



CONGRESSIONAL BUDGET OFFICE  
COST ESTIMATE

March 2, 1998

**H.R. 2369**  
**Wireless Privacy Enhancement Act of 1998**

*As ordered reported by the House Committee on Commerce on February 26, 1998.*

CBO estimates that enacting this bill would have no significant effect on the federal budget. Because the bill would establish new criminal penalties and could affect receipts, pay-as-you-go procedures would apply. H.R. 2369 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act of 1995 (UMRA), and would not affect the budgets of state, local, or tribal governments. H.R. 2369 would impose a new private-sector mandate, but CBO estimates the direct cost to industry of complying with the bill would fall well below the statutory threshold for private-sector mandates.

H.R. 2369 would amend the Communications Act of 1934 to prohibit modifying any equipment used to communicate electronically in any manner that would not comply with regulations affecting electronic eavesdropping. The bill would direct the Federal Communications Commission (FCC) to prepare regulations to deny the authorization to use FCC equipment for certain scanning receivers that may be capable of unauthorized interception of communication transmissions. Based on information from the FCC, we estimate that these regulations would cost less than \$500,000 to promulgate, assuming appropriation of the necessary amounts. Furthermore, under current law the FCC is authorized to collect fees from the telecommunications industry sufficient to offset the cost of its regulatory program. Therefore, CBO estimates the net budgetary effect of this provision would be negligible over time.

The bill also would amend the Communications Act of 1934 to impose criminal penalties for intercepting, publishing, or divulging a communication that is not authorized. CBO estimates that this provision would have a negligible effect on revenues. The bill would direct the FCC to investigate alleged violations of this portion of the act and to enforce this provision through forfeiture penalties. Under current law, any enforcement costs that the agency incurs are offset by fees charged to the industries that the FCC regulates. As a result, we estimate this provision would not result in any significant net cost to the federal government.

H.R. 2369 would impose a new private-sector mandate, as defined by UMRA, on manufacturers, importers, sellers, and those who modify scanning receivers. The bill would expand the FCC's criteria for authorizing equipment. Based on information provided by the leading manufacturer of scanning receivers and the FCC, CBO estimates that the direct cost of complying with H.R. 2369 would fall well below the statutory threshold for private-sector mandates (\$100 million in 1996, adjusted annually for inflation).

The CBO staff contacts for this estimate are: Kim Cawley (for federal costs), Alyssa Trzeszkowski (for revenues), and Jean Wooster (for private sector mandates). This estimate was approved by Paul N. Van de Water, Assistant Director for Budget Analysis.