



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

July 16, 2008

H.R. 4049
Money Service Business Act of 2008

*As ordered reported by the House Committee on Financial Services
on June 24, 2008*

H.R. 4049 would clarify existing practices regarding the role of federally insured depository institutions in monitoring the compliance of money services businesses (MSBs) with federal anti-money-laundering laws. (MSBs are entities that transfer funds, cash checks, process money orders, and provide similar services.) Under current policy, such depository institutions are encouraged but not required to “review” the anti-money-laundering programs of MSBs. This bill would expressly exempt the institutions from any obligation or liability to conduct such reviews provided that an MSB with an account at the institution has self-certified its own compliance with applicable laws. Such an MSB would be liable for civil or criminal penalties for any misrepresentation. The Secretary of the Treasury would be required to issue regulations implementing those changes within 120 days of enactment.

Based on information from the Department of the Treasury, CBO estimates that enacting the bill would have no significant impact on spending subject to appropriation. CBO estimates that enacting this bill would have a negligible effect on net revenues from civil or criminal penalties over the 2008-2018 period because of the relatively small size and number of assessments likely to be affected. Collections of criminal penalties are deposited in the Crime Victims Fund and later spent without further appropriation. CBO estimates that any additional direct spending that would result from such penalties also would be negligible.

H.R. 4049 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

The CBO staff contacts for this estimate are Zachary Epstein (for revenue effects) and Kathleen Gramp (for federal spending). This estimate was approved by Thomas Woodward, Assistant Director for Tax Analysis, and Theresa Gullo, Deputy Assistant Director for Budget Analysis.