I. INTRODUCTION

On Thursday, March 19, 2015, at 11:00 a.m. in 2123 Rayburn House Office Building, the Subcommittee on Communications and Technology will hold a hearing entitled “FCC Reauthorization: Oversight of the Commission.” The purpose of this hearing is to conduct oversight of the Commission’s policy decisions and the process by which it reaches them. The hearing will also consider a discussion draft of legislation to address concerns raised at the Committee’s March 4, 2015, hearing on the Commission’s budget and management.

II. WITNESSES

- The Honorable Tom Wheeler, Chairman, Federal Communications Commission;
- The Honorable Mignon Clyburn, Commissioner, Federal Communications Commission;
- The Honorable Jessica Rosenworcel, Federal Communications Commission;
- The Honorable Ajit Pai, Commissioner, Federal Communications Commission; and,
- The Honorable Michael O’Rielly, Commissioner, Federal Communications Commission.

III. BACKGROUND

The Federal Communications Commission (FCC) was created by Congress in 1934 as an independent agency to regulate interstate communications in the public interest.¹ Like other independent agencies, the FCC is not a part of any executive department.

Process reform and agency overreach are two particular matters of concern in this hearing. FCC process reform has been an on-going priority of the Subcommittee. During the 112th and 113th Congresses, the House unanimously approved a number of bipartisan bills designed to address potential procedural failings and abuses of process, and to improve agency

transparency, efficiency, and accountability. The Commission also has made repeated attempts at reforming itself. At the beginning of his tenure, Chairman Wheeler commissioned a report and recommendations for process reform at the agency. Since that report was issued in February 2014, there have been several instances that raise concerns about the integrity of the Commission’s decision-making processes. These allegations prompted Chairmen Upton, Walden, and Murphy to issue a letter requesting additional information to determine the extent of the Commission’s process failures.

The Committee also questions the statutory basis for several recent FCC actions that appear to expand the reach of the Commission well beyond the authority granted by law. Federal agencies must operate within the bounds of the authority granted to them by Congress. Commission actions that go beyond its existing authority will result in costly and extensive litigation and deprive FCC-regulated entities of consistent, predictable interpretations of the law. Moreover, the uncertainty created by these decisions harm investment and innovation. Independent agencies are tasked with faithful implementation of the laws and policies adopted by Congress. Changes to the scope of an agency’s reach are therefore properly achieved only through legislation.

IV. OVERSIGHT ISSUES

- **Net Neutrality.** On February 26, 2015, the Commission voted to classify broadband Internet service as a “telecommunications service” subject to regulation under Title II. The process leading to both the Notice of Proposed Rulemaking (NPRM) and the Order have raised questions about the sufficiency of the public notice and comment process required for Commission action. Specifically, the rules adopted were never proposed in the form in which they were adopted. The NPRM did not detail consideration of a regulatory framework under Title II; trade press noted that the Commission expanded the Title II references in the weeks before the Open Meeting to respond to backlash from net neutrality advocates. Commenters

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5 Protecting and Promoting the Open Internet, Notice of Proposed Rulemaking, 29 FCC Rcd 5561 (2014) (“Open Internet NPRM”).


7 See Gautham Nagesh, “FCC Head to Revise Broadband-Rules Plan,” Wall St. J. (May 11, 2014) at http://www.wsj.com/articles/SB10001424052702303468704579574122637947700 (indicating that the reclassification language was included to “address the backlash to his initial proposal while sticking to what he thinks will be the fastest course of action”); Amy Schatz, “Internet Providers Strike Back on Net Neutrality,”
had little notice of the Commission’s shift until the President announced his plan for net neutrality in November of the past year,8 which may not constitute proper notice and also raises questions regarding undue influence on the agency.9 Further, the process leading up to the Order may not have provided commenters with a meaningful opportunity to comment.

