



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 20, 2007

S. 704

Truth in Caller ID Act of 2007

*As ordered reported by the Senate Committee on Commerce, Science, and Transportation
on June 27, 2007*

SUMMARY

S. 704 would amend the Communications Act of 1934 to prohibit caller identification services (known as Caller ID) from transmitting misleading or inaccurate caller identification information with the intent to defraud or cause harm. Prohibitions under the bill would apply to both traditional telephone and voice over Internet protocol services. Caller ID allows consumers to see the names and telephone numbers of incoming calls. The Federal Communications Commission (FCC) would be required to develop regulations to implement the new restriction. Assuming appropriation of the necessary amounts, CBO estimates that implementing the bill would cost about \$5 million over the 2008-2012 period.

Enacting the bill could increase federal revenues and direct spending by increasing collections of civil, criminal, and forfeiture penalties for violations of the Caller ID prohibitions. All such penalties are recorded in the budget as revenues. Collections of criminal penalties are deposited in the Crime Victims Fund and spent in subsequent years. CBO estimates that any increase in 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.

S. 704 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). Any costs that state governments might incur would be incurred voluntarily.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 704 is shown in the following table. The costs of this legislation fall within budget function 370 (commerce and housing credit). For this estimate, CBO assumes that the bill will be enacted before the start of 2008 and that spending will

follow historical patterns for similar FCC activities. Based on information from the FCC and subject to the availability of the necessary amounts, CBO estimates that implementing the bill would cost \$1 million annually over the 2008-2012 period to issue and enforce the new regulations.

	By Fiscal Year, in Millions of Dollars				
	2008	2009	2010	2011	2012
CHANGES IN SPENDING SUBJECT TO APPROPRIATION					
Estimated Authorization Level	1	1	1	1	1
Estimated Outlays	1	1	1	1	1

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 704 contains no intergovernmental mandates as defined in UMRA. The bill would (1) allow states to bring civil actions on behalf of their residents in district courts, (2) require those states to notify the FCC of those actions, and (3) allow the FCC to intervene in such actions. Any costs those entities might incur to comply with those requirements would be incurred voluntarily.

PREVIOUS CBO ESTIMATE

On March 20, 2007, CBO transmitted a cost estimate for H.R. 251, the Truth in Caller ID Act. S. 704 would allow the FCC to collect civil forfeitures and criminal penalties for violations of the Caller ID provisions in addition to the civil penalties allowed under H.R. 251. Because the FCC expects to prosecute a small number of cases, the broader options for penalties would not significantly increase estimated revenues collected or related spending.

ESTIMATE PREPARED BY:

Federal Costs: Susan Willie

Impact on State, Local, and Tribal Governments: Elizabeth Cove

Impact on the Private Sector: Amy Petz

ESTIMATE APPROVED BY:

Peter H. Fontaine

Deputy Assistant Director for Budget Analysis