

S. 1228, PIRATE Act

As ordered reported by the Senate Committee on Commerce, Science, and Transportation on May 15, 2019

By Fiscal Year, Millions of Dollars	2019	2019-2024	2019-2029
Direct Spending (Outlays)	0	0	0
Revenues	0	*	*
Deficit Effect	0	*	*
Spending Subject to Appropriation (Outlays)	0	*	n.e.
Pay-as-you-go procedures apply?	Yes	Mandate Effects	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2030?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	Yes, Under Threshold
n.e. = not estimated; * = between -\$500,000 and \$500,000.			

S. 1228 would expand the scope of a current prohibition against the transmission of communications on certain radio frequencies without a Federal Communications Commission (FCC) license. The bill would raise the maximum allowable civil penalty for such unlicensed transmissions to \$2 million, and would make the facilitation of such transmissions a punishable offense. S. 1228 also would require the FCC to undertake additional enforcement and monitoring of unlicensed transmissions in the top five radio markets in the United States, publish a database of licensed radio stations and unlicensed entities that have been subject to an enforcement action, and report annually to the Congress on its enforcement activities.

Using information from the FCC, CBO estimates that implementing S. 1228 would require the agency to hire 30 employees to expand enforcement; CBO expects that the agency would hire about half of those employees in 2020 and the remainder in 2021. After accounting for inflation, CBO estimates that the average annual cost for each employee would be \$230,000, or about \$8 million annually over the 2021-2024 period. In addition, CBO estimates that it would cost about \$3 million for the agency to expand a current database and purchase additional equipment necessary to implement the bill. Over the 2019-2024 period, CBO estimates, implementing the bill would have a gross cost of about \$36 million. However, under current law, the FCC is authorized to collect fees sufficient to offset the costs of its regulatory and enforcement activities each year; therefore, CBO estimates that the net cost to the FCC would be negligible, assuming appropriation actions consistent with that authority.



S. 1228 would increase the maximum civil penalty associated with the transmission of communications without an FCC license. Civil penalties are recorded in the federal budget as revenues. CBO estimates that any additional civil penalties collected under the bill would be insignificant. In 2018, the FCC imposed less than \$200,000 in penalties for such infractions.

If the FCC increases annual fee collections to offset the costs of implementing additional enforcement measures as required by the bill, S. 1228 would increase the cost of an existing private-sector mandate on commercial entities required to pay those fees. Using information from the FCC, CBO estimates that the incremental cost of the mandate would be small—roughly \$8 million annually—and would fall well below the annual threshold established in the Unfunded Mandates Reform Act (UMRA) for private-sector mandates (\$164 million in 2019, adjusted annually for inflation).

The bill would not impose an intergovernmental mandate as defined in UMRA.

The CBO staff contacts for this estimate are David Hughes (for federal costs) and Rachel Austin (for mandates). The estimate was reviewed by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.