



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

August 17, 1998

S. 2120

Technology Transfer Commercialization Act of 1998

*As ordered reported by the Senate Committee on Commerce, Science, and Transportation
on July 29, 1998*

S. 2120 would amend existing law regarding the licensing of technologies developed with federal resources. This bill would change the terms and procedures governing such licenses and would expand the scope of inventions that could be included in a license. Royalties collected by federal agencies would be available for obligation for two years after they are received rather than the one year allowed under current law. The bill also would direct the Office of Science and Technology Policy (OSTP) to analyze and recommend policies regarding major cooperative research and development agreements (CRADAs) within one year after enactment.

CBO estimates that implementing S. 2120 would have no significant effect on the federal budget over the 1999-2003 period. Based on information from OSTP, we expect that preparing the report on CRADAs would involve little additional cost because most of the analyses required by the bill are being done under current law. Provisions affecting the collection and spending of royalties by federal agencies would affect direct spending, so pay-as-you-go procedures would apply to this bill, but CBO estimates that the effects would not be significant. Although receipts from royalties could increase if more licenses are issued as a result of this legislation, any additional collections would be offset by an increase in direct spending by agencies for payments to inventors or for related agency programs. Likewise, giving agencies an additional year to obligate royalty income would have little effect on direct spending, because agencies obligate virtually all of the receipts within the one-year limit specified in current law.

S. 2120 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would have no impact on the budgets of state, local, or tribal governments.

On May 21, 1998, CBO transmitted a cost estimate for H.R. 2544, the Technology Transfer Commercialization Act of 1998, as ordered reported by the House Committee on Science on

May 13, 1998. The provisions of that bill are similar to those of S. 2120, and the estimated costs are identical.

The CBO staff contact for this estimate is Kathleen Gramp. This estimate was approved by Paul N. Van de Water, Assistant Director for Budget Analysis.