

At a Glance

S. 1199, STOP CSAM Act of 2023

As reported by the Senate Committee on the Judiciary on May 15, 2023

By Fiscal Year, Millions of Dollars	2023	2023-2028	2023-2033
Direct Spending (Outlays)	0	*	*
Revenues	0	*	*
Increase or Decrease (-) in the Deficit	0	*	*
Spending Subject to Appropriation (Outlays)	0	327	not estimated

Increases <i>net direct spending</i> in any of the four consecutive 10-year periods beginning in 2034?	< \$2.5 billion	Statutory pay-as-you-go procedures apply?	Yes
	No	Mandate Effects	
Increases <i>on-budget deficits</i> in any of the four consecutive 10-year periods beginning in 2034?		Contains intergovernmental mandate?	Yes, Under Threshold
		Contains private-sector mandate?	Yes, Under Threshold

* = between -\$500,000 and \$500,000.

The bill would

- Authorize appropriations to establish the Child Online Protection Board
- Authorize appropriations to expand court services for child victims and witnesses
- Require interactive computer service providers to delete materials that depict or promote sexual and other forms of exploitation of children, and to report their actions to the CyberTipline
- Require providers to submit annual reports demonstrating efforts to combat online exploitation of children
- Create new criminal and civil penalties for providers who fail to comply with reporting requirements
- Impose mandates on interactive computer service providers

Estimated budgetary effects would mainly stem from

- Authorization of appropriations to establish the Child Online Protection Board
- Authorization of appropriations to the federal judiciary
- Administrative costs to process reports
- Additional collections of criminal and civil penalties and associated spending

Detailed estimate begins on the next page.

See also

[CBO's Cost Estimates Explained](#), [CBO Describes Its Cost-Estimating Process](#), [Glossary](#)

Bill Summary

S. 1199 would authorize appropriations to establish the Child Online Protection Board to adjudicate complaints against interactive computer service providers (such as Internet service providers, social media companies, and municipal broadband providers). The bill also would authorize the appropriation of funds to appoint guardians ad litem (attorneys and social workers who protect child victims throughout court proceedings) and trustees who facilitate restitution payments owed to child victims.

The bill would require interactive computer service providers to remove material that depicts or promotes the sexual abuse or exploitation of children from their platforms within 48 hours (or two business days for small providers) after receiving a notification from a member of the public. S. 1199 would create a new administrative process to address providers' failure to comply with that rule. The bill also would expand existing requirements for those providers to report online exploitation of children to the CyberTipline, which is operated by the National Center for Missing and Exploited Children.

Finally, S. 1199 would require large interactive computer service providers to report annually to the Federal Trade Commission (FTC) and the Department of Justice (DOJ) on efforts to combat the online proliferation of child sexual abuse material. The bill would increase existing criminal penalties and create new criminal and civil penalties for failure to comply with the reporting requirements.

Estimated Federal Cost

The estimated budgetary effect of S. 1199 is shown in Table 1. The costs of the legislation fall within budget functions 370 (commerce and housing credit) and 750 (administration of justice).

Basis of Estimate

CBO assumes that the bill will be enacted late in fiscal year 2023 and that the estimated and specified amounts will be provided each year.

Spending Subject to Appropriation

CBO estimates that implementing S. 1199 would cost \$327 million over the 2024-2028 period, assuming appropriation of the authorized and estimated amounts.

Table 1.
Estimated Increases in Spending Subject to Appropriation Under S. 1199

	By Fiscal Year, Millions of Dollars						2023-2028
	2023	2024	2025	2026	2027	2028	
Child Online Protection Board							
Authorization	0	40	40	40	40	40	200
Estimated Outlays	0	12	32	40	40	40	164
Expansion of Court Services for Child Victims and Witnesses							
Authorization	0	40	40	40	40	40	200
Estimated Outlays	0	10	17	28	39	40	134
Report Processing							
Estimated Authorization	0	2	6	6	6	6	26
Estimated Outlays	0	2	5	6	6	6	25
CyberTipline Updates							
Estimated Authorization	0	1	1	1	1	2	6
Estimated Outlays	0	*	1	1	1	1	4
Total Changes							
Estimated Authorization	0	83	87	87	87	88	432
Estimated Outlays	0	24	55	75	86	87	327

* = between zero and \$500,000.

CBO estimates that enacting S. 1199 also would increase revenues and direct spending by less than \$500,000 over the 2023-2033 period.

Child Online Protection Board. S. 1199 would authorize the appropriation of \$40 million each year for the FTC to establish and administer the Child Online Protection Board, an administrative tribunal that would adjudicate proceedings brought against providers that fail to remove prohibited materials from their platforms or that lack mechanisms to report violations. The board would be authorized to impose fines, which would be paid either to victims or to the Child Pornography Victims Reserve (see “Direct Spending and Revenues”).

Using information from the FTC, CBO estimates that implementing the provision would cost \$164 million over the 2024-2028 period. That amount would be used to pay staff members (online protection officers, attorneys, technical advisers, paralegals, and support staff), to cover associated overhead, and to fund two information technology systems—one to ensure adequate security for processing and storing highly sensitive information and the other to receive and process petitions and other legal filings.

Expansion of Court Services for Child Victims and Witnesses. S. 1199 would authorize the appropriation of \$25 million annually for courts to cover the costs of compensating guardians ad litem to accompany child victims throughout court proceedings, work with other professionals involved in a case, and ensure their clients’ well-being outside the home. The bill also would authorize the appropriation of \$15 million annually for federal courts to appoint trustees to manage restitution payments for child victims of exploitation, trafficking,

sexual assault, and crimes of violence. CBO expects that, in addition to using the funds to compensate those professionals, the courts would fund outreach, training, and education activities to expand the number of guardians and trustees available to provide services and improve the quality of care provided to child victims.

