



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

August 20, 1999

### **H.R. 1714**

#### **Electronic Signatures in Global and National Commerce Act**

*As ordered reported by the House Committee on Commerce on August 5, 1999*

H.R. 1714 would preempt state laws that regulate interstate commercial transactions conducted via electronic means (such as contracts with electronic signatures), unless states enact uniform standards equivalent to those specified in the bill. Such a preemption constitutes an intergovernmental mandate as defined in the Unfunded Mandates Reform Act (UMRA), but CBO estimates that the costs would not be significant and would not exceed the threshold established by the act (\$50 million in 1996, adjusted annually for inflation). The bill contains no new private-sector mandates as defined in UMRA.

The bill also would require the Department of Commerce to submit an annual report detailing foreign and domestic impediments to commerce in products using electronic signatures. The bill would direct the department to promote the international acceptance and use of electronic signatures, and to submit a report within three years regarding actions by states to allow electronic signatures in commerce. Finally, H.R. 1714 would amend the Securities and Exchange Act of 1934 to address the use of electronic signatures under federal securities law.

Based on information from the Department of Commerce and the Securities and Exchange Commission, CBO estimates implementing the bill would cost about \$1 million a year, subject to the availability of appropriated funds. H.R. 1714 would not affect direct spending or receipts; therefore, pay-as-you-go procedures would not apply.

On June 30, 1999, CBO transmitted a cost estimate for S. 761, the Third Millennium Digital Commerce Act, as ordered reported by the Senate Committee on Commerce, Science, and Transportation on June 23, 1999. CBO estimated that implementing S. 761 would cost about \$500,000 a year. The lower cost is largely a result of the difference in the scope and length of the study that the Department of Commerce would be required to prepare and submit to the Congress.

The CBO staff contacts are Shelley Finlayson (for the state and local impact) and Mark Hadley (for federal costs). This estimate was approved by Robert A. Sunshine, Deputy Assistant Director for Budget Analysis.