



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

October 23, 2009

H.R. 3639 **Expedited CARD Reform for Consumers Act of 2009**

*As ordered reported by the House Committee on Financial Services
on October 22, 2009*

H.R. 3639 would accelerate the implementation of certain provisions in existing law related to the regulation and operations of the credit card industry. The Credit Card Accountability Responsibility and Disclosure Act of 2009 set deadlines for implementing various reforms and procedures, with most of those measures scheduled to take effect in February and August of 2010. This bill would change those effective dates to December 1, 2009, subject to exemptions for entities that issue prepaid gift cards and depository institutions (such as banks and credit unions) with less than 2 million credit cards in circulation.

Based on information from the Board of Governors of the Federal Reserve, CBO estimates that implementing this bill would have a negligible net effect on the workload of the affected regulatory agencies. The budgetary effects on the Federal Reserve, which has primary responsibility for regulating credit card practices, are recorded as changes in revenues (governmental receipts). Costs incurred by other financial regulatory agencies would affect direct spending, but most of those expenses are offset by fees or income from deposit insurance premiums. Thus, CBO estimates that enacting this bill would have no significant effect on revenues or net direct spending.

H.R. 3639 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

By accelerating the implementation of several requirements on creditors, H.R. 3639 would impose private-sector mandates as defined in UMRA. The cost of the mandates would be the cost for creditors to comply with the requirements sooner than required under current law. Based on information from the Federal Reserve and industry sources, CBO estimates that the aggregate cost of those mandates would probably exceed the annual threshold established in UMRA for private-sector mandates (\$139 million in 2009, adjusted annually for inflation).

The CBO staff contacts for this estimate are Barbara Edwards (for federal costs) and Brian Prest and Paige Piper/Bach (for the private-sector impact). The estimate was approved by Frank Sammartino, Assistant Director for Tax Analysis, and Peter H. Fontaine, Assistant Director for Budget Analysis.