



**CONGRESSIONAL BUDGET OFFICE  
COST ESTIMATE**

June 2, 2000

**H.R. 3489**

**Wireless Telecommunications Privacy Act of 2000**

*As ordered reported by the House Committee on the Judiciary on May 22, 2000*

**SUMMARY**

CBO estimates that enactment of H.R. 3489 would have a negligible effect on the federal budget.

H.R. 3489 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. In addition, the bill would require the General Accounting Office to issue a report on whether the Federal Communications Commission (FCC) has accurately assessed regulatory fees.

The bill would impose criminal penalties for intercepting, publishing, or divulging a communication that is not authorized. Because H.R. 3489 could affect direct spending and receipts, pay-as-you-go procedures would apply, but CBO estimates that any such effects would be negligible. CBO estimates that net discretionary costs to the FCC to implement the provisions of this bill also would be negligible.

H.R. 3489 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.

The bill would impose a new private-sector mandate, as defined in UMRA, on manufacturers, importers, sellers, and those who modify scanning receivers. The direct cost of the mandate would be well below the annual threshold established in UMRA for private-sector mandates (\$109 million in 2000, adjusted for inflation).

## **ESTIMATED COST TO THE FEDERAL GOVERNMENT**

H.R. 3489 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 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, CBO estimates that these regulations would cost less than \$500,000 to promulgate, assuming availability of appropriated funds.

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; consequently, the federal government might collect additional penalties if H.R. 3489 is enacted. Collections of penalties are recorded in the budget as governmental receipts (revenues), which are deposited in the Crime Victims Fund and spent in subsequent years. CBO estimates that any additional receipts and direct spending that would occur under this bill would be negligible. 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 that this provision would not result in any significant net cost to the federal government.

CBO estimates that the other provisions of the bill would have no significant budgetary impact. The costs of this legislation would 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 or receipts. As noted above, H.R. 3489 could affect direct spending and receipts, but CBO estimates that any such effects would be negligible.

## **ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS**

H.R. 3489 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**

H.R. 3489 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 certifying equipment before it can be imported or marketed. 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. 3489 would fall well below the statutory threshold for private-sector mandates (\$109 million in 2000, adjusted annually for inflation).

## **PREVIOUS CBO ESTIMATES**

On May 22, 2000, CBO transmitted a cost estimate of H.R. 3489, as ordered reported by the House Committee on Commerce on May 17, 2000. On February 22, 1999, CBO transmitted a cost estimate of H.R. 514, the Wireless Privacy Enhancement Act of 1999, as ordered reported by the House Committee on Commerce on February 11, 1999. The Judiciary Committee's version of H.R. 3489 is nearly identical to H.R. 514 and to the provisions of the Commerce Committee's version of H.R. 3489 that concern electronic eavesdropping, and our cost estimates are the same for these provisions. The Commerce Committee's version of H.R. 3489 also contained provisions that concern state taxation of mobile telephone services.

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