



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 24, 2002

### **S. 487**

### **Technology, Education, and Copyright Harmonization Act of 2001**

*As ordered reported by the House Committee on the Judiciary on July 17, 2002*

S. 487 would modify the exemption under copyright law for schools and governments that display and copy literature, music, and other material for educational purposes. Copyright laws are administered by the Copyright Office. The act 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 copyrighted material that is available 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 act 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. S. 487 would impose a private-sector mandate, as defined by UMRA. CBO estimates that the direct cost of the mandates would fall well below the annual threshold established by UMRA for private-sector mandates (\$115 million in 2002, adjusted annually for inflation).

S. 487 would impose a private-sector mandate as defined by UMRA on copyright owners. The act would limit the right of copyright owners to collect compensation under copyright law for use of certain secondary materials by educators in classes offered over the Internet. It would clarify existing law to exempt the digital transmission of such materials used in distance learning from copyright control. According to information from the U.S. 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, measured as net income forgone, would fall well below the annual threshold established by UMRA for private-sector mandates (\$115 million in 2002, adjusted annually for inflation).

On May 29, 2001, CBO transmitted a cost estimate for S. 487 as ordered reported by the Senate Committee on the Judiciary on May 17, 2001. The two versions of the act are nearly identical, and the estimated costs are the same. Both versions of the bill contain the same private-sector mandate.

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.