



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 21, 2018

### **H.R. 6758 SUCCESS Act**

*As ordered reported by the House Committee on the Judiciary on September 13, 2018*

H.R. 6758 would extend the authority of the Patent and Trademark Office (PTO) to set and adjust the fees the agency charges to obtain and renew patents and trademarks that offset its operating costs. That authority expired on September 16, 2018. The bill also would direct PTO to conduct a study and report on the number of patent filings applied for and obtained by women, minorities, and veterans and small businesses owned by women, minorities, and veterans. The report would include recommendations on ways to promote participation in entrepreneurship activities and increase patent filings by those groups.

Under the bill, fees could be adjusted for changes in PTO's aggregate costs. CBO has no basis for determining how or whether PTO would adjust its fees in the future. Because any fee adjustments could increase or decrease the total amounts collected, CBO has not estimated any effects on those collections from enacting the bill.

Using information from PTO, CBO estimates that it would cost less than \$500,000 for the agency to complete the study and report. However, under the bill, PTO would be authorized to adjust its fees to offset any change in operating costs; therefore, CBO estimates that the net effect on discretionary spending would be negligible, assuming appropriation actions consistent with that authority.

Enacting H.R. 6758 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

CBO estimates that enacting H.R. 6758 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2029.

H.R. 6758 would impose a mandate as defined in the Unfunded Mandates Reform Act (UMRA) on both public and private entities by extending the authority of the PTO to set and adjust certain fees. The requirement to pay those fees would be a mandate because the federal government controls the patent and trademark system, and no reasonable alternatives to that system exist. If the PTO increases fees to offset the costs of conducting a study required by the bill, H.R. 6758 would increase the cost of an existing

mandate on private and intergovernmental entities required to pay those fees. Using information from PTO, CBO estimates that the annual cost to offset the costs of the PTO would be less than \$500,000. Therefore, the cost for public and private entities to comply with the mandate would fall below the annual thresholds established in UMRA for intergovernmental and private-sector mandates (\$80 million and \$160 million in 2018, respectively, adjusted annually for inflation).

The CBO staff contacts for this estimate are Stephen Rabent (for federal costs) and Rachel Austin (for mandates). The estimate was reviewed by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.