CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

February 22, 2018

H.R. 4607
Comprehensive Regulatory Review Act

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

Once every 10 years, four federal banking agencies review all the regulations that they have issued and identify outdated or unnecessary regulatory requirements on banks and credit unions. H.R. 4607 would require those agencies and the Consumer Financial Protection Bureau (CFPB) to complete that review more frequently—once every 7 years. The bill also would increase the scope of the required regulatory review to include requirements imposed on individual people or on companies that offer consumer financial products or services. The agencies would be required to tailor regulations to reduce the burden on such entities.

Using information from the affected agencies, CBO estimates that enacting H.R. 4607 would increase direct spending by $3 million over the 2018-2027 period for the CFPB to hire three additional employees to conduct the required reviews and analyses. The CFPB is permanently authorized to spend amounts transferred from the Federal Reserve.

In addition, CBO estimates that enacting those provisions would increase costs for the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, and the National Credit Union Administration to complete additional analyses and to do so more frequently. Costs incurred by those agencies are recorded in the budget as increases in direct spending, but they are authorized to collect premiums and fees from the financial institutions they regulate to cover such administrative expenses. Thus, CBO estimates that enacting H.R. 4607 would have no significant net effect on direct spending over the 2018-2027 period.

Costs incurred by the Federal Reserve System for the same purposes would reduce remittances to the Treasury, which are recorded in the budget as revenues. CBO estimates that enacting H.R. 4607 would decrease revenues by less than $500,000 over the 2018-2027 period.

Because H.R. 4607 would affect direct spending and revenues, pay-as-you-go procedures apply.

CBO estimates that enacting H.R. 4607 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.

The bill contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA).

If federal financial regulators increase fees to offset the costs associated with implementing the bill, H.R. 4607 would increase the cost of an existing mandate on private entities required to pay those fees. Based on information from the affected agencies, CBO estimates that the incremental cost of the mandate 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 contacts for this estimate are Stephen Rabent (for the CFPB), Nathaniel Frentz (for the Federal Reserve), Sarah Puro (for the other banking regulators), and Rachel Austin (for mandates). The estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.