



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

August 20, 2010

S. 3490 **Spectrum Relocation Improvement Act of 2010**

*As ordered reported by the Senate Committee on Commerce, Science,
and Transportation on July 22, 2010*

Current law provides a statutory framework for reallocating electromagnetic spectrum from government to commercial use. Commercial licenses to use those frequencies are awarded by the Federal Communications Commission (FCC) through a competitive bidding process, and proceeds from the auctions are deposited in the Treasury. Prior to an auction, prospective bidders are given information about the government's relocation plans; after the auction, the affected agencies are authorized to spend auction proceeds to pay for equipment and facilities needed to maintain comparable capabilities using different frequencies.

S. 3490 would revise the relocation process in several ways, including imposing a new requirement for agencies to report on the cost of any proposals to expand the capabilities of federal systems as part of the spectrum relocation process. The bill also would direct the Government Accountability Office to submit a report on certain spectrum management issues.

CBO estimates that enacting S. 3490 would have a negligible effect on direct spending over the 2011-2020 period. Because the bill would affect direct spending, pay-as-you-go procedures apply. Although some federal frequencies may be reallocated for commercial use in the future, there are no specific plans for such transfers before the FCC's auction authority expires at the end of fiscal year 2012. As a result, the possibility that this legislation would apply to any auctions under current law is small. Based on information from affected agencies, CBO also expects that the procedural changes in the bill would not have a significant effect on the contractual and engineering constraints that determine the pace and cost of federal relocation efforts. Similarly providing information on the cost of expanding federal capabilities would not affect direct spending, CBO estimates, because neither existing law nor this legislation would allow funds to be spent for that purpose. Finally, CBO estimates that enacting the bill would not affect revenues and would have no significant effect on spending subject to appropriation.

S. 3490 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

On July 2, 2010, CBO transmitted a cost estimate for H.R. 3019, the Spectrum Relocation Improvement Act of 2009, as ordered reported by the House Committee on Energy and Commerce on March 10, 2010. The two bills contain similar provisions, and CBO's cost estimates are also similar.

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