



CONGRESSIONAL BUDGET OFFICE  
COST ESTIMATE

June 8, 2018

**H.R. 2319**  
**Consumer Financial Choice and Capital Markets Protection Act of 2017**

*As ordered reported by the House Committee on Financial Services  
on January 18, 2017*

Under current law, money market mutual funds are generally required to show the floating net asset value for their shares, that is, the share price must fluctuate with changes in the market value of the fund's assets. Those funds also are required to round their share prices to the fourth decimal place and to impose liquidity fees or suspend redemptions temporarily if the fund's liquid assets falls below 10 percent of its total assets.

H.R. 2319 would allow money market mutual funds to use alternate methods of valuation for their shares and to round those prices to the second decimal place. The bill also would remove the requirement for money market funds to impose liquidity fees.

Using information from the Securities Exchange Commission (SEC), CBO estimates that implementing H.R. 2319 would cost \$1 million over the 2019-2023 period for the agency to update its rules and to monitor money market funds that use alternate valuation methods. However, the SEC is authorized to collect fees sufficient to offset its annual appropriation; therefore, assuming appropriation actions consistent with that authority, CBO estimates that the net effect on discretionary spending would be negligible.

Enacting H.R. 2319 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

CBO estimates that enacting H.R. 2319 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2029.

H.R. 2319 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA).

The bill would impose a private-sector mandate on principal underwriters and dealers of securities issued by money market funds by requiring those entities to disclose that there is a prohibition against direct federal assistance for those money market funds. The disclosure would need to be included in the prospectus or literature of the security being

sold. Using information from the SEC about the costs of complying with current disclosure requirements, CBO estimates that the incremental costs of the mandate would be small and would fall well below the annual threshold for private-sector mandates established in UMRA (\$156 million in 2017, adjusted annually for inflation).

The CBO staff contact for this estimate is Stephen Rabent. The estimate was reviewed by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.