CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

March 28, 2018

H.R. 3179
Transparency and Accountability for Business Standards Act

As ordered reported by the House Committee on Financial Services on December 13, 2017

SUMMARY

H.R. 3179 would require three federal banking regulators—the Federal Deposit Insurance Corporation (FDIC), the Office of the Comptroller of the Currency (OCC), and the Federal Reserve—to conduct and publish cost-benefit analyses of any new regulations they implement related to capital requirements, leverage requirements, or liquidity requirements that are substantively more stringent than corresponding international standards. The bill also would require those regulators to complete cost-benefit analyses for any similar regulations they have implemented since January 2007.

CBO estimates that enacting the legislation would increase the deficit by $8 million over the 2018-2027 period. That amount comprises an increase in direct spending of $4 million and a reduction in revenues of $4 million. Because enacting the bill would affect direct spending and revenues, pay-as-you-go procedures apply.

CBO estimates that enacting H.R. 3179 would not increase net direct spending or on-budget deficits by more than $2.5 billion in any of the four consecutive 10-year periods beginning in 2028.

H.R. 3179 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA). Additional fees imposed by the FDIC and the OCC would increase the cost of an existing mandate on private entities required to pay those assessments. However, CBO estimates that the incremental cost of the mandate would fall well below the annual threshold established in UMRA for private-sector mandates ($156 million in 2017, adjusted for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary effect of H.R. 3179 is shown in the following table. The costs of the legislation fall within budget function 370 (advancement of commerce).

	By Fiscal Year, in Millions of Dollars											
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2018-2022	2018-2027
INCREASES IN DIRECT SPENDING												
Estimated Budget Authority	0	1	1	*	*	*	*	*	*	*	2	4
Estimated Outlays	0	1	1	*	*	*	*	*	*	*	2	4
DECREASES IN REVENUES												
Estimated Revenues	0	-1	-1	*	*	*	*	*	*	*	-2	-4
NET INCREASE IN THE DEFICIT FROM CHANGES IN DIRECT SPENDING AND REVENUES												
Impact on Deficit	0	2	2	1	1	1	1	1	1	1	5	8

Components may not sun to totals because of rounding.

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

BASIS OF ESTIMATE

Costs incurred by the FDIC and the OCC are recorded in the budget as increases in direct spending. Those agencies are authorized to collect premiums and fees from insured depository institutions to fully cover such administrative expenses, although CBO expects that a portion of the costs incurred by the FDIC under H.R. 3179 would be recouped after 2027. Regulatory costs of the Federal Reserve System have the effect of reducing remittances to the Treasury, which are recorded in the budget as revenues.

Under current law, a cost-benefit analysis is prepared before a federal banking regulator adopts a new regulation. However, CBO estimates that the bill's standards for such analyses would require additional work. The bill also would require regulators to prepare cost-benefit analyses for certain regulations issued since January 2007.

Using information from the financial regulators, CBO estimates that between 5 and 10 of the regulations issued since January 1, 2007, would require cost-benefit analyses under the bill. In addition, CBO estimates that to implement future regulations, the regulators would have to complete an additional cost-benefit analysis each year.

CBO estimates that each affected agency would need the equivalent of one additional full-time employee to complete the additional work required under the bill. Depending on the agency, the associated cost of employment would range from $200,000 to $250,000 annually. As a result, CBO estimates, enacting the bill would increase deficits by $8 million over the 2018-2027 period. That amount includes an increase in net direct spending of $4 million and a decrease in revenues of $4 million because the increased costs for the Federal Reserve would reduce remittances to the Treasury.

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 net changes in outlays and revenues that are subject to those pay-as-you-go procedures are shown in the following table.

CBO Estimate of Pay-As-You-Go Effects for H.R. 3179, the Transparency and Accountability for Business Standards Act, as ordered reported by the House Committee on Financial Services on December 13, 2017

	By Fiscal Year, in Millions of Dollars											
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2018-2022	2018-2027
					NET INCREASE IN THE DEFICIT							
Statutory Pay-As-You-Go Impact		2	2	1	1	1	1	1	1	1	5	8
Memorandum:												
Changes in Outlays		1	1	0	0	0	0	0	0	0	2	4
Changes in Revenues		1	1	0	0	0	0	0	0	0	2	4

INCREASE IN LONG-TERM DIRECT SPENDING AND DEFICITS

CBO estimates that enacting H.R. 3179 would not increase net direct spending or on-budget deficits by more than $2.5 billion in any of the four consecutive 10-year periods beginning in 2028.

MANDATES

H.R. 3179 contains no intergovernmental mandates as defined in UMRA.

CBO expects that the FDIC and the OCC would increase fees to offset the costs of implementing the additional regulatory activities required by the bill. Any increase in fees would increase the cost of an existing mandate on entities required to pay those assessments. Using information from the federal banking regulators, CBO estimates that the incremental cost to comply with the mandate would fall well below the annual threshold established in UMRA for private-sector mandates ($156 million in 2017, adjusted for inflation).

ESTIMATE PREPARED BY

Federal Costs: Sarah Puro
Revenues: Nathaniel Frentz
Mandates: Jon Sperl

ESTIMATE APPROVED BY

H. Samuel Papenfuss
Deputy Assistant Director for Budget Analysis