In addition, the basis for the decision lacks adequate legal support. The Order relies on statutes written before the regulation of the Internet was even contemplated. As such, the reclassification of broadband Internet access services as Title II telecommunications services reverses course on decades of bipartisan policy.10

The application of the agency’s Order to wireless broadband presents particular concerns on both substance and process. Section 332 has been interpreted by the Commission and the courts to prohibit the classification of mobile broadband services as a telecommunications service.11 Ignoring both past Commission precedent and the dictates of the Federal courts, the Commission has attempted to regulate wireless broadband on the theory that the IP networks are the “functional equivalent” of the telephone networks over which the Commission has authority. This interpretation is concerning because the Commission failed to provide notice of this change to a 20-year-old definition, instead claiming it was a “logical outgrowth” of its work on net neutrality to assume the Commission would have to amend the definition of a telephone network in order to address an issue unrelated to telephony.

Additionally, regulatory overreach creates problems for the jurisdictional division between Federal agencies. Specifically, the boundaries between FCC and Federal Trade Commission (FTC) are now less clear. By including ISPs under the “common carrier” rubric, the FCC has removed ISPs from the jurisdiction of the FTC and therefore assumed responsibility for privacy policy.12 Moreover, the FTC may no longer be able to regulate anticompetitive behavior of ISPs under this new interpretation of law by the FCC.13

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11 See 47 U.S.C. 332(c).
13 See “AT&T argues Title II Shields it from FTC Lawsuit, Ruling Pending,” Electronista (March 13, 2015) at http://www.electronista.com/articles/15/03/13/att.claims.new.fcc.ruling.exempts.it.from.ftc.oversight/
Of further concern is the effect of the FCC’s reclassification on international regulatory frameworks. Countries have sought to increase U.N. jurisdiction over broadband and Internet services at the International Telecommunications Union and other fora. By classifying broadband Internet access service as a telecommunications service, the FCC has laid groundwork for countries seeking to increase ITU oversight of broadband providers.\(^{14}\)

Moreover, under the Commission’s interpretation of IP addresses as the functional equivalent of telephone numbers, the regulation and implementation of Internet numbering and naming may become a function of the FCC.

- **CPNI Enforcement Action.** In October 2014, the FCC issued a Notice of Liability that fined two universal service Lifeline providers $10 million for alleged privacy breaches.\(^{15}\) It is unclear if the FCC has the authority to issue the penalty. Section 222 of the Act requires the Commission to oversee how carriers share and use Customer Proprietary Network Information, or CPNI, which includes details such as length of call or numbers dialed. The provision, however, does not address personally identifiable information, the treatment of which traditionally has been under the purview of the FTC.\(^{16}\) Moreover, section 222 originally was intended to ensure that carriers did not use CPNI to engage in anti-competitive marketing tactics. With this action, however, the FCC appears ready to expand its authority beyond CPNI to include any form of personally identifiable information. The FCC provides no legal justification for this expansion.

- **Preemption of State Laws Governing Municipal Broadband.** The FCC also has taken action to preempt the laws of Tennessee and North Carolina that place limits on the provision of broadband by taxpayer—or ratepayer-funded entities.\(^{17}\) The agency justified this action under its section 706 authority to regulate if it concludes that advanced telecommunications is not being deployed in a reasonable and timely manner. In the Verizon case, the D.C. Circuit concluded that the FCC may have some authority under section 706;\(^{18}\) however, the provision does not offer an explicit grant of authority to preempt State law. Under well-established principles of federalism, States are separate sovereigns and may order, withhold, grant, or withdraw powers and privileges to the municipalities within their borders as they see fit. The Supreme Court has found that only a clear statement of authority allows a Federal agency to preempt State law,\(^{19}\) and that clear statement is not present in section 706.

- **Unfinished Dockets.** While the Committee commends the FCC’s efforts to clear the backlog in a number of complaint procedures, too many rulemakings, petitions, and other applications remain unanswered for extended periods of time. Of particular note, the AM Revitalization

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\(^{15}\) *TerraCom, Inc. and YourTel America, Inc.*, Notice of Apparent Liability, 29 FCC Rcd 13325 (2014).

\(^{16}\) 47 U.S.C. § 222.


\(^{18}\) *See Verizon v. FCC*, 740 F.3d 623 (D.C. Cir. 2014).

docket,\textsuperscript{20} the program access NPRM on buying groups,\textsuperscript{21} and the petition of Entercom Communications to allow online disclosures for contests on the radio\textsuperscript{22} remain unresolved, while petitioners and other interested stakeholders hold business activity until the Commission acts. Most problematic is the failure to complete the statutorily mandated 2010 Quadrennial Review,\textsuperscript{23} despite the Commission’s willingness to regulate media ownership in multiple other ways.

