

S. 474, REPORT Act

As reported by the Senate Committee on the Judiciary on June 6, 2023

By Fiscal Year, Millions of Dollars		2024	2024-2028	2024-2033
Direct Spending (Outlays)		*	*	*
Revenues		*	*	*
Increase or Decrease (-) in the Deficit		*	*	*
Spending Subject to Appropriation (Outlays)		*	3	not estimated
Increases <i>net direct spending</i> in any of the four consecutive 10-year periods beginning in 2034?	< \$2.5 billion	Statutory pay-as-you-go procedures apply?		Yes
	Mandate Effects			
Increases <i>on-budget deficits</i> in any of the four consecutive 10-year periods beginning in 2034?	No	Contains intergovernmental mandate?		Yes, Under Threshold
			Contains private-sector mandate?	Yes, Under Threshold
* = between -\$500,000 and \$500,000.				

S. 474 would expand reporting requirements for interactive computer service providers, such as Internet service providers, social media companies, and municipal broadband providers, to the CyberTipline. The CyberTipline is the national reporting system for online child sexual exploitation. Under current law, those entities are required to report instances of child sexual exploitation and preserve each report for 90 days after submission. S. 474 would require providers to also report sex trafficking and prostitution of children through coercion to the CyberTipline and would lengthen the period to preserve those reports to one year after submission. Additionally, S. 474 would increase criminal penalties for providers who fail to make such a report.

Spending Subject to Appropriation

In fiscal year 2023, the Department of Justice (DOJ) allocated \$42 million to the National Center for Missing and Exploited Children (NCMEC), which operates the CyberTipline. CBO expects that the bill's expanded reporting requirements for providers would increase the number of annual submissions and the amount of information provided in each report sent to the CyberTipline. Using information from DOJ and NCMEC, CBO estimates that implementing S. 474 would cost \$3 million over the 2024-2028 period for personnel and data storage costs. Such spending would be subject to the availability of appropriated funds.

See also

[CBO's Cost Estimates Explained](#), [CBO Describes Its Cost-Estimating Process](#), [Glossary](#)

Direct Spending and Revenues

S. 474 would increase the maximum penalty for providers who fail to comply with the CyberTipline reporting requirements. Using information from DOJ, CBO estimates that a small number of providers would pay higher fines under the bill.

In addition, S. 474 would expand reporting requirements to the CyberTipline and lengthen the time that providers must preserve information about any such submissions. Using information from DOJ, CBO expects that those requirements would increase the number of successful criminal prosecutions, and thus increase criminal penalty collections. Using information about historical collections for child sexual exploitation offenses, CBO estimates that enacting S. 474 would increase collections by a small amount.

Criminal fines are recorded in the budget as revenues, deposited into the Crime Victims Fund, and later spent without further appropriation. In total, CBO estimates that enacting S. 474 would increase revenues and direct spending by less than \$500,000 over the 2024-2033 period.

Mandates

S. 474 would impose intergovernmental and private-sector mandates, as defined in the Unfunded Mandates Reform Act (UMRA) on providers of interactive computer services by expanding requirements to report instances of online sexual exploitation and trafficking of minors to the CyberTipline. This would include increasing the amount of time that these services would be required to store data on reported incidents from 90 days to 365 days. Using data from NCMEC's Reports by Electronic Service Providers publication, discussions with industry experts, and publicly available information on the cost of data storage, CBO estimates that the aggregate cost of the mandates would be less than \$30 million annually. Thus, they would not exceed the annual thresholds established in UMRA for intergovernmental and private-sector mandates (\$99 million and \$198 million, respectively, adjusted annually for inflation).

Previous CBO Estimate

On October 18, 2023, CBO transmitted a [cost estimate for S. 1207](#), the EARN IT Act of 2023, as reported by the Senate Committee on the Judiciary on May 15, 2023. Sections 7 and 8 of S. 1207 are similar to sections 3 and 4 of S. 474. CBO's estimate of the costs and the mandates are the same for both provisions.

The CBO staff contacts for this estimate are Jeremy Crimm (for Department of Justice) and Erich Dvorak (for mandates). The estimate was reviewed by H. Samuel Papenfuss, Deputy Director of Budget Analysis.



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