



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

May 12, 1998

H.R. 3723

**United States Patent and Trademark Office Reauthorization Act,
Fiscal Year 1999**

*As ordered reported by the House Committee on the Judiciary on May 6, 1998,
with a subsequent amendment*

SUMMARY

Starting in 1999, H.R. 3723 would authorize an increase in the various user fees charged by the Patent and Trademark Office (PTO). The bill would authorize the PTO to collect and spend fees, to the extent and in the amount provided in advance in appropriation acts. CBO estimates that implementing H.R. 3723 would result in additional offsetting collections of \$591 million and additional spending of \$524 million over the 1999-2003 period, assuming that the fees authorized by the bill are approved in appropriation acts. Because the bill would not affect direct spending or receipts, pay-as-you-go procedures would not apply.

H.R. 3723 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act of 1995 (UMRA) and would not affect the budgets of state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 3723 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					
	1998	1999	2000	2001	2002	2003
SPENDING SUBJECT TO APPROPRIATION						
PTO Spending Under Current Law						
Estimated Authorization Level ^a	-44	71	0	0	0	0
Estimated Outlays	-51	-25	-39	-40	-42	-45
Proposed Changes						
Spending						
Estimated Authorization Level	0	102	110	118	126	135
Estimated Outlays	0	66	97	112	120	129
Offsetting Collections						
Estimated Authorization Level	0	-102	-110	-118	-126	-135
Estimated Outlays	0	-102	-110	-118	-126	-135
PTO Spending Under H.R. 3723						
Estimated Authorization Level	-44	71	0	0	0	0
Estimated Outlays	-2	-61	-52	-46	-48	-51

a. The 1998 level is the amount appropriated for that year; the 1999 level is the estimated advance appropriation made in 1998. In subsequent years, current-law projections assume that PTO would be allowed to spend all of the fees that it is currently authorized to collect except for the surcharge fees that expire at the end of 1998 (and which are not credited as offsetting collections to appropriations).

BASIS OF ESTIMATE

For the purposes of this estimate, CBO assumes that H.R. 3723 will be enacted by the end of fiscal year 1998 and that outlays will follow historical spending patterns for the PTO.

CBO assumes that over time PTO would be authorized to spend all of the fees that the agency collects, except for the surcharge fees required to be collected through 1998 pursuant to the Omnibus Budget Reconciliation Act of 1990. All PTO fees except for the surcharge fees are currently credited as offsetting collections to annual appropriations. Hence, our current-law projections show the estimated authorization levels for fiscal years 1998 through 2003 net of the user fees estimated to be collected and spent by the agency under appropriation acts.

CBO estimates that collections of PTO fees (including surcharge fees) will be \$854 million in fiscal year 1998. With the expiration of the surcharge, we estimate that fee income will drop to \$741 million in 1999 under current law. Under the new, higher levels for PTO fees authorized by H.R. 3723, CBO projects that income from such fees would total \$843 million in 1999.

The agency would need to receive approval in appropriation acts to collect and spend any of its fees. Because the assessment and collection of the additional user fees under H.R. 3723 would be subject to the enactment of appropriation legislation, these fees would offset discretionary spending authorized by the bill. Because spending lags the collection of fees, CBO estimates the net change resulting from enactment of this bill would be a reduction in discretionary outlays of \$67 million over the 1999-2003 period, assuming the necessary appropriation action.

In addition to authorizing increases in the fees that PTO charges for its services, H.R. 3723 would authorize appropriations for 1999 equal to the sum of \$66 million from fees collected in 1998 plus all fees collected in 1999. Under current law, PTO collects a number of user fees that are spent by the agency to the extent provided in advance in appropriation acts. Last year, the Congress limited the amount of 1998 fees that PTO can obligate in 1998, resulting in an advance appropriation for 1999 that CBO estimates will total \$71 million. Hence, H.R. 3723's authorization of \$66 million from 1998 fees is already encompassed by the advance appropriation under current law. CBO estimates that H.R. 3723 would authorize a net additional appropriation of \$102 million for 1999—the amount of estimated fee collections from the change in fee levels.

PAY-AS-YOU-GO CONSIDERATIONS: None.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 3723 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments. Because the authorized increases in PTO fees would take effect only upon subsequent appropriation action, provisions of this bill that relate to those fees are not private-sector mandates.

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