



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

April 7, 2010

H.R. 1258 **Truth in Caller ID Act of 2010**

*As ordered reported by the House Committee on Energy and Commerce
on March 10, 2010*

H.R. 1258 would amend the Communications Act of 1934 to prohibit caller identification services (known as Caller ID) from transmitting misleading or inaccurate information with the intent to defraud or deceive. Caller ID allows consumers to see the names and telephone numbers of incoming calls. Prohibitions under the bill would apply to both traditional telephone and voice over Internet protocol services.

Based on information from the Federal Communications Commission (FCC), CBO expects that developing and enforcing regulations required under the bill would cost about \$1 million annually, assuming appropriation of the necessary amounts. Furthermore, under current law, the FCC is authorized to collect fees from the telecommunications industry sufficient to offset the cost of its regulatory program. Therefore, CBO estimates the net budgetary impact of H.R. 1258 would be negligible.

Enacting H.R. 1258 would not affect direct spending or revenues; therefore, pay-as-you-go procedures would not apply.

By prohibiting entities from providing caller ID information that is deceptive, the bill would impose an intergovernmental and private-sector mandate, as defined in the Unfunded Mandates Reform Act (UMRA). The number of entities affected by the mandate would depend on decisions made by the FCC in its rulemaking process. For example, the prohibition could affect entities such as domestic violence shelters that provide false caller ID numbers to prevent call recipients from discovering the location of victims. The costs of complying with the mandate would be the expenditures necessary to use other means to protect the identity of a caller, such as using disposable cell phones to make calls. The legislation also would direct the FCC to consider requiring entities to transmit accurate caller ID information when making noncommercial calls with an artificial or prerecorded message to households. Such a requirement, if implemented by the FCC, would impose a mandate on those entities. Based on information from industry

sources, CBO expects that the total cost of the mandates in the bill would fall well below the annual thresholds for intergovernmental and private-sector mandates established in UMRA (\$70 million and \$141 million, respectively, in 2010, adjusted annually for inflation).

On August 24, 2009, CBO transmitted an estimate for S. 30, the Truth in Caller ID Act of 2009, as ordered reported by the Senate Committee on Commerce, Science, and Transportation on August 5, 2009. The Senate legislation includes language that would authorize civil and criminal penalties for violations of the Caller ID provisions; H.R. 1258 does not. S. 30 also contains a narrower prohibition on entities that transmit inaccurate caller ID information and thus would not impose the mandates that would be imposed by H.R. 1258. The estimates for each bill reflect those differences.

The CBO staff contacts for this estimate are Susan Willie (for federal costs), Elizabeth Cove Delisle (for intergovernmental mandates), and Sam Wice (for private-sector mandates). The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.