



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

October 28, 2009

**H.R. 1147
Local Community Radio Act of 2009**

*As ordered reported by the House Committee on Energy and Commerce
on October 15, 2009*

H.R. 1147 would amend rules that limit the number of low-power radio stations that may be licensed by the Federal Communications Commission (FCC). Low-power stations are operated by noncommercial entities and broadcast very weak signals (100 watts or less) that reach a limited geographic area. The bill would repeal some engineering requirements that currently limit the number of low-power radio stations that can operate in certain areas and would direct the FCC to ensure the availability of radio spectrum for both low-power FM stations and stations that translate FM signals initially transmitted by other stations (known as FM translators).

CBO estimates that implementing the bill would have no significant effect on the federal budget. Easing restrictions on low-power radio stations would probably increase the number of applications for such licenses. Based on information from the FCC, CBO estimates that the administrative costs of processing additional license applications would be negligible and that there would be no change in the FCC's offsetting collections because noncommercial entities do not pay fees for such licenses. Provisions affecting the allocation of spectrum between low-power FM stations and FM translators could affect offsetting receipts from future spectrum auctions, but CBO estimates that those changes are unlikely to affect proceeds from the auctions that will be held before the FCC's authority to auction the spectrum expires at the end of 2013.

H.R. 1147 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA). To the extent that public entities choose to apply for and develop new radio stations, they would voluntarily incur some costs.

The bill could, however, impose a private-sector mandate, as defined in UMRA. According to the FCC, 15 low-power FM radio stations are currently licensed to broadcast on frequencies within two channels of another channel. If any of those existing licenses were to be invalidated, the bill would impose a private-sector mandate. Because the number of licenses that may be affected is small, and the stations are noncommercial,

CBO estimates that the cost of the mandate, if imposed, would fall well below the annual threshold established in UMRA for private-sector mandates (\$139 million in 2009, adjusted annually for inflation).

The CBO staff contact for this estimate is Susan Willie. The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.