



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

November 28, 2007

**H.R. 2601
Do-Not-Call Registry Fee Extension Act of 2007**

*As ordered reported by the House Committee on Energy and Commerce
on October 30, 2007*

SUMMARY

H.R. 2601 would authorize the Federal Trade Commission (FTC) to continue to collect and spend fees to operate and enforce the “do-not-call” registry. The registry contains a list of consumers whom telemarketers are prohibited from calling. The bill also would require FTC to prepare two reports for the Congress about the use and effectiveness of the registry.

Based on information from the FTC, CBO estimates that the agency would collect a total of \$107 million under the bill over the 2008-2012 period and spend \$105 million over that period, assuming appropriation actions consistent with the bill. Over the five-year period, CBO estimates that implementing H.R. 2601 would decrease net spending subject to appropriation by \$2 million. Enacting H.R. 2601 would not affect direct spending or revenues.

H.R. 2601 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

H.R. 2601 would impose a private-sector mandate, as defined in UMRA, by making permanent the authority of the FTC to collect fees from telemarketers. CBO expects that the cost of that mandate would fall below the annual threshold established in UMRA for private-sector mandates (\$131 million, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 2601 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 | | | | |
|---|--|------|------|------|------|
| | 2008 | 2009 | 2010 | 2011 | 2012 |
| CHANGES IN SPENDING SUBJECT TO APPROPRIATION | | | | | |
| FTC Spending for the Do-Not-Call Registry | | | | | |
| Estimated Authorization Level | 21 | 21 | 21 | 22 | 22 |
| Estimated Outlays | 19 | 21 | 21 | 22 | 22 |
| Offsetting Collections from Telemarketers | | | | | |
| Estimated Authorization Level | -21 | -21 | -21 | -22 | -22 |
| Estimated Outlays | -21 | -21 | -21 | -22 | -22 |
| Net Changes to FTC Spending | | | | | |
| Estimated Authorization Level | 0 | 0 | 0 | 0 | 0 |
| Estimated Outlays | -2 | 0 | 0 | 0 | 0 |

BASIS OF ESTIMATE

H.R. 2601 would authorize the FTC to collect fees sufficient to operate and enforce the “do-not-call” registry, contingent on approval of the fees in annual appropriation acts. For this estimate, CBO assumes that H.R. 2601 and the necessary appropriation provisions will be enacted near the beginning of fiscal year 2008. In fiscal year 2007, the FTC incurred costs of about \$25 million and collected fees of approximately \$22 million to operate and enforce the “do-not-call” registry.

The bill would set fees for firms that subscribe to the registry at rates lower than the FTC is currently charging. Based on information from the commission, CBO expects that the lower fees authorized by the bill would still be sufficient to cover the costs of operating the registry. CBO estimates that the FTC would collect \$107 million and spend \$105 million over the 2008-2012 period, assuming the necessary appropriation actions. Thus, over the five-year period, implementing H.R. 2601 would result in a reduction of \$2 million in net spending subject to appropriation.

CBO estimates that the cost of preparing two reports for the Congress regarding the effectiveness of the registry would be less than \$500,000, subject to the availability of appropriated funds.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

H.R. 2601 contains no intergovernmental mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

The requirement that telemarketers pay fees to use the “do-not-call” registry would constitute a private-sector mandate as defined in UMRA. CBO estimates that those fees would amount to \$107 million over the next five years. Consequently, the cost of the mandate would fall below the annual threshold established in UMRA (\$131 million, adjusted annually for inflation).

PREVIOUS CBO ESTIMATE

On September 27, 2007, CBO transmitted an estimate for S. 781, the Do-Not-Call Registry Fee Extension Act of 2007, as ordered reported by the Senate Committee on Commerce, Science, and Transportation on August 2, 2007. H.R. 2601 and S. 781 are identical, as are the cost estimates.

ESTIMATE PREPARED BY:

Federal Costs: Susan Willie

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

Impact on the Private Sector: MarDestinee Perez

ESTIMATE APPROVED BY:

Theresa Gullo

Deputy Assistant Director for Budget Analysis