



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

November 20, 2007

### **H.R. 275**

### **Global Online Freedom Act of 2007**

*As ordered reported by the House Committee on Foreign Affairs  
on October 23, 2007*

H.R. 275 would authorize a new office within the Department of State. The Office of Global Internet Freedom would:

- Coordinate interagency efforts to promote abroad the free flow of electronic information on the Internet,
- Fight efforts by foreign governments to restrict Internet use,
- Identify, update, and publicize a list of key words, terms, and phrases related to human rights, democracy, religious freedom, and political dissent,
- Consult with technology companies, human rights organizations, and academic experts on new information technologies to develop a voluntary code of corporate standards for the free flow of electronic information, and
- Provide pertinent information to the Secretary of State for reports on human rights practices, security assistance, and countries that restrict Internet use.

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

Based on information from the department, CBO estimates that the new office would require additional appropriations in 2008 of \$2 million for salaries and expenses, \$10 million to identify and regularly update key words, and an additional \$10 million to develop and implement global strategies and programs to prevent restrictions on Internet use. With annual adjustments for inflation, CBO estimates that activities of the new office would cost \$19 million in 2008 and \$108 million over the 2008-2012 period, assuming appropriation of the estimated amounts (see table). The costs of this legislation fall within budget function 150 (international affairs).

	By Fiscal Year, in Millions of Dollars				
	2008	2009	2010	2011	2012
<b>CHANGES IN SPENDING SUBJECT TO APPROPRIATION</b>					
Estimated Authorization Level	22	22	23	23	24
Estimated Outlays	19	21	22	23	23

Other provisions in the bill would require the Secretary of Commerce to complete a feasibility study on the development of export controls and licenses for items that would allow foreign governments to restrict use of the Internet, and to provide a report to the Congress. CBO estimates those provisions would increase discretionary spending by less than \$500,000 a year, assuming the availability of the estimated amounts.

In addition to the discretionary costs, enacting H.R. 275 also could increase collections of civil and criminal fines for violations of the bill's provisions relating to the protection of personally identifiable information. Such fines are recorded in the budget as revenues. CBO expects that any additional collections would not be significant because of the relatively small number of cases likely to be affected. Criminal fines are deposited in the Crime Victims Fund and later spent. CBO expects that any additional direct spending would not be significant.

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

H.R. 275 would impose private-sector mandates, as defined in the Unfunded Mandates Reform Act (UMRA), on U.S. businesses that host Internet content in foreign countries that are designated as countries that restrict use of the Internet. The bill would prohibit U.S. businesses from cooperating with those foreign governments by blocking certain Web sites and online content and from providing those countries with the personal information of certain Internet users. The bill also would require U.S. businesses in countries that restrict Internet use to provide the Office of Global Internet Freedom with information regarding Web sites and online search engines that are blocked, filtered, or censored in order to comply with the policies or requests of a country that restrict Internet use.

The cost of complying with the mandates would depend in part on which countries are designated by the President under the bill. The cost also would depend on the current practices of U.S. businesses operating in the designated countries and the actions taken by those countries in response to the restrictions placed on such businesses. CBO does not have sufficient information to determine whether the aggregate cost of the mandates in the bill

would exceed the annual threshold established in UMRA for private-sector mandates (\$131 million in 2007, adjusted annually for inflation).

H.R. 275 contains no intergovernmental mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

## **STAFF CONTACTS**

The CBO contacts for this estimate are Sunita D'Monte (for federal costs) and MarDestinee C. Perez (for private-sector mandates). This estimate was approved by Peter H. Fontaine, Assistant Director for Budget Analysis.