



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

October 19, 2009

H.R. 1319 **Informed P2P User Act**

*As ordered reported by the House Committee on Energy and Commerce
on September 30, 2009*

H.R. 1319 would place new notification requirements on companies that develop or distribute software that allows files to be shared between computers. Specifically, the bill would require such companies to provide clear notice that file-sharing capability is being installed on a computer. Further, prior to activation of the file-sharing function, the bill would require companies to specify which files would be made available for sharing and obtain the user's consent before the files would be made available to be shared. The bill also would make it unlawful to prevent a user of the software from disabling or removing the file-sharing capability. The Federal Trade Commission (FTC) would be required to develop regulations to impose those requirements and to enforce the new restrictions.

Based on information from the FTC, CBO estimates that implementing H.R. 1319 would cost about \$1 million annually over the 2010-2014 period, assuming availability of the necessary amounts. The additional costs would be incurred to develop and enforce the notification requirements. CBO estimates that enacting H.R. 1319 could increase federal revenues from additional civil penalties assessed for violations of the new regulations. We estimate that any additional revenues would not be significant because of the relatively small number of cases expected to be involved. Enacting the bill would not affect direct spending.

H.R. 1319 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

The bill would impose private-sector mandates as defined in UMRA. It would require companies that develop or distribute software that allows files to be shared between computers to provide certain features that give the user control over various functions of the software.

Based on information from industry sources, CBO expects the mandates in the bill would require only marginal changes in such software, which would impose minimal costs. Consequently, CBO estimates that the cost of the mandates would fall well below the annual threshold established in UMRA for private-sector mandates (\$139 million in 2009, adjusted annually for inflation).

The CBO staff contacts for this estimate are Susan Willie (for federal costs) and Sam Wice (for the private-sector impact). The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.