Congressional Budget Office
Cost Estimate

February 9, 2022

H.R. 3968, Municipal IDs Acceptance Act

As ordered reported by the House Committee on Financial Services on June 23, 2021

By Fiscal Year, Millions of Dollars	2022	2022-2026	2022-2031
Direct Spending (Outlays)	*	*	*
Revenues	*	*	*
Increase or Decrease (-) in the Deficit	*	*	*
Spending Subject to Appropriation (Outlays)	*	*	not estimated

Statutory pay-as-you-go procedures apply?	**Yes**	**Mandate Effects**	
		Contains intergovernmental mandate?	**No**
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2032?	**No**	Contains private-sector mandate?	**Yes, Under Threshold**

* = between -$500,000 and $500,000.

Under current law, banks and credit unions are required to have a Customer Identification Program (CIP) to verify the identity of new customers prior to opening an account. H.R. 3968 would direct the Federal Reserve, Federal Deposit Insurance Corporation (FDIC), National Credit Union Administration (NCUA), Office of the Comptroller of the Currency (OCC), Department of the Treasury, and Financial Crimes Enforcement Network (FinCEN) to issue updated guidance clarifying that an identification card issued by a municipality may be used to verify the identity of a customer under the CIP.

The operating costs for the FDIC, NCUA, and OCC are classified in the federal budget as direct spending. Using information from some of those agencies, CBO estimates that issuing updated guidance would increase gross direct spending at those agencies by less than $500,000 over the 2022-2031 period. Moreover, the NCUA and OCC collect fees from financial institutions to offset their operating costs; those fees are treated as reductions in direct spending. In total, CBO estimates that the net effect on direct spending would be insignificant over that period.

Costs incurred by the Federal Reserve reduce remittances to the Treasury, which are recorded in the budget as revenues. CBO estimates that enacting H.R. 3968 would decrease revenues by less than $500,000 over the 2022-2031 period.

CBO estimates that the costs to Treasury and FinCEN to issue updated guidance would total less than $500,000 over the 2022-2026 period; such spending would be subject to the availability of appropriated funds.

If the NCUA and OCC increase annual fee collections to offset the costs of implementing provisions in the bill, H.R. 3968 would increase the costs of an existing private-sector mandate on entities required to pay those fees. CBO estimates that the incremental cost of the mandate would be small and would fall well below the annual threshold established in the Unfunded Mandates Reform Act (UMRA) for private-sector mandates ($170 million in 2021, adjusted annually for inflation).

H.R. 3968 contains no intergovernmental mandates as defined in UMRA.

The CBO staff contacts for this estimate are Stephen Rabent (for federal costs), Nathaniel Frentz (for federal revenues), and Fiona Forrester (for mandates). The estimate was reviewed by H. Samuel Papenfuss, Deputy Director of Budget Analysis.