



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 17, 2018

H.R. 6139 **Improving Investment Research for Small and Emerging Issuers Act**

As passed by the U.S. House of Representatives on July 10, 2018

H.R. 6139 would require the Securities and Exchange Commission (SEC) to study the availability and quality of investment research on small issuers, such as emerging growth companies and companies that are considering making initial public offerings. The agency would be required to report the results to the Congress and recommend ways to increase the demand for and quality of such research.

Using information from the SEC, CBO estimates that the study and report required by the act would cost the agency \$1 million. However, the SEC is authorized to collect fees sufficient to offset its annual appropriation; therefore, CBO estimates that the net effect on discretionary spending would be negligible, assuming appropriation actions consistent with that authority.

Enacting H.R. 6139 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

CBO estimates that enacting H.R. 6139 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2029.

H.R. 6139 contains no intergovernmental mandates as defined in the Unfunded Mandate Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments. If the SEC increased fees to offset its costs for the study and the report, H.R. 6139 would increase the cost of an existing mandate on private entities required to pay those fees. Based on information from the SEC, CBO estimates that the increase in fees would amount to about \$1 million, which would fall well below the annual threshold for private-sector mandates established in UMRA (\$160 million in 2018, adjusted annually for inflation).

The CBO staff contacts for this estimate are Stephen Rabent (for federal costs) and Rachel Austin (for mandates). The estimate was reviewed by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.