- **Delegated Authority.** The Commission may delegate authority to its bureaus to complete routine, non-controversial matters that do not introduce new policy. Yet, in March 2014, the Media Bureau adopted, on delegated authority, a change to established policy on how sharing agreements would impact FCC consideration of broadcast television transactions.\textsuperscript{24} This both the substance of the decision and the procedure by which it was reached were challenged and the matter is currently pending before the D.C. Circuit.\textsuperscript{25} Of particular interest is the grant of a waiver of the auction rules to permit Grain Management, LLC to qualify for small business bidding credits. It was only after two commissioners challenged the release of the item by the Wireless Telecommunications Bureau that Chairman Wheeler placed the item on circulation for vote by the full Commission. A letter from Chairmen Upton, Walden, and Murphy seeks information on the exercise of delegated authority and the role of the Chairman in directing its use.

- **Transparency.** The Commission has engaged in a number of actions that fail to demonstrate the willingness to ensure that all parties have adequate and meaningful notice of Commission activity. For example, the agency, for the first time, has instituted a procedure in the review of the Comcast-Time Warner merger, which permits parties to meet with the Commission without having to document the ex parte presentation in the record. It appears that lack of transparency extends further to the dealings among the Commissioners. The trade press have reported that the Chairman’s office withheld the Open Internet NPRM from Republican Commissioners for 20 to 24 hours after the circulating the item to Democratic Commissioners.\textsuperscript{26} The Chairman’s office also has circulated substantially revised items to the Commissioners less than 24 hours before the vote.\textsuperscript{27}

\textsuperscript{22} See Amendment of Section 73.1216 of the Commission’s Rules Related to Broadcast Licensee-Conducted Contests, Notice of Proposed Rulemaking, 29 FCC Rcd 14185 (2014).
\textsuperscript{25} NAB v. FCC, Docket No. 14-1072 (D.C. Cir. filed May 12, 2014).
\textsuperscript{26} Wheeler Said Not to be Negotiating with Republicans on Net Neutrality, CommDaily, May 14, 2014.
\textsuperscript{27} AT&T, Verizon Score Late Win as FCC Approves Incentive Auction Rules. CommDaily May 15, 2014.
The Committee has concerns over the recent testimony given by the Commission’s Managing Director on the fiscal year 2016 Budget Request. Mr. Wilkins was unable to provide details on the planned closures and staff re-organization of the field offices. Recent reports from the field indicate that the Commission is planning significant structural changes to its Enforcement Bureau. The Committee is concerned that transparency problems extend further into the budget request.

V. DISCUSSION DRAFT REAUTHORIZING FCC APPROPRIATIONS

On March 4, 2015, the Subcommittee on Communications and Technology held a hearing entitled “Reauthorization of the Federal Communications Commission: The FCC’s FY 2016 Budget Request.” At the hearing, the Committee expressed concerns with the FCC’s request to increase its budget to $505 million, including $388 million in budget authority from regulatory fee collection, $117 million from auctions receipts, and an additional $25 million transfer from the Universal Service Fund (USF or Fund) to cover FCC costs related to the administration of the Fund.

The Committee remains concerned with several aspects of the Commission’s expanding budget. First, the sheer size of the Commission’s request warrants additional scrutiny. For the first time ever, the Commission is requesting more than $500 million dollars to support its ongoing operations. Even adjusted for the rate of inflation, this far surpasses the amount the FCC needed to conduct its work when it was arguably its busiest: implementing the Telecommunications Act of 1996.

Second, the Commission’s request to support personnel associated with the Universal Service Fund by transferring money out of the Fund would move these costs away from the Commission’s annual appropriation. Moreover, it does not appear that the Commission has shown any corresponding reduction in the personnel costs of the other bureaus it intends to fund through its USF request. This is particularly troubling because the Commission is authorized under current law to expand the size of the Universal Service Fund to meet the Funds’ obligations.

Finally, the Committee continues to be troubled by the lack of an independent Inspector General to ensure accountability, transparency, and compliance with the law.

