July 26, 2022

CBO's Estimate of the Statutory Pay-As-You-Go Effects of H.R. 4590, the Promoting New and Diverse Depository Institutions Act, as Posted on the Website of the Clerk of the House on July 25, 2022

https://docs.house.gov/billsthisweek/20220725/BILLS-117hr4590-SUSv1.pdf

By Fiscal Year, Millions of Dollars

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2022-2027	2022-2032
Net Change in the Deficit													
Pay-As-You-Go Effect	0	-3	2	0	0	0	0	0	0	0	0	-1	-1
Memorandum:													
Changes in Outlays	0	1	1	0	0	0	0	0	0	0	0	2	2
Changes in Revenues	0	4	-1	0	0	0	0	0	0	0	0	3	3

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays and revenues that are subject to those procedures are shown here.

Estimates are relative to CBO's May 2022 baseline.

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H.R. 4590 would direct the Federal Deposit Insurance Corporate (FDIC), the National Credit Union Administration (NCUA), the Comptroller of the Currency (OCC), the Consumer Financial Protection Bureau (CFPB), and the Federal Reserve to study the challenges faced by new depository institutions seeking a charter. Those banking regulators also would be required to jointly issue a strategic plan to increase the number of entities applying for new depository institution charters.

The operating costs for the FDIC, NCUA, OCC, and CFPB are classified in the federal budget as direct spending. However, the NCUA and the OCC collect fees from financial institutions to offset their operating costs; those fees are treated as reductions in direct spending. Costs incurred by the Federal Reserve reduce remittances to the Treasury, which are recorded in the budget as revenues.

H.R. 4590 also would reduce the maximum allowable size of the Federal Reserve Surplus fund on September 30, 2022. As a result, enacting the legislation would increase remittances to the Treasury (which are recorded in the budget as revenues) in 2023. Reducing the fund also would reduce the amount of interest-earning assets that the Federal Reserve holds, which would reduce its future interest earnings and associated remittances to the Treasury.

On November 29, 2021, CBO transmitted a cost estimate for H.R. 4590, the Promoting New and Diverse Depository Institutions Act, as ordered reported by the House Committee on Financial Services. The two versions of the legislation are different, and CBO's estimates of their budgetary effects reflect those differences. H.R. 4590, as ordered reported, did not include the provision to reduce the maximum allowable size of the Federal Reserve Surplus fund. CBO estimated that prior version of H.R. 4590 would increase the deficit by $3 million over the 2022-2031 period.