CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

April 4, 2017

S. 462
Securities and Exchange Commission Overpayment Credit Act

As reported by the Senate Committee on Banking, Housing, and Urban Affairs on March 13, 2017

Under current law, the Security and Exchange Commission (SEC) is required to collect fees and assessments from national securities exchanges to cover the agency's costs of regulating such exchanges. The SEC is required to adjust the annual rates that associations and exchanges must pay so that collections in a given year equal the amount appropriated to the agency for that year. S. 462 would require the SEC to refund any overpayment of such fees that an exchange identifies within 10 years of the overpayment and that occurred before the enactment of the bill by lowering future collections due from an exchange by the amount of any previous overpayment by that exchange.

Based on an analysis of information from the SEC on the amount national securities exchanges estimate they have overpaid in the past, CBO estimates that enacting S. 462 would initially reduce fees by $3 million to retroactively refund overpayments. For this estimate, CBO assumes that S. 462 will be enacted, and that those retroactive fee reductions will occur, before the end of 2017. Because those reductions would not be contingent on further legislation, CBO estimates they would increase direct spending by $3 million in 2017. Because enacting the bill would affect direct spending, pay-as-you-go procedures apply. Enacting S. 462 would not affect revenues.

In years after 2017 the SEC may need to provide additional refunds by reducing collections from exchanges for overpayments that have not yet been identified. Such reimbursements would result in a reduction in amounts collected by the SEC in the year in which they occur. CBO estimates that any resulting net reduction in fees after 2017 would be insignificant in any given year over the 2018-2027 period.

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 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 S. 462, as ordered reported by the Senate Committee on Banking, Housing, and Urban Affairs on March 13, 2017

	By Fiscal Year, in Millions of Dollars												
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2017-2022	2017-2027
NET INCREASE IN THE DEFICIT													
Statutory Pay-As-You-Go Impact	3	0	0	0	0	0	0	0	0	0	0	3	3

CBO estimates that enacting S. 462 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

S. 462 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

On April 4, 2017, CBO transmitted a cost estimate for H.R. 1257, the Securities and Exchange Commission Overpayment Credit Act, as ordered reported by the House Committee on Financial Services on March 9, 2017. The two bills are similar and CBO's estimate of their budgetary effects is the same.

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