



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

May 20, 2005

H.R. 744
Internet Spyware (I-SPY) Prevention Act of 2005
As ordered reported by the House Committee on the Judiciary on May 18, 2005

SUMMARY

H.R. 744 would establish new federal crimes for the use of certain computer software—known as spyware—to collect personal information or to commit a federal criminal offense. The bill would authorize the appropriation of \$40 million over the 2006-2009 period for the Attorney General to prosecute violations of the new law. Assuming appropriation of the authorized amounts, CBO estimates that implementing the bill would cost \$9 million in 2006 and \$40 million over the 2006-2010 period. CBO expects that enacting the bill would have an insignificant effect on federal revenues and direct spending.

H.R. 744 contains an intergovernmental mandate as defined in the Unfunded Mandates Reform Act (UMRA), but CBO estimates that the resulting costs for state, local, and tribal governments would be minimal and would not exceed the threshold established in UMRA (\$62 million in 2005, adjusted annually for inflation). The bill contains no new private-sector mandates as defined in UMRA.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 744 is shown in the following table. The costs of this legislation fall within budget function 370 (commerce and housing credit).

	By Fiscal Year, in Millions of Dollars				
	2006	2007	2008	2009	2010
CHANGES IN SPENDING SUBJECT TO APPROPRIATION					
Authorization Level	10	10	10	10	0
Estimated Outlays	9	10	10	10	1

For this estimate, CBO assumes the bill will be enacted near the start of the fiscal year 2006 and that the authorized amounts will be appropriated each year.

Enacting H.R. 744 could increase federal revenues and direct spending as a result of additional criminal penalties assessed for violations of law relating to spyware. Collections of criminal penalties are recorded in the budget as revenues, deposited in the Crime Victims Fund, and later spent. CBO estimates, however, that any additional revenues and direct spending that would result from enacting the bill would not be significant because of the relatively small number of cases likely to be involved.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

Section 1030A (c) of H.R. 744 would prohibit states from creating civil penalties that specifically reference the statute. This prohibition would constitute a mandate as defined in UMRA but it is narrow and would not prohibit states from passing similar criminal and civil statutes. Therefore, CBO estimates that any costs to state, local, or tribal governments would be minimal and would fall significantly below the threshold established in UMRA (\$62 million in 2005, adjusted annually for inflation).

ESTIMATED IMPACT ON THE PRIVATE SECTOR

The bill contains no new private-sector mandates as defined in UMRA.

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