VI. STAFF CONTACT

If you have any questions regarding this hearing, please contact David Redl of the Committee staff at (202) 225-2927.

29 Id.
[DISCUSSION DRAFT]

114TH CONGRESS  1ST SESSION

H. R. _______

To amend the Communications Act of 1934 to reauthorize appropriations for the Federal Communications Commission and to streamline the provisions governing the assessment of offsetting collections by the Commission, to provide for an independent Inspector General for the Commission, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

M. ______ introduced the following bill; which was referred to the Committee on ____________________

A BILL

To amend the Communications Act of 1934 to reauthorize appropriations for the Federal Communications Commission and to streamline the provisions governing the assessment of offsetting collections by the Commission, to provide for an independent Inspector General for the Commission, and for other purposes.

1 Be it enacted by the Senate and House of Representa-
2 tives of the United States of America in Congress assembled,
3
4 SECTION 1. SHORT TITLE; TABLE OF CONTENTS.
5  (a) Short Title.—This Act may be cited as the
6 “FCC Reauthorization Act of 2015”.

March 17, 2015 (9:10 a.m.)
(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—FCC REAUTHORIZATION

Sec. 101. Authorization of appropriations.
Sec. 102. Application and regulatory fees.
Sec. 103. Effective date.

TITLE II—INDEPENDENT INSPECTOR GENERAL FOR FCC


TITLE III—DETERMINATION OF BUDGETARY EFFECTS

Sec. 301. Determination of budgetary effects.

TITLIE I—FCC REAUTHORIZATION

SEC. 101. AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—Section 6 of the Communications Act of 1934 (47 U.S.C. 156) is amended to read as follows:

“SEC. 6. AUTHORIZATION OF APPROPRIATIONS.

“(a) Authorization.—

“(1) IN GENERAL.—There are authorized to be appropriated to the Commission to carry out the functions of the Commission $339,844,000 for each of the fiscal years 2016 through 2020.

“(2) COSTS OF ADMINISTERING AUCTIONS.—In addition to the amounts authorized to be appropriated in paragraph (1), there are authorized to be appropriated to the Commission $819,000,000 for
fiscal years 2016 through 2022 to carry out the pro-
gram required by section 309(j) (including carrying
out section 6403 of the Middle Class Tax Relief and
Job Creation Act of 2012 (47 U.S.C. 1452)).

“(b) OFFSETTING COLLECTIONS.—

“(1) IN GENERAL.—The sum appropriated in
any fiscal year to carry out the activities described
in subsection (a), to the extent and in the amounts
provided for in advance in Appropriations Acts, shall
be derived from fees authorized by section 9.

“(2) DEPOSIT OF COLLECTIONS.—Amounts re-
ceived from fees authorized by section 9 shall be de-
posited as an offsetting collection in, and credited to,
the account through which funds are made available
to carry out the activities described in subsection
(a).

“(3) DEPOSIT OF EXCESS COLLECTIONS.—Any
fees collected in excess of the total amount of fees
provided for in Appropriations Acts for a fiscal year
shall be deposited in the general fund of the Treas-
ury of the United States for the sole purpose of def-
icit reduction.

“(c) UNIVERSAL SERVICE CONTRIBUTIONS SUBJECT
TO APPROPRIATIONS PROCESS.—
“(1) Authorization of Appropriations.—

There are authorized to be appropriated to the Commission to carry out Federal universal service support programs established pursuant to section 254 $9,000,000,000 for each of the fiscal years 2016 and 2017.

“(2) Contributions Treated as Offsetting Collections.—

“(A) In General.—The sum appropriated in any fiscal year to carry out the programs described in paragraph (1), to the extent and in the amounts provided for in advance in Appropriations Acts, shall be derived from contributions received under section 254(d).

“(B) Deposit of Contributions.—Contributions received under such section shall be deposited as an offsetting collection in, and credited to, the account through which funds are made available to carry out the programs described in such paragraph.

“(C) Deposit of Excess Contributions.—Any contributions received under such section in excess of the total amount provided for in Appropriations Acts for a fiscal year shall be deposited in the general fund of the Treas-
ury of the United States for the sole purpose of deficit reduction.

