



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

January 26, 2018

H.R. 1426
Federal Savings Association Charter Flexibility Act of 2017

As ordered reported by the House Committee on Financial Services on January 18, 2018

H.R. 1426 would permit financial institutions known as federal savings associations to increase their commercial or consumer lending above the limits in current law without changing their charters. The bill also would require the Office of the Comptroller of the Currency (OCC) to issue a rule concerning this new authority.

Under H.R. 1426, institutions that choose to increase their lending would be known as covered savings institutions. Using information from the OCC, CBO estimates that no more than 10 percent of the roughly 325 federal savings associations nationwide might be interested in becoming a covered savings institution under the provisions of the bill. Those institutions hold less than 0.1 percent of the assets at banks. Because the OCC would continue to regulate those institutions under the bill, CBO expects that regulatory costs to the agency would not increase. In addition, CBO estimates that establishing such authority would not change the likelihood of failure for any institution that converts its charter.

H.R. 1426 also would require the OCC to issue a rule to implement the new authority for federal savings associations. Using information from the agency, CBO estimates that it would cost \$1 million to complete the rulemaking process. Costs incurred by the OCC are recorded in the budget as an increase in direct spending. However, the OCC is authorized to collect fees from the institutions it supervises to cover administrative expenses; those fees are recorded as reductions in direct spending. Thus, the net effect on direct spending would be insignificant.

Because enacting H.R. 1426 would affect direct spending, pay-as-you-go procedures apply. Enacting the bill would not affect revenues.

CBO estimates that enacting H.R. 1426 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

H.R. 1426 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

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