CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

July 21, 2017

H.R. 1843
Restraining Excessive Seizure of Property Through the Exploitation of Civil Asset Forfeiture Tools Act

As ordered reported by the House Committee on Ways and Means on July 13, 2017

H.R. 1843 would prohibit the Internal Revenue Service (IRS) from seizing money and other property from people in certain cases that involve the structuring of financial transactions. Current law requires that banks and other financial institutions report to the Department of the Treasury any transaction of more than $10,000. It is illegal for individuals to separate a transaction into multiple pieces, each below $10,000, to avoid such reporting, a process known as structuring. Violators are subject to both civil and criminal penalties. The bill would permit the IRS to seize money and other property in structuring cases only when the structuring was connected to a crime.

The bill would also require the IRS to attempt to provide notice to property owners within 30 days of a structuring-related seizure informing them of their rights provided under the legislation; such rights would include a return of the property under certain new conditions. H.R. 1843 would also modify the Internal Revenue Code to exempt from federal income tax any interest that the Treasury pays on seized funds that are returned. The provisions of H.R. 1843 would be effective on the date of enactment.

The staff of the Joint Committee on Taxation (JCT) estimates that enacting the legislation would reduce revenues by $1 million over the 2018-2027 period. Further, enacting H.R. 1843 could decrease the collection of civil and criminal penalties. Those fines are revenues. Criminal fines are available to be spent without further appropriations. Therefore, enacting the legislation could decrease such federal revenues and associated direct spending, but CBO expects any such decreases would not be significant in any year. Because enacting the bill would affect direct spending and revenue, pay-as-you-go procedures apply.

In addition, based on information from the Department of Treasury and the IRS, CBO estimates that implementing the legislation would have no significant effect on spending subject to appropriation over the next five years because most provisions would codify existing IRS policy and practice.

CBO and JCT estimate that enacting the bill would not significantly increase net direct spending in any of the four consecutive 10-year periods beginning in 2028, and would increase on-budget deficits over those periods by very small amounts.

CBO and JCT have determined that the bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

The CBO staff contacts for this estimate are Peter Huether and Matthew Pickford. The estimate was approved by John McClelland, Assistant Director for Tax Analysis, and Theresa Gullo, Assistant Director for Budget Analysis.