



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 17, 2014

H.R. 5036 **Satellite Television Access Reauthorization Act of 2014**

As ordered reported by the House Committee on the Judiciary on July 10, 2014

Based on information from the Copyright Office, CBO estimates that implementing H.R. 5036 would not have a significant effect on the federal budget. CBO estimates that enacting H.R. 5036 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

Under current law, satellite carriers pay royalty fees for the right to transmit certain television signals to their subscribers without obtaining permission from copyright holders. The statutory license allowing those transmissions is set to expire on December 31, 2014; H.R. 5036 would extend that license through December 31, 2019.

Under the statutory license, satellite carriers pay royalty fees to the Copyright Office for transmission of certain copyrighted broadcasts and the Copyright Office later distributes those fees to the owners of copyrights on the transmitted material. Based on information from the Copyright Office, CBO expects that the additional workload to continue administration of the royalty payments would not be significant. Collections and disbursement of royalty fees are not recorded in the federal budget; therefore, there would be no budgetary effect, with regard to those fees, to extend the statutory license.

H.R. 5036 would extend existing intergovernmental and private-sector mandates, as defined in the Unfunded Mandates Reform Act (UMRA), on satellite carriers and copyright holders (including public entities). The bill would extend through December 31, 2019, the royalty rates satellite carriers are required to pay for transmitting some copyrighted material. If this requirement were to expire, royalty rates would be negotiated privately between copyright owners and satellite carriers. The cost of the mandate would equal the difference between the royalties that would be set in the absence of the bill and the royalties set under current law. Based on information from industry sources and the Copyright Office, CBO expects that those rates would not differ significantly. Consequently, CBO estimates that the cost of complying with the mandates would be small and would fall below the annual thresholds established in UMRA for intergovernmental and private-sector mandates (\$76 million and \$152 million in 2014, respectively, adjusted annually for inflation).

On June 13, 2014, CBO transmitted a cost estimate for H.R. 4572, the STELA Reauthorization Act of 2014, as ordered reported by the House Committee on Energy and Commerce on May 9, 2014. H.R. 4572 would extend provisions of current law that allow satellite carriers to transmit copyrighted material but would not extend the license that allows such transmission without permission from the copyright holders. CBO estimates that implementing H.R. 4572 would cost about \$1 million over the 2015-2019 period, assuming appropriation of the necessary amounts, for reports and regulatory actions by the Federal Communications Commission.

The CBO staff contacts for this estimate are Susan Willie (for federal costs), Melissa Merrell (for the state and local impact), Tristan Hanon, and Patrice Gordon (for the private-sector impact). The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.