



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 17, 2014

### **S. 517** **Unlocking Consumer Choice and Wireless Competition Act**

*As reported by the Senate Committee on the Judiciary on July 10, 2014*

CBO estimates that implementing S. 517 would have no significant effect on discretionary spending over the 2015-2019 period. Enacting S. 517 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

S. 517 would repeal a rule published in October 2012 by the Librarian of Congress (LOC) that limited the ability of certain owners of wireless telephone handsets to “unlock” their phones, that is, to circumvent software protections that prevent the owner from connecting to a different wireless network. The bill would reinstate an earlier rule that provided broader authority to circumvent such protections. S. 517 also would direct the LOC to consider whether to extend that broader authority to other categories of wireless devices in addition to smartphones. Based on information from the LOC, CBO estimates that implementing the provisions of the bill would not have a significant effect on the agency’s workload.

S. 517 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

S. 517 would impose a private-sector mandate by eliminating an existing right of action for wireless carriers (and others), who are currently able to pursue legal action against those who, without permission, circumvent the access controls on certain wireless telephone handsets. The cost of the mandate would be the forgone net value of settlements and damages in such cases. A search of the literature suggests that few, if any, of those types of lawsuits have been brought against individual consumers. Because such claims would probably be uncommon in the future and the damage awards allowed in such cases would be relatively small, CBO estimates that the cost of this mandate would be small and fall below the annual threshold established in UMRA for private-sector mandate (\$152 million in 2014, adjusted annually for inflation). If the Librarian of Congress decides to broaden the exemption allowed under the bill to cover other types of mobile devices, such an action would eliminate additional rights of action. The cost of that expansion would depend on what devices the Librarian would include under the exemption and the forgone net value of settlements and damages. CBO has no basis to estimate the cost of such mandates as it would depend on the regulatory actions taken by the Librarian.

On November 5, 2013, CBO transmitted a cost estimate for H.R. 1123, the Unlocking Consumer Choice and Wireless Competition Act, as ordered reported by the House Committee on the Judiciary on July 31, 2013. The provisions of both pieces of legislation are similar, as are the CBO cost estimates.

The CBO staff contacts for this estimate are Susan Willie (for federal costs) and Marin Burnett (for the private-sector impact). The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.