Congressional Budget Office
Cost Estimate

October 31, 2022

At a Glance

H.R. 3825, Ending Platform Monopolies Act

As ordered reported by the House Committee on the Judiciary on June 24, 2021

By Fiscal Year, Millions of Dollars	2023	2023-2027	2023-2032
Direct Spending (Outlays)	0	0	0
Revenues	0	*	*
Increase or Decrease (-) in the Deficit	0	*	*
Spending Subject to Appropriation (Outlays)	5	54	not estimated

Statutory pay-as-you-go procedures apply?	**Yes**	**Mandate Effects**	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2033?	**No**	Contains intergovernmental mandate?	**No**
		Contains private-sector mandate?	**Yes, Over Threshold**

* = between -$500,000 and $500,000.

The bill would

- Prohibit firms that own large online platforms from selling products or services from other lines of business that they own on their platforms, among other restrictions
- Require the Federal Trade Commission (FTC) and Department of Justice (DOJ) to designate platforms and supervise and enforce violations
- Impose a private-sector mandate on large online platforms by restricting lines of business operations

Estimated budgetary effects would mainly stem from

- Spending subject to appropriation by the FTC and DOJ to implement the bill's requirements
- Insignificant increases in revenues from additional civil monetary penalty collections

Detailed estimate begins on the next page.

Bill Summary

H.R. 3825 would restrict some types of business activities for large online platforms, specified in the bill. The new restrictions would apply to federally designated “covered platforms,” which have at least 50 million active users each month or 100,000 active business users each month, are owned or controlled by a company with a market capitalization or annual sales exceeding $600 billion, and have the ability to impede business users from accessing the platform’s customer base.

The bill would prohibit large online platforms from:

- Using their platforms to sell goods and services from other lines of business that the platform owns and operates,
- Requiring business users to purchase products or services from the platform to obtain access to or preferred placement on the platform, or
- Operating lines of business that create conflicts of interest (as defined in the bill).

Under the bill, covered platforms would be designated by the Department of Justice (DOJ) or the Federal Trade Commission (FTC), and would be required to adhere to the bill’s provisions. That designation as a covered platform would apply for 10 years or until removed by DOJ or the FTC. Those agencies would supervise and enforce any violations and collect civil monetary penalties from violators.

Estimated Federal Cost

The costs of the legislation, detailed in Table 1, fall within budget function 370 (commerce and housing credit) and 750 (administration of justice).

Table 1.
Estimated Increases in Spending Subject to Appropriation Under H.R. 3825

	By Fiscal Year, Millions of Dollars					
	2023	2024	2025	2026	2027	2023-2027
Federal Trade Commission						
Estimated Authorization	4	8	8	9	9	38
Estimated Outlays	3	7	8	9	9	36
Department of Justice						
Estimated Authorization	2	4	4	4	4	18
Estimated Outlays	2	4	4	4	4	18
Total Changes						
Estimated Authorization	6	12	12	13	13	56
Estimated Outlays	5	11	12	13	13	54

Basis of Estimate

For this estimate, CBO assumes that H.R. 3825 will be enacted by the end of 2022. Using information from the affected agencies, CBO estimates that implementing H.R. 3825 would cost $54 million over the 2023-2027 period, assuming appropriation of the estimated amounts.

Spending Subject to Appropriation

Designating and updating the status of covered platforms would cost the FTC and DOJ about $8 million over the 2023-2027 period; the designation process could take up to two years. In addition, CBO estimates that it would cost the agencies about $46 million to supervise and enforce violations of H.R. 3825, mainly for employee salaries and overhead. CBO anticipates that DOJ and the FTC would begin hiring in 2023 and that the new enforcement offices and staff would be fully operational in 2024. Using information from the agencies about current salaries and overhead costs for antitrust staff, CBO estimates each new employee would cost about $200,000 annually, on average. CBO expects that the FTC would hire 30 additional employees and the DOJ would hire 18 additional employees to supervise covered platforms and conduct enforcement activities.

Revenues

Covered platforms found to violate the provisions of H.R. 3825 would be subject to civil monetary penalties, which are generally remitted to the Treasury and recorded as revenues. The collection of most civil fines would depend on the level of appropriations provided in future appropriation acts. In addition, whether the FTC would pursue civil penalties or some other remedy for violations is unclear. In any event, CBO estimates that any increases in revenues from civil penalties would be insignificant.

Pay-As-You-Go Considerations:

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The increases in revenues that are subject to those pay-as-you-go procedures would not be significant in each year and over the 2023-2032 period.

Increase in Long-Term Deficits: None

Mandates:

H.R. 3825 would impose private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). CBO estimates that the aggregate cost of the mandates would exceed the threshold for private-sector mandates established in UMRA ($184 million in 2022, adjusted annually for inflation).

The bill would impose a mandate on covered platforms by placing restrictions on certain lines of business. Under these requirements, the affected platforms would likely have to divest from some lines of business. The cost of the mandate would be any income lost as a consequence.

CBO cannot determine the exact cost of the mandate because much of the information regarding specific revenues for lines of businesses in the technology sector is proprietary. In addition, the FTC and DOJ have not issued regulations required by the bill. However, the entities likely to be affected are large multinational companies with market capitalizations in the hundreds of billions of dollars. Using publicly available information on the annual revenues of lines of businesses within large technology platforms, CBO estimates that the aggregate cost of the mandate would greatly exceed the threshold established in UMRA for private-sector mandates.

The bill contains no intergovernmental mandates as defined in UMRA.

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