CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

September 18, 1998

H.R. 3844

Wireless Communications and Public Safety Act of 1998

As ordered reported by the House Committee on Commerce on August 5, 1998

SUMMARY

H.R. 3844 would promote (1) the development of an enhanced "911" emergency call system for use across the United States, and (2) research and development of automotive crash notification (ACN) systems that would use wireless communications technology. To facilitate work towards those goals, the bill would establish the Wireless Communications and Public Safety Fund (WICAPS fund) and authorize the appropriation of such sums as are necessary to the National Highway Traffic Safety Administration (NHTSA) for grants to states and investments in research and development of wireless technology. It would also authorize appropriations to the Food and Drug Administration (FDA) for a study to analyze the effects of radio-frequency emissions from wireless telephones.

H.R. 3844 would affect direct spending; therefore, pay-as-you-go procedures would apply. Specifically, the bill would require that, upon receipt of applications, federal agencies process applications from and execute leases with telecommunication companies to place antennas on federal property within 90 days. It would allow agencies to recover their costs from the income generated from such leases. CBO estimates that enacting these provisions would increase direct spending by an average of about $1 million a year for each of fiscal years 1999 through 2003.

Assuming the appropriation of the necessary amounts, CBO estimates that NHTSA and FDA activities would cost $83 million over the 2000-2003 period (with little or no effect on discretionary spending in 1999). In addition, the bill's effects on direct spending would be roughly matched by reductions in the need for annual discretionary spending for the costs of processing antenna applications. As a result, the estimated net impact on spending subject to appropriation is $78 million over the 1999-2003 period.

H.R. 3844 contains intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) but CBO estimates that the costs would not be significant and would not exceed the threshold established by that act ($50 million in 1996, adjusted annually for inflation). The bill would impose no new private-sector mandates as defined in UMRA.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The costs of this legislation fall within budget functions 400 (transportation), 550 (health), and 800 (general government). The estimated budgetary impact is shown in the following table.

	By Fiscal Year, in Millions of Dollars					
	1998	1999	2000	2001	2002	2003
CHANGES IN DIRECT SPENDING						
Estimated Budget Authority	0	1	1	1	1	1
Estimated Outlays	0	1	1	1	1	1
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Estimated Authorization Level	0	-1	25	25	25	25
Estimated Outlays	0	-1	11	20	23	25

BASIS OF ESTIMATE

For purposes of this estimate, CBO assumes that the necessary amounts will be appropriated for each fiscal year and that outlays will occur at historical spending rates for NHTSA and FDA.

Direct Spending

Under the Telecommunications Act of 1996 and an Executive Memorandum (dated August 10, 1995), agencies are generally required to lease space on federal property to telecommunication companies for the placement of antennas and other facilities needed to provide personal wireless services (PWS). An agency is exempted from the requirement when the placement of the antenna represents a direct conflict with either its mission or its use of the property. H.R. 3844 would require that federal agencies process the applications from telecommunication companies and execute the necessary leases within 90 days. The bill also would allow PWS providers to challenge in court an agency's denial or its failure to act on an application to lease property. Finally, it would allow agencies to recover their costs to process new applications from the income earned on PWS leases.

Because the bill would allow agencies to spend some of their income from leases, CBO estimates that enacting these provisions would increase direct spending by about $1 million a year for each of fiscal years 1999 through 2005. That estimate is based on the rental income we estimate will be generated from antenna leases under current law and from information provided by agencies. CBO estimates that the bill would increase direct spending after 2005 by less than $500,000 a year.

Under current law, CBO estimates that income from leases to PWS providers will increase steadily from between $5 million and $10 million in fiscal year 1998 to around $25 million in fiscal year 2003. However, we estimate that more than one-half of that income will be generated by agencies that already have the authority to retain and spend such proceeds, including the United States Postal Service, the General Services Administration, the Bonneville Power Administration, and the Tennessee Valley Authority. For agencies without that authority, we estimate that proceeds from leases will be modest, increasing under current law from $2 million in 1998 to $12 million in 2003.

Based on information from agencies, including their costs to process applications and the rents they are receiving from leases, CBO assumes that agencies would, on average, retain the first year's rent to cover the costs of processing new applications to place antennas on federal property. In addition, we estimate that providing agencies with additional funds would enable them to process applications more quickly and collect rents from new leases sooner, but would not affect the number of new leases. Since this authority would only have an impact on those agencies that cannot retain and spend receipts under current law, CBO estimates that, on average, the provision would result in a net increase in new spending from rental income of $1 million a year, beginning in fiscal year 1999. Because we anticipate that the demand to place new antennas on federal property will decline over time, we expect that the effect on direct spending will gradually decline. CBO estimates that, beginning in fiscal year 2006, the provision would increase direct spending by less than $500,000 a year.

