



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 31, 2001

### **H.R. 2047**

### **Patent and Trademark Office Authorization Act of 2002**

*As ordered reported by the House Committee on the Judiciary on July 24, 2001*

#### **SUMMARY**

H.R. 2047 would authorize the appropriation of funds for the Patent and Trademark Office (PTO) in 2002 equal to the amount of fees collected by the agency during that year. The bill would authorize the appropriation of up to \$50 million from that total for the development of a new computer system for processing patent and trademark applications.

CBO estimates that implementing H.R. 2047 would increase the gross spending of the PTO by \$1,198 million over the 2002-2004 period, subject to appropriation action consistent with this bill. Assuming that the 2002 appropriation act permits PTO to collect fees as authorized in current law, CBO estimates that implementing the bill would not have a significant net impact on the budget over the 2002-2005 period. The bill would not affect direct spending or receipts; therefore, pay-as-you-go procedures would not apply.

H.R. 2047 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

#### **ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated budgetary impact of H.R. 2047 is shown in the following table. The costs of this legislation fall within budget function 370 (commerce and housing credit).

	By Fiscal Year, in Millions of Dollars					
	2001	2002	2003	2004	2005	2006
<b>SPENDING SUBJECT TO APPROPRIATION</b>						
Net PTO Spending Under Current Law						
Estimated Budget Authority <sup>a</sup>	-59	0	0	0	0	0
Estimated Outlays	-272	304	89	0	0	0
Proposed Changes						
Gross PTO Spending						
Estimated Authorization Level	0	1,198	0	0	0	0
Estimated Outlays	0	761	307	107	23	0
Offsetting Collections						
Estimated Authorization Level <sup>b</sup>	0	-1,198	0	0	0	0
Estimated Outlays	0	-1,198	0	0	0	0
Net Changes						
Estimated Authorization Level	0	0	0	0	0	0
Estimated Outlays	0	-437	307	107	23	0
Net PTO Spending Under H.R. 2047						
Estimated Authorization Level <sup>a</sup>	-59	0	0	0	0	0
Estimated Outlays	-272	-133	396	107	23	0

a. The 2001 level is the estimated net amount appropriated for that year.

b. The 2002 level reflects CBO's estimate of fees to be collected by the PTO, subject to appropriation action.

## BASIS OF ESTIMATE

Under current law, the PTO is authorized to collect fees for a variety of activities, including the filing and processing of patent and trademark applications. These fees are collected to the extent and in the amounts authorized in annual appropriations acts, and they are recorded in the budget as offsets to the discretionary spending of the PTO. CBO estimates that the agency will collect a total of about \$1.1 billion in fees in 2001.

In general, these fee collections cover the PTO's operating expenses. However, the 2001 appropriation act for the PTO placed a limit on the amount of fee collections that the agency could spend. Of the estimated \$1.1 billion in fees that will be collected in 2001, the act allowed the PTO to spend \$784 million. (The act also allowed the agency to spend \$255 million from fees collected in 1999 and 2000, giving the PTO a gross appropriation of \$1,039 million and an estimated net appropriation of -\$59 million for 2001.)

H.R. 2047 would authorize a gross appropriation for the PTO in 2002 equal to the full amount of fees collected by the agency in that year. CBO estimates that the agency will collect \$1,198 million in 2002. From this amount, the bill also would authorize the appropriation of up to \$50 million for a new computer system to process patent and trademark applications. Assuming that the 2002 appropriation act permits the PTO to collect fees and spend the amounts collected, CBO estimates that implementing the bill would cause the gross spending of the PTO to increase by a total of \$1,198 million over the 2002-2005 period. However, CBO estimates that the agency's collections and spending would offset each other over the course of that period.

**PAY-AS-YOU-GO CONSIDERATIONS:** None.

#### **INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

H.R. 2047 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

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