Using information about convictions in recent years for crimes involving sexual offenses against minors and compensation rates for professionals and other court employees who assist those victims, CBO estimates that implementing those provisions would cost \$134 million over the 2024-2028 period.

Report Processing. Beginning the second year after enactment, S. 1199 would require large interactive computer service providers and platforms to report annually to the FTC and DOJ concerning any reports submitted to the CyberTipline and any actions taken regarding child sexual exploitation and abuse related to a service or platform. Providers also would be required to detail their policies for addressing exploitation and abuse.

Using information from the FTC and DOJ, CBO estimates that implementing the report-processing provision would cost \$25 million over the 2024-2028 period. CBO expects that in 2024, each agency would need three additional employees to establish the system and issue guidance to providers and platforms. CBO expects that starting in 2025, each agency would need 10 employees to process and publish reports and provide continuing guidance. CBO expects implementing those requirements would cost \$20 million over the 2024-2028 period. CBO also estimates that it would cost \$1 million annually over the same period to establish, operate, and maintain a new electronic filing system to receive the annual reports.

CyberTipline Updates. The National Center for Missing and Exploited Children is a nonprofit organization that receives funding from DOJ annually to operate the CyberTipline. In 2023, DOJ allocated \$42 million to the organization. Using information from the center, CBO anticipates that the bill's requirements for reporting to the CyberTipline would increase the number of submissions each year and the amount of information provided in each report. CBO estimates that the cost to DOJ for personnel and storage of data would be \$4 million for the 2024-2028 period.

Direct Spending and Revenues

S. 1199 would modify an existing criminal penalty and create new criminal and civil penalties for providers who fail to comply with reporting requirements and increase the amount that federal courts receive in fees. Criminal and civil fines are recorded in the budget as revenues. Criminal fines are deposited into the Crime Victims Fund, and later spent without further appropriation. Generally, civil fines are returned to the Treasury and not available for spending without appropriation action.

S. 1199 would require all civil and criminal fines collected under the bill to be deposited into the Child Pornography Victims Reserve, which is within the Crime Victims Fund. The bill

also would require certain fines imposed by the Child Online Protection Board to be deposited into the same fund.

CBO estimates that enacting several provisions of S. 1199 would increase revenues and direct spending by a total of less than \$500,000 over the 2024-2033 period.

Failure to Report Instances of Online Exploitation. S. 1199 would expand requirements for interactive computer service providers and data storage companies to report instances of online child exploitation to the CyberTipline. The bill would create new civil penalties and increase existing criminal penalties for failure to do so.

Failure to Meet Annual Reporting Requirements. S. 1199 would require large providers—those with more than 1 million monthly subscribers and \$50 million in annual revenues—to report annually to the FTC and DOJ regarding the number of reports they submit to the CyberTipline and on their efforts to combat the posting of prohibited materials. The bill would create new civil penalties for failure to submit such reports.

Hosting Prohibited Materials. S. 1199 would impose new criminal penalties on providers that knowingly or willfully host prohibited materials or knowingly facilitate sex trafficking of children.

Curtailing Immunity From Federal Civil Lawsuits. With some exceptions, providers currently cannot be held liable for content created by users. S. 1199 would expand the number and type of violations for which those entities' immunity does not apply. CBO expects that this provision would increase the number of federal civil suits filed against providers and would increase filing fees. Those fees are recorded in the budget as revenues and can be spent by the courts without further appropriation.

Pay-As-You-Go Considerations

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. CBO estimates that enacting the bill would increase direct spending and revenues by less than \$500,000 in every year and over the 2023-2033 period.

Increase in Long-Term Net Direct Spending and Deficits

CBO estimates that enacting S. 1199 would not significantly increase net direct spending in any of the four consecutive 10-year periods beginning in 2034.

CBO estimates that enacting S. 1199 would not increase on-budget deficits in any of the four consecutive 10-year periods beginning in 2034.

Mandates

S. 1199 would impose mandates as defined in the Unfunded Mandates Reform Act (UMRA) on public and private-sector providers of interactive computer services.

The bill would expand an existing duty for providers (such as social media platforms and municipal broadband providers) to report instances of child pornography or exploitation to the CyberTipline. The bill also would require large providers report annually to the FTC and DOJ summarizing the violations they report.

Finally, the bill would establish new arbitration procedures for resolving complaints against providers. Public and private-sector providers could opt out of arbitration by written notice to the Child Online Protection Board. Because providers would have to take action to avoid those procedures, the bill would impose a mandate.

The bill would narrowly expand existing duties, therefore CBO estimates that the aggregate cost of the mandates would fall below the annual intergovernmental and private-sector thresholds established in UMRA (\$99 million and \$198 million in 2023, respectively, adjusted annually for inflation).

Estimate Prepared By

Federal Costs:

Jeremy Crimm (Department of Justice)
David Hughes (Federal Trade Commission)
Jon Sperl (federal judiciary)

Mandates: Erich Dvorak

Estimate Reviewed By

Justin Humphrey
Chief, Finance, Housing, and Education Cost Estimates Unit

Kathleen FitzGerald
Chief, Public and Private Mandates Unit

Ann E. Futrell
Senior Adviser for Budget Analysis

Estimate Approved By



Phillip L. Swagel
Director, Congressional Budget Office