Spending Subject to Appropriation

Costs to the Department of Transportation. H.R. 3844 would authorize the appropriation of such sums as are necessary for NHTSA to provide grants to states to further develop the existing 911 system for emergency telephone calls and to support emergency prevention, educational, and medical programs that will use the wireless communication system envisioned by the bill. It would also authorize NHTSA funding to conduct research and development for ACN systems, to develop decision protocols for the use of such systems, and to evaluate the systems.

Based on information from NHTSA, CBO estimates that grants to states under the bill would require appropriations of about $20 million a year, beginning in fiscal year 2000. Over the 2000-2003 period, CBO estimates that $5 million would be devoted to the development of system protocols, $13 million would be devoted to research and development, and $2 million would cover the evaluation efforts. Funding for the research, development, and evaluation of ACN systems would be capped by the bill at annual amounts not to exceed 25 percent of the amounts appropriated for grants. Because the estimated funding for the grants is $20 million a year, CBO estimates that additional funding for ACN development would be $5 million a year.

CBO estimates that other costs for carrying out activities under the bill would cost less than $500,000 a year and a total of about $1 million over the 2000-2003 period.

Costs to the Food and Drug Administration. Section 7 would direct the Food and Drug Administration to conduct a study using animal bioassay techniques to analyze the effects of radio-frequency emissions from wireless telephones operating on certain frequencies. It would also require the Commissioner of the FDA to convene an advisory panel of scientific and industry experts to advise the FDA on substantive matters surrounding the preparation, conduct, and evaluation of the study. Finally, section 7 would allow the FDA to use its appropriated funds (authorized in this bill) to cover expenses incurred by FDA personnel to attend meetings related to the topic of the study.

The bill would cap the authorization of appropriations to implement section 7 at the lesser of $2 million a year or 5 percent of the annual appropriation from the WICAPS fund for making grants to states. As noted above, CBO estimates the authorization for such grants at a level of $20 million a year, beginning in fiscal year 2000. Applying the 5-percent annual cap, CBO estimates that the FDA study and related expenses would have an authorized funding level of $1 million a year over the 2000-2003 period.

Reduced Need for Appropriations to Process Antenna Applications. By allowing agencies to retain and spend a portion of the income generated from antenna leases to process new applications, H.R. 3844 would reduce the amount of appropriations required to process such applications. As a result, CBO estimates that implementing the bill would reduce the annual discretionary costs for agencies to process new applications by about $1 million—an amount which is roughly equivalent to the new direct spending.

PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. The net changes in outlays that are subject to pay-as-you-go procedures are shown in the following table. For the purposes of enforcing pay-as-you-go procedures, only the effects in the current year, the budget year, and the succeeding four years are counted.

	By Fiscal Year, in Millions of Dollars										
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Changes in outlays	0	1	1	1	1	1	1	1	0	0	0
Changes in receipts	Not applicable										

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

Mandates. H.R. 3844 contains intergovernmental mandates as defined in the Unfunded Mandates Reform Act but CBO estimates that the costs would not be significant and would not exceed the threshold established by that act ($50 million in 1996, adjusted annually for inflation). First, states would be required to provide users of wireless 911 service with protection from liability that is not less than that provided to users of 911 wireline service. Second, the bill would require that states give wireless communications companies protection from liability that is not less than that provided to wireline communication companies. States would have the ability to pass legislation which could alter some aspects of the parity of liability protection afforded to wireless companies, if they did so within two years of the passage of this bill. After two years, in the absence of state legislation, wireless companies would have liability protection equal to that of wireline companies. CBO estimates that the only costs would be those associated with passing state legislation to alter the liability protections to comply with those established by this bill.

In addition, the bill would prevent states from applying a higher standard of liability to 911 services provided by wireless companies than is applied to 911 services provided through wireline. Any nonconforming laws would become void under this legislation. Information from industry and state and local trade associations indicates that many states currently have no wireless liability laws, and in states that do, they are modeled after and in no case exceed the standards applied to wireline communication companies. Consequently, this provision would not affect state and local budgets.

Other Impacts. Section 3 of the bill directs the FCC to designate 911 as the universal emergency telephone number. Currently 911 emergency systems are designated at the local level and many jurisdictions use numbers other than 911 for emergency wireless service (for instance, "*55" or "#77"). Because the FCC's authority over 911 service does not extend to state and local governments, CBO believes that it is unlikely that this section would result in an intergovernmental mandate requiring state and local governments to change their emergency numbering systems.

As an encouragement to states to adopt 911 as the universal emergency service number, the bill would authorize a grant program that CBO estimates would provide $20 million annually to states over the 2000-2003 period. The grant program would require states to fund at least 25 percent of the cost of activities related to receiving wireless 911 services and establishing a comprehensive 911 system. Grants could be made to states without a match, if the assistance would be directed to rural communities.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

H.R. 3844 would impose no new private-sector mandates as defined in UMRA.

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