



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

October 12, 2011

H.R. 1981 **Protecting Children from Internet Pornographers Act**

As ordered reported by the House Committee on the Judiciary on July 27, 2011

H.R. 1981 would amend current law to modify and expand federal crimes related to child pornography. The legislation would prohibit financial transactions that facilitate access to child pornography. The legislation also would require Internet service providers to retain Internet usage information for at least 18 months and prevent legal actions against the providers related to the retention of those records. The bill also would allow the U.S. Marshals Service to issue administrative subpoenas to investigate unregistered sex offenders. Under the legislation, district courts would be required to issue protective orders to prevent harassment or intimidation of a minor victim or witness. H.R. 1981 also would direct the U.S. Sentencing Commission to review federal sentencing guidelines related to certain child abuse crimes.

Impact on the Federal Budget

Enacting the legislation could affect direct spending and revenues; therefore, pay-as-you-go procedures apply. However, CBO estimates that any net effects would be insignificant in any year. The bill could increase direct spending by extending witness protective services to certain minor witnesses and victims. Any such increases would be insignificant because of the small number of witnesses and victims likely to be affected.

In addition, because those prosecuted and convicted under H.R. 1981 would be subject to increased criminal fines, the federal government might collect additional fines if the bill is enacted. Criminal fines are recorded as revenues, deposited in the Crime Victims Fund, and later spent. CBO expects that any additional revenues and direct spending would not be significant because of the small number of cases likely to be affected.

Based on information from the Department of Justice (DOJ), CBO estimates that implementing H.R. 1981 would cost around \$1 million over the 2012-2016 period, assuming the availability of appropriated funds, mostly for DOJ to complete two studies and for changes in prison sentences. CBO estimates that H.R. 1981 would have a negligible impact on the number of offenders under federal incarceration because many of the offenders prosecuted under H.R. 1981 can be prosecuted under current law.

Impact on State, Local, and Tribal Governments and the Private Sector

H.R. 1981 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on the state, local, or tribal governments.

The bill would impose private-sector mandates, as defined in UMRA, on providers of electronic communications services (such as telecommunication companies and Internet service providers) and on entities who have a right to file certain claims against those providers. The bill would require providers to retain for one year a detailed log of all electronic addresses assigned to each of their customers. To comply, providers would have to upgrade or build systems and buy hardware to collect, store, secure, and administer the required data.

CBO estimates that the total costs to private entities of the mandates in the bill would exceed the annual threshold established in UMRA for private-sector mandates (\$142 million in 2011, adjusted annually for inflation).

According to data from the Census Bureau, there are approximately 3,000 providers of electronic communications services. Based on information from industry experts and data technology professionals about current practices and the cost to design and install the data systems that would be required by the bill, CBO estimates that the aggregate cost of this mandate to the private sector would be more than \$200 million.

The bill also would eliminate an existing right to file claims against providers for retaining records of assigned electronic addresses. The cost of this mandate would be the forgone net value of any awards and settlements in such claims. Based on value of awards and settlements in recent court decisions related to privacy rights and assigned electronic addresses, CBO expects that the cost of this mandate would not be large.

Staff Contacts

The CBO staff contacts for this estimate are Martin von Gnechten (for federal costs) and Marin Randall (for the impact on the private sector). The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.