CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

November 5, 2009

H.R. 2994
Satellite Home Viewer Reauthorization Act of 2009

As ordered reported by the House Committee on Energy and Commerce on October 15, 2009

Under current law, satellite carriers pay royalty fees for the right to transmit certain television signals to their subscribers without obtaining specific permission from copyright holders. H.R. 2994 would extend provisions of current law that allow satellite carriers to transmit copyrighted material without specific permission but would not extend the requirement to pay royalties on those copyrighted transmissions. The requirement to pay royalties will expire on December 31, 2009. The bill also would require the Federal Communications Commission (FCC) to conduct several studies related to the transmission of satellite broadcasts.

CBO estimates that implementing H.R. 2994 would not significantly affect spending subject to appropriation; enacting the bill would not affect direct spending or revenues.

H.R. 2994 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

H.R. 2994 would impose private-sector mandates, as defined in UMRA, on satellite carriers and television broadcasters. Based on information from industry sources, CBO estimates that the aggregate cost of complying with all of the mandates in the bill would fall below the annual threshold for private-sector mandates ($139 million in 2009, adjusted annually for inflation).

The bill would require that, in each market for which a satellite carrier chooses to provide local channels in high definition, the carrier must also provide high definition signals of any local noncommercial, educational stations by December 31, 2011. Assuming agreements with such stations could be reached, CBO estimates that the cost for satellite carriers to comply with this mandate would probably be small relative to the annual threshold.

The bill also would extend an existing mandate on broadcasters that prohibits them from entering certain exclusive contracts for the rights to broadcast their programs and requires them to negotiate in good faith. The cost of the mandate to broadcasters would be the net income forgone as a result of the requirement to negotiate contracts with multiple carriers. Based on information from industry sources, CBO expects that few exclusive contracts would be reached. Therefore, CBO estimates that the cost of the mandate would be small. Additionally, the bill would impose a mandate on network broadcasters by extending a provision that allows satellite carriers to retransmit distant network signals to unserved households without obtaining consent or providing compensation to broadcasters. The cost of the mandate would be the forgone net income broadcasters could obtain by charging satellite carriers for such transmissions. Based upon information from industry sources, CBO estimates the cost would be minimal.

The CBO staff contacts for this estimate are Susan Willie (for federal costs) and Sam Wice (for the private-sector impact). The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.