



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

May 11, 2000

H.R. 1291

Internet Access Charge Prohibition Act of 2000

As ordered reported by the House Committee on Commerce on May 10, 2000

SUMMARY

H.R. 1291 would prohibit the Federal Communications Commission (FCC) from collecting fees from Internet service providers to finance the Universal Service Fund that are based on the length of time that the Internet access service is provided. Currently, the FCC does not charge any such fees and has no plans to do so. Internet service providers carry data transmissions of their customers, and such data may be used to provide telephone services. H.R. 1291 would allow the FCC to charge Internet service providers for the Universal Service Fund only when they provide telephone services.

Certain charges imposed on telecommunications services either by states or the federal government under the Telecommunications Act of 1996 to support universal service are recorded in the federal budget. (Universal service is a program intended to promote the availability of telecommunications services at affordable rates.) Because H.R. 1291 could affect direct spending and receipts, pay-as-you-go procedures would apply, but CBO estimates that any such effects would be negligible. H.R. 1291 contains no private-sector or intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

Under the Universal Service Fund established by the Telecommunications Act of 1996, the FCC seeks to provide universal access to telecommunications services through various charges to some telephone companies and payments to others. The 1996 act also permits states to establish additional collections and payments to preserve and advance universal service, so long as these mechanisms are not inconsistent with federal law.

The Universal Service Fund records these transactions in the federal budget as governmental receipts and direct spending. To the extent that the FCC or states would choose to support universal service through charges on Internet service providers based on the time such services are used, H.R. 1291 could result in forgoing revenues and direct spending. The FCC does not charge any such fees and has no plans to do so. H.R. 1291 would allow the FCC to charge Internet service providers when customers' data transmissions are used to support telephone services; therefore, CBO estimates that any change in revenues and direct spending as a result of this legislation would be negligible.

The costs of this legislation fall within budget function 370 (commerce and housing credit).

PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending and receipts. As noted above, H.R. 1291 could affect direct spending and receipts, but CBO estimates that any such effects would be negligible.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 1291 contains no private-sector or intergovernmental mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

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