CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

October 3, 2000

S. 2029
Know Your Caller Act of 2000

As ordered reported by the Senate Committee on Commerce, Science, and Transportation on September 20, 2000

CBO estimates that implementing S. 2029 would have a negligible impact on the federal budget. S. 2029 would prohibit commercial telephone solicitors from purposefully blocking their contact information so that it does not appear on caller identification systems. The contact information that must be transmitted consists of a return phone number and the name of the person or organization that is placing the call or on whose behalf the call is being made. The bill also would require the Federal Communications Commission (FCC) to issue regulations to implement the bill within 18 months of enactment. In addition, S. 2029 would establish a private right of action in state courts to punish violations of these provisions. Finally, S. 2029 would allow the FCC to grant waivers from the regulations promulgated under this bill for telemarketers who meet certain conditions.

Based on information from the FCC, CBO estimates that implementing S. 2029 would increase the FCC's gross administrative costs by less than $500,000 a year during the 2001-2003 period and about $1 million a year during the 2004-2005 period, assuming appropriation of the necessary amounts. These funds would be used to issue regulations and hire staff to consider requests for waivers for certain telemarketers. Because the commission is authorized under current law to collect fees from the telecommunications industry sufficient to offset the cost of its enforcement program, CBO assumes that these additional costs would be offset by an increase in collections credited to annual appropriations for the FCC. Therefore, we estimate that the net effect on discretionary spending would be negligible. Because the bill would not affect direct spending or receipts, pay-as-you-go procedures would not apply.

S. 2029 contains an intergovernmental mandate as defined in the Unfunded Mandates Reform Act (UMRA). The bill would preempt caller identification provisions of state telemarketing statues that are less stringent than those established by this bill. This could affect the associated fines and penalties. Because states vary significantly in their regulation of telephone solicitors, CBO cannot determine precisely the total revenue loss they would experience as a result of this bill. However, based on our estimate of the number of states regulating in this area, the size of the fines assessed, and the amount of fine revenue generated, CBO estimates that state revenue losses would be minimal and would not exceed the threshold established by UMRA ($55 million in 2000, adjusted annually for inflation).

S. 2029 would also impose private-sector mandates, as defined by UMRA, on commercial telephone solicitors. The bill would require them to transmit at least two pieces of information—the name of the person or organization that is placing the call or on whose behalf the call is being made and a valid and working return telephone number. S. 2029 would require the commercial telephone solicitors to comply with the mandate two years after enactment. The bill wold allow the FCC, in certain cases, to grant a two-year waiver from compliance. S. 2029 also would prohibit commercial telephone solicitors from using a person's name and telephone number for any other telemarketing or other marketing purposes when that person has requested to be placed on a "do-not-call" list.

Based on information from FCC and industry representatives, CBO estimates that the cost of mandates in the bill would be below the threshold established by UMRA for private-sector mandates ($109 million in 2000, adjusted annually for inflation).

On September 20, 2000, CBO transmitted a cost estimate for H.R. 3100, the Know Your Caller Act of 2000, which was ordered reported by the House Committee on Commerce on September 14, 2000. S. 2029 has some provisions that are different from H.R. 3100, but CBO estimates that neither bill would have a significant impact on the federal budget. Both bills would impose intergovernmental and private-sector mandates, but the costs of those mandates would not exceed the thresholds established by UMRA.

The CBO staff contacts are Ken Johnson (for federal costs), Shelley Finlayson (for the state and local impact), and Jean Wooster (for the private-sector impact). This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.