checks, or other bank instruments from gamblers who illegally bet over the Internet. The bill also would require financial institutions to take steps to identify and block gambling-related transactions that are transmitted through their payment systems. The Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation (FDIC), the Office of Thrift Supervision (OTS), and the National Credit Union Administration (NCUA) would be responsible for implementing the provisions of H.R. 21 as they apply to financial institutions.

CBO estimates that implementing this legislation would result in no significant cost to the federal government. The bill could affect direct spending and revenues, but CBO estimates that any impact on direct spending and revenues would not be significant.

H.R. 21 would create a new intergovernmental mandate as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments. The bill would impose a private-sector mandate, but CBO estimates that the costs of the mandate would fall below the annual threshold established in UMRA ($17 million in 2003, adjusted annually for inflation) in any of the next five years. CBO estimates that the direct costs of the mandate would be negligible. The bill also would have a small effect on the operating costs of the FDIC and the Federal Reserve System. Finally, the bill would have a negligible effect on the collection and spending of criminal penalties.

Estimated cost to the Federal Government:
Because H.R. 21 would establish new federal crimes relating to internet gambling, the federal government would be able to pursue cases that it otherwise would not be able to prosecute. CBO expects, however, that most cases would be pursued under existing state laws. Therefore, we estimate that any increase in federal costs for law enforcement, litigation, or proceedings, or prison operations would not be significant. Any such additional costs would be subject to the availability of appropriated funds.

Estimated impact on state and local governments:
Although section 2 of the bill would require the Department of Justice, but any such costs would be negligible. The bill also would have a small effect on the operating costs of the FDIC and the Federal Reserve System. Finally, the bill would have a negligible effect on the collection and spending of criminal penalties.

Basis of estimate:
The bill would have only minor budgetary effects, as described below.

Spending subject to appropriation:
Because H.R. 21 would establish new federal crimes relating to internet gambling, the federal government would be able to pursue cases that it otherwise would not be able to prosecute. CBO expects, however, that most cases would be pursued under existing state laws. Therefore, we estimate that any increase in federal costs for law enforcement, litigation, or proceedings, or prison operations would not be significant. Any such additional costs would be subject to the availability of appropriated funds.

Direct spending and revenues:
The NCUA, the OTS, and the OCC charge fees to financial institutions for their administrative costs; therefore, any additional spending by those agencies to implement the bill would have no net budgetary effect. That is not the case with the FDIC, however, which uses deposit insurance premiums paid by banks to cover the expenses it incurs to supervise state-chartered institutions. (Under current law, CBO estimates that the federal government would incur no significant costs under H.R. 21.) CBO estimates that implementing H.R. 21 would increase direct spending and offset revenues, but CBO estimates that the costs of the mandate would be negligible. The bill also would have a small effect on the operating costs of the FDIC and the Federal Reserve System. Finally, the bill would have a negligible effect on the collection and spending of criminal penalties.

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