CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

August 29, 2016

H.R. 4167
Kari's Law Act of 2016

As passed by the House of Representatives on May 23, 2016

Under H.R. 4167, new telephone systems that have multiple lines would be required to allow callers to access 9-1-1 services directly, without needing to dial any other numbers or codes. This requirement would apply to entities that manufacture, sell, lease, or install multi-line telephone systems, beginning two years after the date of enactment. However, phones installed before that effective date would not have to be changed if the upgrade would require improving the system's hardware or software.

CBO estimates that implementing H.R. 4167 would have no significant effect on federal spending for telecommunications services or regulatory activities. Pay-as-you-go procedures apply because the act could affect direct spending by the Postal Service, federal power agencies, and federal financial regulators, as well as revenues remitted by the Federal Reserve; however, CBO estimates that any such costs would be negligible. CBO estimates that enacting H.R. 4167 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2027.

According to a 2016 report by the General Services Administration, federal phone systems serve about 4 million employees. Based on information from telecommunications service providers and federal agencies, CBO estimates that most of the government's multi-line phones (excluding those with national security protections) already are capable of dialing 9-1-1 services directly. Because upgrading the remaining phones would involve the types of hardware or software changes that qualify for the exemption in H.R. 4167, CBO expects that any costs to implement this act for federal telephone systems probably would not be significant.

Finally, CBO estimates that implementing the act would affect the cost of the Federal Communication Commission's (FCC's) regulatory and enforcement programs. However, such effects would be negligible. Moreover, under current law, the FCC is authorized to collect fees sufficient to offset the cost of its regulatory activities each year.

H.R. 4167 would impose intergovernmental and private-sector mandates, as defined in the Unfunded Mandates Reform Act (UMRA). Based on information from industry sources and the existing scope of state laws, CBO estimates that the aggregate costs of the mandates would fall below the annual thresholds established in UMRA for intergovernmental and private-sector mandates ($77 million and $154 million in 2016, respectively, adjusted annually for inflation).

The bill would require public and private entities responsible for installing, managing, or operating multi-line telephone systems (MLTS) to ensure those systems can access 9-1-1 directly. Those entities also would have to ensure that the MLTS systems provide an additional notification to a central location when a 9-1-1 call is placed. Most MLTS systems already contain direct-dial functionality, and any costs associated with updating systems to meet the bill's requirements would be small. In addition, several states have already enacted legislation that requires direct dialing for 9-1-1 from MLTS systems.

The bill would impose a separate mandate on state governments by preempting state laws that govern the default configuration of a MLTS system for 9-1-1 phone calls. The preemption would be a mandate as defined in UMRA but would impose no costs on state, local, or tribal governments.

H.R. 4167 also would impose a private-sector mandate by requiring entities that manufacture, import, sell, or lease MLTS phone systems to pre-configure such systems so that the default setting allows users to directly dial 9-1-1. Industry sources indicate that nearly every new MLTS system currently produced already contains that functionality. Therefore, CBO estimates the incremental cost for the industry to comply with this requirement would be small.

The CBO staff contacts for this estimate are Kathleen Gramp (for federal costs), Rachel Austin (for the intergovernmental mandates), and Logan Smith (for the private-sector mandates). The estimate was approved by Theresa Gullo, Assistant Director for Budget Analysis.