“(3) Limitation to amounts provided for in Appropriations Acts.—Contributions under such section may be assessed and collected in a fiscal year only to the extent and in the amounts provided for in advance in Appropriations Acts for such fiscal year.

“(4) Establishment of rates.—The Commission shall provide for the assessment and collection of contributions under such section at rates that will result in the collection, in each fiscal year, of an amount that can reasonably be expected to equal the amount provided for in advance in Appropriations Acts for such fiscal year.”.

(b) Costs of Administering Auctions Covered Through Appropriations.—

(1) In general.—Section 309(j)(8) of the Communications Act of 1934 (47 U.S.C. 309(j)(8)) is amended—

(A) in subparagraph (A), by striking “(B),”;

(B) by striking subparagraph (B);

(C) in subparagraph (D)(ii), by striking “and except as provided in subparagraph (B)”;

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(D) in subparagraph (F), by striking “subparagraphs (B) and” and inserting “subparagraph”; and

(E) in subparagraph (G), by striking “and except as provided in subparagraph (B)” each place it appears.

(2) Conforming Amendments.—Section 6403(c)(2) of the Middle Class Tax Relief and Job Creation Act of 2012 (47 U.S.C. 1452(c)(2)) is amended—

(A) in subparagraph (B)—

(i) in clause (i), by adding “and” at the end;

(ii) by striking clause (ii); and

(iii) by redesignating clause (iii) as clause (ii); and

(B) by striking subparagraph (C).

(c) Elimination of Duplicative Authorization of Appropriations.—

(1) In General.—Section 710 of the Telecommunications Act of 1996 (Public Law 104–104) is repealed.

(2) Conforming Amendment.—The table of contents of section 2 of such Act is amended by striking the item relating to section 710.
(d) TRANSFER OF FUNDS.—On the effective date described in section 103, any amounts in the account providing appropriations to carry out the functions of the Federal Communications Commission that were collected in excess of the amounts provided for in Appropriations Acts in any fiscal year prior to such date shall be transferred to the general fund of the Treasury of the United States for the sole purpose of deficit reduction.

SEC. 102. APPLICATION AND REGULATORY FEES.

(a) IN GENERAL.—Section 9 of the Communications Act of 1934 (47 U.S.C. 159) is amended to read as follows:

“SEC. 9. APPLICATION AND REGULATORY FEES.

“(a) GENERAL AUTHORITY.—The Commission shall assess and collect application fees and regulatory fees to recover the costs of carrying out the activities described in section 6(a) only to the extent and in the amounts provided for in advance in Appropriations Acts.

“(b) APPLICATION FEES.—

“(1) IN GENERAL.—The Commission shall assess and collect application fees at such rates as the Commission shall establish in a schedule of application fees to recover the costs of the Commission to process applications.

“(2) ADJUSTMENT OF SCHEDULE.—
“(A) IN GENERAL. — In every even-numbered year, the Commission shall review the 
schedule of application fees established under this subsection and, except as provided in sub-
paragraph (B), set a new amount for each fee in the schedule that is equal to the amount of 
the fee on the date when the fee was established or the date when the fee was last amended 
under paragraph (3), whichever is later—

“(i) increased or decreased by the per-
centage change in the Consumer Price 
Index during the period beginning on such 
date and ending on the date of the review; 
and

“(ii) rounded to the nearest $5 incre-
ment.

“(B) THRESHOLD FOR ADJUSTMENT. —
The Commission may not adjust a fee under 
subparagraph (A) if—

“(i) in the case of a fee the current 
amount of which is less than $200, the ad-
justment would result in a change in the 
current amount of less than $10; or

“(ii) in the case of a fee the current 
amount of which is $200 or more, the ad-
justment would result in a change in the current amount of less than 5 percent.

“(C) Current Amount Defined.—In subparagraph (B), the term ‘current amount’ means, with respect to a fee, the amount of the fee on the date when the fee was established, the date when the fee was last adjusted under subparagraph (A), or the date when the fee was last amended under paragraph (3), whichever is latest.

