Congressional Budget Office
Cost Estimate

January 17, 2024

H.R. 742, TELL Act

As ordered reported by the House Committee on Energy and Commerce on March 9, 2023

By Fiscal Year, Millions of Dollars	2024	2024-2028	2024-2033
Direct Spending (Outlays)	0	0	0
Revenues	0	*	*
Increase or Decrease (-) in the Deficit	0	*	*
Spending Subject to Appropriation (Outlays)	*	3	not estimated

Increases *net direct spending* in any of the four consecutive 10-year periods beginning in 2034?	No	Statutory pay-as-you-go procedures apply?	Yes
		Mandate Effects	
Increases *on-budget deficits* in any of the four consecutive 10-year periods beginning in 2034?	No	Contains intergovernmental mandate?	Yes, Cannot Determine Costs
		Contains private-sector mandate?	Yes, Cannot Determine Costs

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

H.R. 742 would require entities that own, provide, or control websites or mobile applications that store or maintain individuals' information in China to disclose to users the following information: If their information is stored and maintained in China, and whether or not the Chinese government can access their information. The bill would direct the Federal Trade Commission (FTC) to enforce that requirement.

Using information from the FTC, CBO estimates that implementing H.R. 742 would cost $3 million over the 2024-2028 period; any spending would be subject to the availability of appropriated funds. CBO expects that the FTC would need one employee in 2024, at an average annual cost of $225,000, to issue guidance to clarify the content of the disclosures and which entities would need to make such disclosures. Beginning in 2025, CBO estimates that the FTC would need three employees to enforce potential violations.

The bill would authorize the FTC to collect civil monetary penalties from businesses found to violate the bill's required disclosure, and to pursue other remedies. Civil monetary penalties are generally remitted to the Treasury and recorded in the budget as revenues. However, the extent to which businesses would violate the disclosure requirement after it goes into effect is uncertain. Furthermore, if a business does violate that requirement and the

See also
CBO's Cost Estimates Explained, *CBO Describes Its Cost-Estimating Process*, *Glossary*

FTC chooses to proceed with an enforcement action, the extent to which the agency pursues civil penalties rather than other remedies is also uncertain, as is the amount of time it would take to resolve a case. As a result, CBO estimates that any additional revenues collected over the next decade would be insignificant.

H.R. 742 would impose mandates on public and private-sector entities that own, provide, or control websites and mobile applications by requiring them to notify users if any of their information is stored in China and whether the Chinese government has access to it. Based on discussions with industry experts, CBO has determined that how many and what types of entities would be subject to the new requirements is uncertain. The number of entities subject to the mandate would depend on guidance that has yet to be published by the FTC. There are over 200 million websites and mobile applications worldwide but information on where they store data is proprietary. However, some large data storage services have announced that they do not store data in China. Therefore, CBO is unable to determine if the cost of the required notifications would exceed the thresholds established in the Unfunded Mandates Reform Act for intergovernmental and private-sector mandates ($99 million and $198 million in 2023, respectively, adjusted annually for inflation).

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

Phillip L. Swagel
Director, Congressional Budget Office