



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

May 9, 2012

**H.R. 4206
Contracting Oversight for
Small Business Jobs Act of 2012**

As ordered reported by the House Committee on Small Business on March 21, 2012

H.R. 4206 would increase the monetary penalty for firms that misrepresent their status as a small business concern in order to obtain government contracts; the bill provides a safe harbor from the penalty, however, if a firm can show that it relied on the opinion of an outside attorney when asserting that it is a small business. The bill also would codify the organization of the Office of Hearings and Appeals, an independent office within the Small Business Administration (SBA) and would require the SBA to prepare a new report for the Congress detailing actions taken each year to suspend or exclude firms from opportunities to win government contracts. Finally, the bill would change the standard to determine when a firm should be suspended or excluded from receiving government contracts for misrepresenting its size.

Based on information from the SBA, CBO estimates that implementing the provisions of H.R. 4206 would cost less than \$500,000 in any year and about \$2 million over the 2013-2017 period, assuming appropriation of the necessary amounts. That amount would be used for additional staff resources to develop new regulations and to handle the additional workload that the new rules would create.

Pay-as-you-go procedures apply to this legislation because it would affect direct spending and revenues. The federal government could collect more criminal penalties if H.R. 4206 is enacted; such penalties are recorded as revenues, deposited in the Crime Victims Fund, and later spent. Based on collections of penalties for similar violations under current law, CBO expects that any additional revenues and direct spending under this bill would have no net effect on the budget.

H.R. 4206 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

The CBO staff contact for this estimate is Susan Willie. The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.