“(3) Amendments.—In addition to the adjustments required by paragraph (2), the Commission shall by rule amend the schedule of application fees established under this subsection if the Commission determines that the schedule requires amendment so that such fees reflect increases or decreases in the costs of processing applications at the Commission and the consolidation or addition of new categories of applications.

“(e) Regulatory Fees.—

“(1) In General.—The Commission shall assess and collect regulatory fees at such rates as the Commission shall establish in a schedule of regulatory fees that will result in the collection, in each
fiscal year, of an amount that can reasonably be ex-
pected to equal the difference between—

“(A) the amounts described in subsection
(a) with respect to such fiscal year; and

“(B) the amount of application fees rea-
sonably expected to be collected in such fiscal
year.

“(2) ADJUSTMENT OF SCHEDULE.—

“(A) IN GENERAL.—For each fiscal year,
the Commission shall by rule adjust the sched-
ule of regulatory fees established under this
subsection to—

“(i) reflect unexpected increases or
decreases in the number of units subject to
the payment of such fees; and

“(ii) result in the collection of the
amount required by paragraph (1).

“(B) ROUNDING.—In making adjustments
under this paragraph, the Commission may
round fees to the nearest $5 increment.

“(3) AMENDMENTS.—In addition to the adjust-
ments required by paragraph (2), the Commission
shall by rule amend the schedule of regulatory fees
established under this subsection if the Commission
determines that the schedule requires amendment so
that such fees reflect the full-time equivalent number
of employees within the bureaus and offices of the
Commission, adjusted to take into account factors
that are reasonably related to the benefits provided
to the payor of the fee by the Commission’s activi-
ties. In making an amendment under this para-
graph, the Commission may not change the total
amount of regulatory fees required by paragraph (1)
to be collected in a fiscal year.

“(d) Judicial Review Prohibited.—An adjust-
ment or amendment to a schedule of fees under subsection
(b) or (e) is not subject to judicial review.

“(e) Notice to Congress.—The Commission shall
transmit to Congress notification—

“(1) of any adjustment under subsection (b)(2)
or (c)(2) immediately upon the adoption of such ad-
justment; and

“(2) of any amendment under subsection (b)(3)
or (c)(3) not later than 90 days before the effective
date of such amendment.

“(f) Enforcement.—

“(1) Penalties for Late Payment.—The
Commission shall by rule prescribe a penalty for late
payment of fees under this section. Such penalty
shall be 25 percent of the amount of the fee that
was not paid in a timely manner.

“(2) INTEREST ON UNPAID FEES AND PEN-
ALTIES.—The Commission shall charge interest, at a
rate determined under section 3717 of title 31, United States Code, on a fee or penalty under this
section that is not paid in a timely manner. Such
section 3717 shall not otherwise apply with respect
to a fee or penalty under this section.

“(3) DISMISSAL OF APPLICATIONS OR FIL-
INGS.—The Commission may dismiss any applica-
tion or other filing for failure to pay in a timely
manner any fee, interest, or penalty under this sec-
tion.

“(4) REVOCATIONS.—

“(A) IN GENERAL.—In addition to or in
lieu of the penalties and dismissals authorized
by paragraphs (1) and (3), the Commission
may revoke any instrument of authorization
held by any licensee that has not paid in a
timely manner a regulatory fee assessed under
this section or any related interest or penalty.

“(B) NOTICE.—Revocation action may be
taken by the Commission under this paragraph
after notice of the Commission’s intent to take
such action is sent to the licensee by registered mail, return receipt requested, at the licensee’s last known address. The notice shall provide the licensee at least 30 days to either pay the fee, interest, and any penalty or show cause why the fee, interest, or penalty does not apply to the licensee or should otherwise be waived or payment deferred.

“(C) Hearing.—

“(i) Generally not required.—A hearing is not required under this paragraph unless the licensee’s response presents a substantial and material question of fact.

“(ii) Evidence and burdens.—In any case where a hearing is conducted under this paragraph, the hearing shall be based on written evidence only, and the burden of proceeding with the introduction of evidence and the burden of proof shall be on the licensee.

“(iii) Costs.—Unless the licensee substantially prevails in the hearing, the Commission may assess the licensee for the costs of such hearing.
“(D) Opportunity to Pay Prior to Revocation.—Any Commission order adopted under this paragraph shall determine the amount due, if any, and provide the licensee with at least 30 days to pay that amount or have its authorization revoked.

