Congressional Budget Office
Cost Estimate

November 9, 2023

At a Glance

S. 1080, Cooper Davis Act

As reported by the Senate Committee on the Judiciary on September 5, 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)	10	117	not estimated

Increases *net direct spending* in any of the four consecutive 10-year periods beginning in 2034?	*	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 2034?	No	Contains intergovernmental mandate?	Yes, Under Threshold
		Contains private-sector mandate?	Yes, Under Threshold

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

The bill would

- Require providers of electronic communications and remote computing services to report illicit drug trafficking on their platforms to the Drug Enforcement Administration (DEA)
- Require DEA to review each report and determine whether further investigation is needed
- Create new criminal and civil penalties for providers who fail to comply with the reporting requirements
- Impose mandates on providers of electronic communications and remote computing services

Estimated budgetary effects would mainly stem from

- Personnel, technology, and contracting costs for DEA
- Criminal and civil penalty collections and associated spending

Detailed estimate begins on the next page.

See also
CBO's Cost Estimates Explained, *CBO Describes Its Cost-Estimating Process*, *Glossary*

Bill Summary

S. 1080 would require providers of electronic communications and remote computing services (such as email, cell phone, social media, and cloud computing) to report certain instances of illicit drug trafficking on their platforms to the Drug Enforcement Administration (DEA). Specifically, the bill would require providers to report the unlawful sale or distribution of fentanyl, methamphetamine, or other counterfeit controlled substances and preserve the contents of each report for 90 days. S. 1080 would require each report to contain information about the users involved, including their names and addresses, and how the provider discovered each violation. Additionally, the bill would create new criminal penalties for providers who fail to submit a report and civil penalties for submitting incomplete or fraudulent reports. S. 1080 also would require DEA to review each report to determine whether further investigation is warranted.

Estimated Federal Cost

The estimated budgetary effect of S. 1080 is shown in Table 1. The costs of the legislation fall within budget function 750 (administration of justice).

Table 1.
Estimated Budgetary Effects of S. 1080

	By Fiscal Year, Millions of Dollars					
	2024	2025	2026	2027	2028	2024-2028
Estimated Authorization	13	27	28	28	29	125
Estimated Outlays	10	23	27	28	29	117

CBO estimates that enacting S. 1080 would increase revenues and direct spending by less than $500,000 in every year and over the 2024-2033 period.

Basis of Estimate

CBO assumes that the bill will be enacted by the end of calendar year 2023 and that the estimated amounts will be provided each year.

Spending Subject to Appropriation

Using information from DEA, CBO estimates that, in total, implementing S. 1080 would cost $117 million over the 2024-2028 period. CBO expects that DEA will begin to incur costs in 2024 but would not fully implement the provisions in the bill until 2025. In that year, CBO estimates that the agency would need about $21 million to develop and maintain a new platform to receive and store reports of illicit drug trafficking. In addition, CBO expects that the agency would need 20 employees at a cost of about $5 million to review submissions from providers and coordinate with other law enforcement agencies. Finally, CBO estimates that DEA would need $1 million for contracting costs for data analytics and intelligence to interpret data from different social media platforms. CBO estimates that those costs would increase each year because of inflation.

Direct Spending and Revenues
S. 1080 would create new criminal penalties for providers who knowingly and willfully fail to submit reports and new civil penalties for submitting reports that contain fraudulent information. Using information from the Department of Justice, CBO estimates that a small number of providers would pay criminal and civil fines under the bill. Civil fines are recorded in the budget as revenues and deposited into the Treasury. Criminal fines are recorded as revenues, deposited into the Crime Victims Fund, and later spent without further appropriation. CBO estimates that S. 1080 would increase revenues and direct spending by less than $500,000 over the 2024-2033 period.

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. CBO estimates that enacting the bill would increase direct spending and revenues by less than $500,000 in every year and over the 2024-2033 period.

Increase in Long-Term Net Direct Spending and Deficits

CBO estimates that enacting S. 1080 would not significantly increase net direct spending in any of the four consecutive 10-year periods beginning in 2034.

CBO estimates that enacting S. 1080 would not increase on-budget deficits in any of the four consecutive 10-year periods beginning in 2034.

Mandates

S. 1080 would impose mandates as defined in the Unfunded Mandates Reform Act (UMRA) on public- and private-sector providers of electronic communication and remote computing services. CBO estimates that the aggregate costs to comply with the intergovernmental and private-sector mandates would not exceed the annual thresholds established in UMRA ($99 million and $198 million, respectively, adjusted annually for inflation).

The bill would require providers to report information related to illicit drug transactions to DEA. Many providers already have terms-of-service prohibitions on trafficking illicit drugs and flag violations for potential removal. Additionally, the bill states that providers need not search for violations proactively. Therefore, CBO expects that the cost to comply with the new reporting requirement would be minimal.

The bill also would require providers to preserve reported information for at least 90 days. Using industry data and publicly available information on the cost of data storage, CBO estimates that the aggregate cost of the storage mandate would be less than $10 million annually.

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