



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

May 18, 2004

S. 1932

Artists' Rights and Theft Prevention Act of 2004

As reported by the Senate Committee on the Judiciary on April 29, 2004

SUMMARY

S. 1932 would establish new federal crimes for the unauthorized recording of motion pictures in movie theaters or other venues and for other acts relating to copyright infringement. The bill would authorize the appropriation of \$5 million for each of fiscal years 2005 through 2009 for the Department of Justice to prosecute violators of intellectual property laws.

Assuming appropriation of the necessary amounts, CBO estimates that implementing the bill would cost \$23 million over the 2005-2009 period. S. 1932 could affect direct spending and receipts, but we estimate that any such effects would be less than \$500,000 annually.

S. 1932 contains an intergovernmental mandate as defined in the Unfunded Mandates Reform Act (UMRA) because it would preempt certain state and local civil and criminal laws; however, CBO estimates that the resulting costs, if any, would not be significant and would not exceed the threshold established in UMRA (\$60 million in 2004, adjusted annually for inflation). This bill contains no new private-sector mandates as defined in UMRA.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 1932 is shown in the following table. For this estimate, CBO assumes that the bill will be enacted by the end of fiscal year 2004. CBO assumes that the amounts authorized by the bill will be appropriated by the start of each fiscal year and that outlays will follow the historical rate of spending for these activities. The costs of this legislation fall within budget function 750 (administration of justice).

	By Fiscal Year, in Millions of Dollars				
	2005	2006	2007	2008	2009
CHANGES IN SPENDING SUBJECT TO APPROPRIATION					
Authorization Level	5	5	5	5	5
Estimated Outlays	3	5	5	5	5

Because the bill would establish new federal crimes and would authorize the appropriation of funds for additional personnel to prosecute offenders, the government would be able to pursue more cases than it could under current law. CBO expects that any resultant increase in federal costs for court proceedings or prison operations would not be significant, however, because of the relatively small number of additional cases likely to be involved. In recent years, there have been about 100 copyright offenders convicted annually under existing copyright law, with fewer than half of these individuals receiving prison sentences. Any such additional costs would be subject to the availability of appropriated funds.

In addition to the costs shown in the table, enacting S. 1932 could affect direct spending and receipts through the collection of criminal fines from violators of the bill's provisions. However, we estimate that any such effects would be less than \$500,000 in any year because of the small number of additional cases likely to be affected.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

S. 1932 contains an intergovernmental mandate as defined in UMRA because it would preempt certain state and local laws. It would give theater owners and employees the authority to detain someone who may be trying to illegally record a movie and provide them immunity from any civil or criminal liability that may result from that detention. Under some current state and local laws, the owners or employees may be liable in criminal or civil actions if the suspects are wrongly detained. CBO estimates that the costs of this preemption, if any, would not be significant and would not exceed the threshold established in UMRA (\$60 million in 2004, adjusted annually for inflation).

ESTIMATED IMPACT ON THE PRIVATE SECTOR

S. 1932 contains no new private-sector mandates as defined in UMRA.

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