CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

July 9, 2012

H.R. 3706
A bill to create the Office of Chief Financial Officer of the Government of the Virgin Islands, and for other purposes

As ordered reported by the House Committee on Natural Resources on June 7, 2012

CBO estimates that enacting H.R. 3706 would have no significant effect on the federal budget. H.R. 3706 would require the Governor of the Virgin Islands to appoint a Chief Financial Officer (CFO) to serve for a five-year period, with the advice and consent of the legislature of the Virgin Islands. The legislation also would require the territory to hold a referendum on adding the CFO position as a permanent part of the Virgin Islands executive branch during a scheduled election. Finally, H.R. 3706 would establish a Virgin Islands Chief Financial Officer Search Commission to recommend candidates for the CFO position.

H.R. 3706 contains intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA). It would require the governor of the Virgin Islands to appoint a Chief Financial Officer (CFO) who would be responsible for reporting on the financial status of the government, preparing and certifying spending limits, and revising standards for financial management. In addition, the bill would require the Board of Elections of the Virgin Islands to hold a referendum on whether the CFO would be a permanent position. Based on information from representatives of the Virgin Islands, CBO estimates that the costs would be small and well below the annual threshold established in UMRA ($73 million in 2012, adjusted annually for inflation). The legislation contains no private-sector mandates as defined in UMRA.

The CBO staff contacts for this estimate are Matthew Pickford (for federal costs) and Melissa Merrell (for the impact on state and local governments). The estimate was approved by Peter H. Fontaine, Assistant Director for Budget Analysis.