



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 12, 2009

H.R. 2765

A bill to amend title 28, United States Code, to prohibit recognition and enforcement of foreign defamation judgments and certain foreign judgments against the providers of interactive computer services

As ordered reported by the House Committee on the Judiciary on June 10, 2009

H.R. 2765 would prohibit U.S. district and state courts from enforcing foreign defamation judgments that are inconsistent with Constitutional protections and certain telecommunications laws. In general, foreign courts do not have jurisdiction over the United States, and U.S. courts would not recognize a foreign judgment against the United States. (Under the Federal Tort Claims Act, the federal government waived its sovereign immunity and consented to being sued in federal courts only in particular cases.) Therefore, CBO estimates that H.R. 2765 would have no significant effect on the federal budget.

H.R. 2765 contains an intergovernmental mandate as defined in the Unfunded Mandates Reform Act (UMRA) because it would preempt state laws related to foreign judgments. CBO estimates that state courts would incur no significant costs to comply with the preemption; therefore the costs of the mandate would not exceed the annual threshold established in UMRA for intergovernmental mandates (\$69 million in 2009, adjusted for inflation).

The bill also would impose private-sector mandates as defined in UMRA on individuals seeking to have certain foreign defamation judgments enforced in the United States. New requirements on those individuals would limit an existing right to recover damages. The direct cost of the mandate would be the net value of forgone awards and settlements in such claims. Based on information about foreign defamation cases, CBO expects that the cost of the mandate would fall 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 Leigh Angres. This estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.