



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

October 22, 2014

H.R. 3913

A bill to amend the Bank Holding Company Act of 1956 to require agencies to make considerations relating to the promotion of efficiency, competition, and capital formation before issuing or modifying certain regulations

As ordered reported by the House Committee on Financial Services on July 30, 2014

The legislation would require the federal banking agencies—the Federal Reserve, the Office of the Comptroller of the Currency (OCC), and the Federal Deposit Insurance Corporation (FDIC)—as well as the National Credit Union Administration (NCUA), the Commodity Futures Trading Commission (CFTC), and the Securities and Exchange Commission (SEC) to consider whether issuing or modifying any regulation would promote efficiency, competition, and capital formation, and whether the regulation is necessary or appropriate in the public interest.

Pay-as-you-go procedures apply because enacting H.R. 3913 would affect direct spending and revenues; however, CBO estimates that the net effect over the next ten years would not be significant. Implementing this legislation would cost the CFTC \$1 million over the next five years, assuming appropriation of the necessary amounts.

CBO estimates that additional administrative costs under the bill to the Federal Reserve would be insignificant. CBO expects that incorporating the new regulatory requirements under H.R. 3913 would not significantly alter the other relevant agencies' workloads based on their experience with historical rulemakings under the Bank Holding Act. The costs for those agencies would be roughly equal—less than \$500,000, each, per year. We expect that costs for the OCC, FDIC, and NCUA would be roughly offset by collections from the industry associated with operating expenses, resulting in no net effect on direct spending. Furthermore, under current law, the SEC is authorized to collect fees sufficient to offset its appropriation each year. Therefore, we estimate that the net discretionary cost to the SEC would be negligible, assuming appropriation action consistent with that authority. Finally, CBO estimates that implementing H.R. 3913 would cost, on net, \$1 million for the CFTC's portion of the total cost, assuming appropriation of the necessary amounts.

H.R. 3913 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 Daniel Hoople, Susan Willie, and Nate Frenz. The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.