



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

November 5, 2013

H.R. 1123
Unlocking Consumer Choice and Wireless Competition Act

As ordered reported by the House Committee on the Judiciary on July 31, 2013

CBO estimates that implementing H.R. 1123 would have no significant effect on discretionary spending over the 2014-2018 period. Enacting H.R. 1123 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

H.R. 1123 would repeal a rule published in October 2012 by the Librarian of Congress (LOC) that would limit the ability of certain owners of wireless telephone handsets to “unlock” their phones, that is, to circumvent software protections that prevent the owner from connecting to a different wireless network. The bill would reinstate an earlier rule that provided broader authority to circumvent such software protections. H.R. 1123 also would direct the LOC to consider, within a year after enactment, whether to extend that broader authority to other categories of wireless devices in addition to smartphones. Based on information from the LOC, CBO expects that implementing the provisions of the bill would not have a significant effect on the agency’s workload.

H.R. 1123 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

H.R. 1123 would impose a private-sector mandate by eliminating an existing right of action for wireless carriers (and others)—who are currently able to pursue legal action against those who, without permission, circumvent the access controls on wireless telephone handsets sold after January 26, 2013. The cost of the mandate would be the forgone net value of settlements and damages in such cases. A search of the literature suggests that few, if any, of those types of lawsuits have been brought against individual consumers. Because such claims would probably be uncommon in the future and the damage awards allowed in such cases would be relatively small, CBO estimates that the cost of this mandate would be small and fall below the annual threshold established in UMRA for private-sector mandates (\$150 million in 2013, adjusted annually for inflation). If the Librarian of Congress decides to broaden the exemption allowed under the bill to cover other types of mobile devices, such an action would expand the limit of such rights

of action. The cost of that expansion would depend on what devices the Librarian would include under the exemption. CBO has no basis to estimate additional costs as they would depend on the regulatory actions taken by the Librarian.

The CBO staff contacts for this estimate are Susan Willie (for federal costs), and Marin Burnett and Nathan Musick (for the private-sector impact). The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.