



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

May 29, 2001

S. 487

Technology, Education, and Copyright Harmonization Act of 2001

As ordered reported by the Senate Committee on the Judiciary on May 17, 2001

S. 487 would exempt from copyright laws the digital transmission of literature, music, and other material in educational settings, if certain conditions are met. Copyright laws are administered by the Copyright Office. The bill also would require the Patent and Trademark Office (PTO) to report to the Congress within six months of enactment on the range of technologies that are available to protect the copyrights of material that is accessible in digital form.

Based on information from the Copyright Office and the PTO, CBO estimates that implementing S. 487 would have a negligible impact on the operating budgets of those agencies. The bill would not affect direct spending or receipts; therefore, pay-as-you-go procedures would not apply.

S. 487 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments. However, the bill would impose a private-sector mandate as defined by UMRA on copyright owners. S. 487 would limit the right of copyright owners to collect compensation under copyright law for use of certain secondary materials by educators in long distance classes over the Internet. The bill would clarify existing law to exempt such materials used in digital distance learning from copyright control. According to information from the Copyright Office and industry sources, compensation currently received by copyright owners from the use of those materials is minimal. CBO estimates, therefore, that the direct cost of the mandate would fall well below the annual threshold established by UMRA for private-sector mandates (\$113 million in 2001, adjusted annually for inflation).

The CBO staff contacts for this estimate are Ken Johnson (for federal costs), and Paige Piper/Bach (for the private-sector impact). This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.