“(E) Finality.—No order of revocation under this paragraph shall become final until the licensee has exhausted its right to judicial review of such order under section 402(b)(5).

“(g) Waiver, Reduction, and Deferment.—The Commission may waive, reduce, or defer payment of a fee, interest charge, or penalty in any specific instance for good cause shown, if such action would promote the public interest.

“(h) Payment Rules.—The Commission shall by rule permit payment—

“(1) in the case of fees in large amounts, by installments; and

“(2) in the case of fees in small amounts, in advance for a number of years not to exceed the term of the license held by the payor.

“(i) Exceptions.—
“(1) APPLICATION FEES.—The application fees established under this section shall not be applicable to—

“(A) a governmental entity; or

“(B) a nonprofit entity licensed in the Local Government, Police, Fire, Highway Maintenance, Forestry-Conservation, Public Safety, or Special Emergency Radio service.

“(2) REGULATORY FEES.—The regulatory fees established under this section shall not be applicable to—

“(A) a governmental entity or nonprofit entity; or

“(B) an amateur radio operator licensee under part 97 of the Commission’s rules (47 C.F.R. part 97).

“(j) ACCOUNTING SYSTEM.—The Commission shall develop accounting systems necessary to make the amendments authorized by subsections (b)(3) and (c)(3).”.

(b) CONFORMING AMENDMENTS.—The Communications Act of 1934 (47 U.S.C. 151 et seq.) is amended—

(1) by repealing section 8; and

(2) in section 309(j)(6)(H), by striking “charges imposed pursuant to section 8 of this Act”
and inserting “application fees assessed under section 9”.

(c) Rulemaking to Amend Schedule of Regulatory Fees.—

(1) In general.—Not later than 1 year after the effective date described in section 103, the Federal Communications Commission shall complete a rulemaking proceeding under subsection (c)(3) of section 9 of the Communications Act of 1934, as amended by subsection (a) of this section.

(2) Report to Congress.—If the Federal Communications Commission has not completed the rulemaking proceeding required by paragraph (1) by the date that is 6 months after the effective date described in section 103, the Commission shall submit to Congress a report on the progress of such rulemaking proceeding.

sec. 103. Effective Date.

This title and the amendments made by this title shall take effect on October 1, 2015.
TITLE II—INDEPENDENT INSPECTOR GENERAL FOR FCC

SEC. 201. FCC INSPECTOR GENERAL APPOINTED PURSUANT TO SECTION 3 OF THE INSPECTOR GENERAL ACT OF 1978.

(a) AMENDMENTS.—The Inspector General Act of 1978 (5 U.S.C. App.) is amended—

(1) in section 8G(a)(2), by striking “the Federal Communications Commission,”; and

(2) in section 12—

(A) in paragraph (1), by inserting “, the Federal Communications Commission,” after “the Chairman of the Nuclear Regulatory Commission”; and

(B) in paragraph (2), by inserting “the Federal Communications Commission,” after “the Environmental Protection Agency,”.

(b) TRANSITION RULE.—An individual serving as Inspector General of the Federal Communications Commission on the date of the enactment of this Act pursuant to an appointment made under section 8G of the Inspector General Act of 1978 (5 U.S.C. App.)—

(1) may continue so serving until the President makes an appointment under section 3(a) of such Act with respect to the Federal Communications
Commission consistent with the amendments made by subsection (a); and

(2) shall, while serving under paragraph (1), remain subject to the provisions of section 8G of such Act which, immediately before the date of the enactment of this Act, applied with respect to the Inspector General of the Federal Communications Commission and suffer no reduction in pay.

**TITLE III—DETERMINATION OF BUDGETARY EFFECTS**

**SEC. 301. DETERMINATION OF BUDGETARY EFFECTS.**

The budgetary effects of this Act, for the purpose of complying with the Statutory Pay-As-You-Go-Act of 2010, shall be determined by reference to the latest statement titled “Budgetary Effects of PAYGO Legislation” for this Act, submitted for printing in the Congressional Record by the Chairman of the House Budget Committee, provided that such statement has been submitted prior to the vote on passage.