



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

September 26, 2008

H.R. 6871
Expedited Funds Availability Dollar Limits Adjustment Act

*As ordered reported by the House Committee on Financial Services
on September 16, 2008*

The Expedited Funds Availability Act (Title VI of Public Law 100-86) was enacted in 1987 and standardized the schedule under which funds deposited into transaction accounts of depository institutions become available for withdrawal. It requires all banks to make the first \$100 deposited by check available for cash withdrawal on the next business day, and an additional \$400 a day later if the depository institution is located locally (or four days later if not located locally). H.R. 6871 would increase those figures from \$100 to \$175 and from \$400 to \$700, respectively. Additionally, H.R. 6871 would require that adjustments for inflation be made to those figures at least every five years.

Based on information from the Board of Governors of the Federal Reserve, CBO estimates that the bill would have no effect on the federal budget. Any budgetary effects on the Federal Reserve would be recorded as changes in revenues, but CBO estimates that the Federal Reserve would incur no significant additional costs to issue regulations required by the bill. CBO estimates that the bill would have no effect on federal spending.

By increasing the amount of funds from certain deposits that must be made available for withdrawal within standard time periods, H.R. 6871 would impose a private-sector mandate, as defined in the Unfunded Mandates Reform Act (UMRA), on depository institutions. To comply with the mandate, banks and credit unions would need to adjust their electronic systems to allow account holders access to the additional funds, and many institutions could have to convert some of their interest-bearing holdings to have more cash available at any given time. According to industry sources the cost per institution would not be significant. However, because of the large number of depository institutions that would have to comply with the mandates (more than 16,000), CBO estimates that the aggregate cost of the mandate would probably exceed the annual threshold established in UMRA for private-sector mandates (\$136 million in 2008, adjusted annually for inflation) in at least one of the first five years the mandate is in effect.

H.R. 6871 contains no intergovernmental mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

The CBO staff contact for this estimate is Grant Driessen. This estimate was approved by G. Thomas Woodward, Assistant Director for Tax Analysis.