary amounts will be appropriated for each year, and that spending will follow the historical rates for the authorized activities.

Implementing H.R. 2975 would increase direct spending, discretionary spending, and governmental receipts. CBO estimates that enacting H.R. 2975 would increase direct spending for payments to victims of terrorism and death benefits for public safety officers by a total of \$107 million in fiscal year 2002 and by about \$20 million in each year thereafter. Assuming appropriation of the necessary amounts, CBO estimates that implementing H.R. 2975 would cost about \$1 billion over the 2002-2006 period, mostly for additional INS personnel. The impact on receipts is not likely to be significant in any year.

### **Direct Spending and Receipts**

**Payments to Victims of Terrorism.** H.R. 2975 would enable victims of Iranian terrorism who have won judgments against Iran in U.S. courts to collect monetary damages from the Foreign Military Sales (FMS) Trust Fund. CBO estimates that enacting this provision would increase direct spending by \$33 million in 2002.

The FMS Trust Fund holds nearly \$400 million in funds previously paid by Iran for the purchase of military equipment that was not delivered. The disposition of those funds is currently before the Iran-U.S. Claims Tribunal, an international body established to settle disputes between the two nations. Section 705 of the bill would allow victims who have received judgments for monetary damages by a court to obtain amounts from the FMS Trust Fund to satisfy those judgments. Based on information from the State Department, CBO estimates that victims have been awarded damages of about \$33 million and we expect these victims would seek compensation from the fund in 2002. In addition, CBO expects that other judgments could be awarded in the future. However, we cannot estimate the likelihood or the amount of any such additional judgments.

CBO cannot determine whether the payment of these claims to terrorist victims would reduce, eliminate, or leave unaltered any liability of the United States to Iran, which is yet to be determined by the Iran-U.S. Claims Tribunal. Thus, it is possible that some or all of the funds we estimate will be paid to victims or terrorism under this bill could be offset by a reduction in payments that would be made from the FMS Trust Fund to Iran under current law. CBO, however, has no basis for predicting the future decisions of the Iran-U.S. Claims Tribunal, nor the response of the governments to such decisions.

**Public Safety Officers Death Benefits.** H.R. 2975 would 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 would apply retroactively beginning on January 1, 2001. Under current law, the families of public safety officers who have died as a result of injuries sustained in the line of duty are eligible for a payment of about \$155,000. H.R. 2975 would increase this payment to \$250,000. CBO estimates that the families of over 750 officers in fiscal year 2002 and about 200 officers in each year thereafter would 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 enacting H.R. 2975 would 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 would 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.

**Additional Fines.** Enacting H.R. 2975 would establish civil and criminal fines for new crimes that would be established by the bill. Based on information from DOJ, CBO estimates that any additional collections would 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 spent without further appropriation action.

### **Spending Subject to Appropriation**

H.R. 2975 would authorize the appropriation of such sums as necessary to triple the number of INS border patrol personnel and INS inspectors stationed along the northern border of the United States. According to the INS, there are currently 855 border patrol agents and inspectors stationed along the northern border of the United States. H.R. 2975 would require the agency to triple that force, resulting in an additional 1,710 agents and inspectors, plus an estimated 200 support personnel. CBO expects that implementing such a major increase in personnel would be complete by 2004. Based on information from INS, CBO estimates that this would cost \$102 million in fiscal year 2002 and about \$900 million over the 2002-2006 period, subject to appropriation of the necessary sums.

Title II also would authorize the appropriation of \$50 million for INS to improve the technology and equipment used to monitor the northern border.

Title VI of the bill would authorize DOI to contract with other federal agencies, state and local governments, and tribal governments to provide law enforcement personnel to protect Bureau of Reclamation facilities and lands and enforce federal laws. This title also would authorize DOI to reimburse those entities for their services. Based on information from the Bureau of Reclamation and the Bureau of Land Management, CBO estimates that implementing title VI would cost \$52 million over the 2002-2006 period.

H.R. 2975 would authorize the appropriation of \$5 million for fiscal year 2002 for the DEA to provide training to police and other drug control assistance in south and central Asia.

H.R. 2975 would require the DOJ and the federal judiciary to prepare a total of about a half-dozen reports. Based on information from the affected agencies, CBO estimates that the reports would cost about \$1 million in fiscal year 2002 and less than \$500,000 annually thereafter.

## **PAY-AS-YOU-GO CONSIDERATIONS**

The Balanced Budget and Emergency Deficit Control Act specifies pay-as-you-go procedures for legislation affecting direct spending and receipts. These procedures would apply to H.R. 2975 because it would affect both direct spending and receipts, as 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.

	By Fiscal Year, in Millions of Dollars									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Changes in outlays	107	19	20	20	21	21	22	22	23	23
Changes in receipts	0	0	0	0	0	0	0	0	0	0

## **INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

Two provisions of H.R. 2975 would impose intergovernmental and private-sector mandates as defined in UMRA by increasing reporting requirements for state courts and prohibiting certain individuals from handling specific biological agents.

Section 112 would require judges to report to the Administrative Office of the United States Courts on all applications for court orders that would require a provider of remote computing service to disclose the contents of electronic communication. CBO estimates that the cost to comply with the additional reporting requirement would be well below the annual threshold established in UMRA for intergovernmental mandates (\$56 million in 2001, adjusted annually for inflation).

Section 305 would prohibit certain people, as defined in the bill, from shipping, transporting, possessing, or receiving specified biological agents or toxins in interstate or foreign commerce. According to the Centers for Disease Control and Prevention, the number of entities affected by this restriction would be limited. Consequently, CBO estimates that the cost to comply with the mandate would fall well below the annual threshold established in UMRA for private-sector mandates (\$113 million in 2001, adjusted annually for inflation).

Section 4 of UMRA excludes from the application of that act, any legislative provisions that are necessary for the national security. CBO has determined that the remaining provisions of H.R. 2975 either fit within that exclusion or contain no mandates.

**ESTIMATE PREPARED BY:**

Federal Costs: Mark Grabowicz, Lanette Walker, Julie Middleton, and  
Joseph C. Whitehill

Impact on State, Local, and Tribal Governments: Victoria Heid Hall

Impact on the Private Sector: Paige Piper/Bach

**ESTIMATE APPROVED BY:**

Peter H. Fontaine  
Deputy Assistant Director for Budget Analysis