

### S. 1421, COOL Online Act

As reported by the Senate Committee on Commerce, Science, and Transportation on December 13, 2023

By Fiscal Year, Millions of Dollars		2024	2024-2029	2024-2034
Direct Spending (Outlays)		0	0	0
Revenues		0	*	*
Increase or Decrease (-) in the Deficit		0	*	*
Spending Subject to Appropriation (Outlays)		2	32	not estimated
Increases <i>net direct spending</i> in any of the four consecutive 10-year periods beginning in 2035?	No	Statutory pay-as-you-go procedures apply?		Yes
		<b>Mandate Effects</b>		
Increases <i>on-budget deficits</i> in any of the four consecutive 10-year periods beginning in 2035?	No	Contains intergovernmental mandate?		No
		Contains private-sector mandate?		Yes, Over Threshold
* = between -\$500,000 and \$500,000.				

S. 1421 would require online marketplaces and product sellers to disclose the country of origin for any product that, under the Tariff Act of 1930, must physically be labeled with that information. The bill also would increase the number of agricultural products subject to country-of-origin labeling under the Agricultural Marketing Act but would exclude some agricultural, food, and prescription drug products from that requirement. Under the bill, manufacturers, importers, distributors, and suppliers would be required to provide the information to online marketplaces or sellers, which currently are not required to disclose such information in their product descriptions.

S. 1421 would treat failure to comply with online country-of-origin labeling as an unfair or deceptive practice under the Federal Trade Commission Act. For most products, the Federal Trade Commission (FTC) would be responsible for enforcing the labeling requirement; the Department of Agriculture (USDA) would enforce the requirement for agricultural products.

#### Federal Costs

Using information from the FTC, CBO expects that the commission would need about 25 employees at an average annual cost of \$240,000 per employee to issue guidance, monitor online marketplaces, and enforce disclosure requirements. On that basis, CBO estimates that

See also

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



implementing the bill would cost the FTC \$32 million over the 2024-2029 period, assuming appropriation of the estimated amounts.

Based on information from USDA, CBO expects that the department is already undertaking many of the requirements in the bill. On that basis, CBO estimates that the cost to USDA to implement the bill's requirements would be less than \$500,000 over the 2024-2029 period. Any spending would be subject to the availability of appropriated funds.

Companies that fail to meet the bill's requirements could face civil penalties, which are recorded in the budget as revenues. Whether the FTC or USDA would pursue civil penalties or some other remedy for violations is unclear. Because CBO expects that businesses would generally comply with the new requirements, we estimate that the collected penalties would not be significant in every year and over the 2024-2034 period.

### **Mandates**

S. 1421 would impose private-sector mandates, as defined in the Unfunded Mandates Reform Act (UMRA), on certain online sellers, manufacturers, and related entities by expanding the requirements for country-of-origin labeling. CBO estimates that the aggregate costs to comply with the mandates would exceed the annual threshold for private-sector mandates (\$200 million in 2024, adjusted annually for inflation).

CBO expects that the individual costs for online sellers and product manufacturers to collect and provide country-of-origin information and update online listings would be small, although hundreds of millions of sellers and products would be subject to the mandate.

S. 1421 also would increase country-of-origin labeling of agricultural products. Based on a regulatory cost burden analysis by USDA of current labeling regulations, CBO estimates that the cost to comply with the mandate would be a few million dollars per year.

The bill contains no intergovernmental mandates as defined in UMRA.

The CBO staff contacts for this estimate are Margot Berman (for federal costs) and Erich Dvorak and Grace Watson (for mandates). The estimate was reviewed by H. Samuel Papenfuss, Deputy Director of Budget Analysis.

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