

H.R. 7977, Promoting Opportunities for Non-Traditional Capital Formation Act

As ordered reported by the House Committee on Financial Services on June 22, 2022

By Fiscal Year, Millions of Dollars	2022	2022-2027	2022-2032
Direct Spending (Outlays)	0	0	0
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	0	0	0
Spending Subject to Appropriation (Outlays)	0	*	not estimated

Statutory pay-as-you-go procedures apply?	No	Mandate Effects	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2033?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	Yes, Under Threshold

* = between zero and \$500,000.

H.R. 7977 would require the Office of the Advocate for Small Business Capital Formation within the Securities and Exchange Commission (SEC) to create educational resources and host events for underrepresented, rural, and disaster-affected small businesses. The bill also would require the office to meet annually with state securities commissions to discuss ways to assist small businesses and small business investors. In 2022, the SEC allocated \$4 million to the office to support nine employees.

Using information about costs at the SEC, CBO estimates that implementing H.R. 7977 would cost \$2 million over the 2023-2027 period. That amount would support one additional employee at a cost of \$290,000 annually as well as travel and event costs. Because the SEC is authorized to collect fees each year to offset its annual appropriation, CBO expects that the net effect on discretionary spending over the 2023-2027 period would be negligible, assuming appropriation actions consistent with that authority.

If the SEC increased fees to offset the costs associated with implementing the bill, H.R. 7977 would increase the cost of an existing mandate on private entities required to pay those fees. CBO estimates that the incremental cost of the mandate would be below the annual threshold established in the Unfunded Mandates Reform Act (UMRA) for private-sector mandates (\$184 million in 2022, adjusted annually for inflation).



The bill contains no intergovernmental mandates as defined in UMRA.

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