



**CONGRESSIONAL BUDGET OFFICE
PRIVATE-SECTOR MANDATES STATEMENT**

November 16, 2004

S. 1963

Wireless 411 Privacy Act

*As ordered by the Senate Committee on Commerce, Science, and Transportation
on September 22, 2004*

SUMMARY

The bill would impose private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) on providers of commercial mobile services and other telecommunications carriers. Based on information from industry sources, CBO estimates that the aggregate cost of the mandates would exceed the threshold for private-sector mandates established by UMRA (\$120 million in 2004, adjusted annually for inflation).

PRIVATE-SECTOR MANDATES CONTAINED IN THE BILL

S. 1963 would require telecommunication carriers to mask certain wireless telephone numbers on their customers' billing information. The bill also would prohibit wireless telephone providers from listing subscribers' numbers in a directory unless the subscribers have authorized such services. In addition, wireless telephone providers would be required to remove a subscriber's number from any wireless directory assistance database if requested by a subscriber and without any charge to that subscriber.

ESTIMATED DIRECT COST TO THE PRIVATE SECTOR

CBO estimates the aggregate direct costs of private-sector mandates in bill would exceed the annual threshold established by UMRA (\$120 million in 2004, adjusted annually for inflation).

Protection of Wireless Telephone Numbers

The bill would prohibit all telecommunication carriers from disclosing on billing information the wireless telephone number of subscribers who have indicated a preference to their provider to not have their wireless telephone number information disclosed. To comply with this mandate, telecommunication carriers would have to identify the wireless numbers that subscribers do not want disclosed and mask those numbers.

The telecommunication carriers would incur start-up and on going costs to determine what wireless telephone numbers need to be masked and to mask those numbers. Start-up costs would include the cost to establish a database of wireless telephone numbers and to modify software changes to update their billing systems. Based on information from industry sources, CBO estimates that the start-up costs could be up to \$6 million for each major carrier. The ongoing costs would include the cost to compare every telephone number on a billing statement with the database to determine whether that number is a restricted wireless telephone number and to mask that number if necessary. CBO has been unable to determine the incremental costs of those processes.

Requirements for Wireless Directory Assistance Database

S. 1963 would require providers of commercial mobile services to send notices to subscribers and receive prior authorization from those subscribers under certain circumstances. Before a provider of commercial mobile services can include wireless telephone information in any database of wireless numbers for a directory assistance service, the provider would be required to send the subscriber a separate notice that informs the subscriber of the right to not be listed in any wireless directory assistance service. The provider also must obtain an express authorization from the subscriber before it can list the wireless number. In addition, the provider would be required to remove the information for the wireless telephone number from any database of wireless numbers for a directory assistance service upon request of that subscriber at no cost to the subscriber. Also, before a provider can publish the number or sell or disseminate the contents of a wireless directory, the bill would require a provider to send a notice to the consumer and also to receive express authorization from the consumer.

According to information from industry representatives, currently six of the largest wireless carriers (representing about 150 million of the total 170 million subscribers) are in the process of developing a directory of wireless numbers. According to industry sources about 10 percent of subscribers may want to have their numbers listed in a wireless directory. Based on that information and estimates of the cost of sending and processing notices, CBO estimates that the cost to comply with the notice and prior authorization requirements could cost the industry about \$100 million.

PREVIOUS CBO ESTIMATES

CBO's analysis of the federal costs and intergovernmental impact of S. 1963 was transmitted on October 6, 2004.

ESTIMATE PREPARED BY:

Jean Talarico

ESTIMATE APPROVED BY:

Roger Hitchner
Assistant Director for
Microeconomic and Financial Studies Division