



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

December 18, 2012

H.R. 2471

An act to amend section 2710 of title 18, United States Code, to clarify that a video tape service provider may obtain a consumer's informed, written consent on an ongoing basis and that consent may be obtained through the Internet

As reported by the Senate Committee on the Judiciary on November 29, 2012

Current law permits businesses that rent, sell, or deliver audio visual materials to disclose personal information about customers to other persons if the customer grants written consent. H.R. 2471 would clarify that such consent may be given by such customers through the use of the Internet. The act also would make several other changes to current law relating to the privacy of personal electronic communications. CBO estimates that implementing H.R. 2471 would have no significant cost to the federal government. Enacting the legislation would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

H.R. 2471 would impose intergovernmental mandates, as defined in the Unfunded Mandates Reform Act (UMRA), by changing the procedures that government agencies must follow when they obtain electronic communications. Because the changes would result in minimal additional spending, CBO estimates that the costs of the intergovernmental mandates would be small and would not exceed the threshold established in UMRA (\$74 million in 2013, adjusted annually for inflation).

H.R. 2471 would impose private-sector mandates, as defined in UMRA, on providers of video tape services and other entities. Title I would require such providers to use "distinct and separate" forms when obtaining consent to disclose a consumer's personally identifiable information. At the same time, the act would benefit providers and other entities by allowing them to obtain consent via the Internet, in advance, and only once until consent is withdrawn. Current law requires written consent each time disclosure of a consumer's personally identifiable information is sought.

In addition, title II would require providers of video tape services and other entities to inform the government of their intent to notify a customer or subscriber of the fact that the provider has disclosed information about the individual's electronic communication activities to the government, no later than three business days prior to providing such notice.

Based on information from industry sources, CBO estimates that there would be no significant net costs to comply with the mandate; thus, any costs would fall well below the annual threshold established in UMRA for private-sector mandates (\$146 million in 2012, adjusted annually for inflation).

On October 25, 2011, CBO transmitted a cost estimate for H.R. 2471 as ordered reported by the House Committee on the Judiciary on October 13, 2011. CBO estimates that implementing that version of the legislation also would have no significant cost to the federal government.

The CBO staff contacts for this estimate are Mark Grabowicz (for federal costs), Elizabeth Cove Delisle (for the impact on state, local, and tribal governments), and Paige Piper/Bach (for the impact on the private sector). The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.