



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

August 13, 2009

### **H.R. 3114**

**An act to authorize the Director of the United States Patent and Trademark Office to use funds made available under the Trademark Act of 1946 for patent operations in order to avoid furloughs and reductions-in-force, and for other purposes**

*As cleared by the Congress on July 16, 2009, and signed by the President on August 7, 2009*

#### **SUMMARY**

Under prior law, amounts available to the Patent and Trademark Office (PTO) from the collection of trademark fees could only be spent on activities related to processing trademark applications. H.R. 3114 (enacted as Public Law 11-45) will, for a limited time, allow PTO to use some of the funds generated by trademark fees for patent activities in certain circumstances. The act also requires PTO to levy a surcharge on patent fees to collect an amount equal to any funds used under this new authority. Proceeds from that surcharge must be collected by the end of fiscal year 2014.

Based on information from PTO, CBO estimates that H.R. 3114 will increase direct spending by \$70 million through 2010 but will have no net effect on such spending over the 2009-2014 and 2009-2019 periods. The act will not affect revenues. We estimate that implementing the act also will not affect spending subject to appropriation.

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

The estimated budgetary impact of H.R. 3114 is shown in the following table. The costs of this legislation fall within budget function 370 (commerce and housing credit).

By Fiscal Year, in Millions of Dollars													
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2009-2014	2009-2019
<b>CHANGES IN DIRECT SPENDING</b>													
Increase in Direct Spending Authority													
Estimated Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0	0
Estimated Outlays	5	65	0	0	0	0	0	0	0	0	0	70	70
Offsetting Receipts													
Estimated Budget Authority	0	0	-20	-20	-20	-10	0	0	0	0	0	-70	-70
Estimated Outlays	0	0	-20	-20	-20	-10	0	0	0	0	0	-70	-70
Net Change in Direct Spending Under H.R. 3114													
Estimated Authorization Level	0	0	-20	-20	-20	-10	0	0	0	0	0	-70	-70
Estimated Outlays	5	65	-20	-20	-20	-10	0	0	0	0	0	0	0

## BASIS OF ESTIMATE

H.R. 3114 temporarily authorizes PTO to spend amounts collected for trademark operations on patent activities, pending certification by the agency that the funds are needed to avoid furloughs or reductions-in-force. This authority will remain in effect through June 30, 2010. Based on information from PTO, CBO estimates that the agency will use \$70 million in trademark funds over that period to support patent operations.

The act also requires PTO to establish a surcharge on patent fees to collect an amount equal to amounts used under the new authority by the end of fiscal year 2014. Any new fees will be deposited in the U.S. Treasury and classified as offsetting receipts (a credit against direct spending).

CBO estimates that enacting H.R. 3114 will have no net effect on the federal deficit over time because it will increase direct spending and offsetting receipts by equal amounts.

## PREVIOUS CBO ESTIMATE

On July 6, 2009, CBO transmitted an estimate for S. 1358, an act to authorize the Director of the United States Patent and Trademark Office to use funds made available under the Trademark Act of 1946 for patent operations in order to avoid furloughs and reductions-in force, as passed by the Senate on June 25, 2009. S. 1358 would authorize PTO to spend funds available for trademark operations on activities related to patent

processing. S. 1358, however, does not contain language to require PTO to charge additional fees. CBO estimated that S. 1358 would increase direct spending by \$70 million over the 2009-2014 period.

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