



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

August 28, 2007

S. 1677

Currency Reform and Financial Markets Access Act of 2007

*As ordered reported by the Senate Committee on Banking, Housing,
and Urban Affairs on August 1, 2007*

S. 1677 would change the way the Department of the Treasury performs oversight of foreign currencies. It would require the department to analyze the currency exchange rate policies of foreign countries. Under the bill, the department would report to the Congress with recommendations on how to remedy any currency manipulation by foreign governments. In addition, the department would report to the Congress annually on barriers to foreign markets for U.S. financial services companies and develop plans to remove those barriers.

Based on historical spending for similar reporting requirements, CBO estimates that implementing S. 1677 would cost about \$3 million annually, assuming appropriation of the necessary amounts. Enacting the legislation would not affect direct spending or revenues. S. 1677 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments.

On August 7, 2007, CBO provided a cost estimate for S. 1607, the Currency Exchange Rate Oversight Act of 2007, as reported by the Senate Committee on Finance on July 31, 2007. Both bills would address federal oversight of currency exchange rates, but CBO estimates that meeting new administrative and reporting requirements under S. 1607 would cost slightly more than under S. 1677. In addition, CBO estimates that S. 1607 would increase revenues because countries with misaligned currencies could be penalized—under antidumping law and through changes in international monetary policy—for failure to realign their currencies. S. 1677 contains no such provisions and would not affect revenues.

The CBO staff contact for this estimate is Matthew Pickford. This estimate was approved by Theresa A. Gullo, Chief, State and Local Government Cost Estimates Unit, Budget Analysis Division.