



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

May 28, 2015

H.R. 2045 **Targeting Rogue and Opaque Letters Act of 2015**

As ordered reported by the House Committee on Energy and Commerce on April 29, 2015

H.R. 2045 would establish as an unfair or deceptive act sending letters to companies and individuals claiming infringement of a patent when those letters include certain statements, as outlined in the bill, that are known by the sender to be false or misleading. Similarly, the bill would establish as an unfair or deceptive act sending such letters if, in bad faith, the sender fails to include certain other information also outlined in the bill. H.R. 2045 would authorize the Federal Trade Commission (FTC) to seek civil penalties for violations of the new prohibitions.

Based on information from the FTC, CBO estimates that the cost of implementing H.R. 2045 would not be significant because the agency is able to enforce similar prohibitions under its existing general authorities. CBO estimates that enacting H.R. 2045 would increase federal revenues from the added authority to collect civil penalties; therefore, pay-as-you-go procedures apply. However, we expect those collections would be insignificant because of the small number of cases that the agency would probably pursue. Enacting the bill would not affect direct spending.

H.R. 2045 contains intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA). The bill would preempt some state and local laws related to patent rights. The bill also would impose notification requirements and limitations on state attorneys general. Because the limits on state and local authority would impose no duties with costs and because the notification requirements would result in minimal additional spending, CBO estimates the costs of the mandates would be small and would not exceed the threshold established in UMRA for intergovernmental mandates (\$77 million in 2015, adjusted annually for inflation). H.R. 2045 contains no private-sector mandates as defined in UMRA.

The CBO staff contact for this estimate is Susan Willie. The estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.