



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

April 16, 1998

H.R. 2281
WIPO Copyright Treaties Implementation Act

As ordered reported by the House Committee on the Judiciary on April 1, 1998

CBO estimates that enacting H.R. 2281 would have no significant impact on the federal budget. Enacting the bill would establish new criminal penalties and thus could affect both receipts and direct spending. Hence, pay-as-you-go procedures would apply, but we expect that any changes in receipts and direct spending would be insignificant.

Title I of H.R. 2281 would amend U.S. copyright law to comply with two treaties produced by the December 1996 conference of the World Intellectual Property Organization—one regarding the use of copyrighted material in digital environments, and the other dealing with international copyright protection of performers and producers of phonograms. Section 1204 would establish criminal fines of up to \$1 million for anyone attempting to circumvent copyright protection systems, or falsifying or altering copyright management information. Enacting this provision could increase governmental receipts from the collection of fines, but we estimate that any such increase would be less than \$500,000 annually. Criminal fines are deposited in the Crime Victims Fund and are spent in the following year. Thus any change in direct spending from the fund would also amount to less than \$500,000 annually.

Title II would limit the liability for copyright infringement of persons who are providers of on-line services or network access. Based on information from the Copyright Office, CBO estimates this provision would have no budgetary impact.

Section 4 of the Unfunded Mandates Reform Act of 1995 excludes from the application of that act any legislative provisions that are necessary for the ratification or implementation of international treaty obligations. CBO has determined that Title I of the bill fits within that exclusion because it is necessary for the implementation of the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty. Title II of the bill does not contain any intergovernmental or private-sector mandates.

The CBO staff contact for this estimate is Kim Cawley. This estimate was approved by Robert A. Sunshine, Deputy Assistant Director for Budget Analysis.