Repealing Section 230 Would Cost Americans Over $1.3 Trillion

Section 230 of the Communications Act (Section 230) importantly places legal accountability on communicators of speech, rather than those who merely publish it. It also allows digital services to safely moderate content to protect kids and keep the internet safer. Nevertheless, some in Congress continue to attack this important law.

Although much attention focuses on how repealing Section 230 would make the internet less safe and useful, there are also severe financial implications. The enormous financial costs of Section 230 repeal to investors result from removing the legal protections that underpin the $2.6 trillion digital economy and its 8.9 million American jobs.

CCIA Research Concludes That Repealing Section 230 Would:

- Cost investors at least $1.3 trillion amounting to a 2.9% decline in the S&P 500.
- Impose losses on each state’s average retirement savings of at least $9k per person.
- Cost digital services and their users more than $100k in legal fees per case totaling about $65.6 billion per year.
- Lead to more than 655k lawsuits per year against digital services.

Repealing Section 230 Would Cost Each American With Retirement Savings:
The Broad Impacts of Repealing Section 230

In the absence of Section 230, digital services hosting user-created content—everything from online reviews to posts on social media—would risk constant litigation. Continuing to provide services optimized for user experience would require massively increased legal expenses, estimated below using conservative assumptions.

Endless Litigation With Real Costs

- Research from CCIA shows that popular digital services owned by S&P 500 companies host over 614 billion user-created posts and 41.5 trillion social media messages each year.
- Even if just one post in a million and one message in a billion led to a lawsuit, digital services could face over 655k lawsuits per year following a Section 230 repeal.
- A single lawsuit can cost a minimum of $100K in fees, and usually much more. If companies face 655k lawsuits, that’s $65.6 billion in legal costs annually.

Example:
- Users post hundreds of billions of pieces of content on popular services each year.
- About 1% of content is.actioned under terms of service.
- Absent Section 230, both moderating and failing to moderate such content creates legal risks for digital services.

Killing Startups:
- Young startups have limited capital runway and cannot endure such legal costs. Even if they ultimately prevail in court, small sites have gone out of business over exorbitant legal fees.

Legal Costs Would Be Paid By Ordinary Americans:
- This financial burden would not only hurt tech companies, but also impact ordinary Americans investing in the stock market. A perpetual $65.6 billion decrease in cash flow could reduce market capitalization by $1.3 trillion, a 2.9% drop in the S&P 500. This would affect millions of Americans’ retirement savings, potentially reducing their savings by an average of $9k or more.

The Harms of Repealing Section 230:
- Negatively impact the stock market and personal retirement savings.
- Decimate user-generated content.
- Create a significant barrier to entry for new tech startups.
- Overwhelm the court system with new cases, doubling federal caseloads.
- Increase legal costs for digital services.