



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

October 17, 2014

H.R. 4466 **Financial Regulatory Clarity Act of 2014**

As ordered reported by the House Committee on Financial Services on May 22, 2014

H.R. 4466 would require federal financial regulators to determine whether any new regulations or orders are duplicative or inconsistent with existing rules. The regulators would be required to report to the Congress within 60 days of making such a determination.

Based on information from the Consumer Financial Protection Bureau, CBO estimates that enacting H.R. 4466 would increase direct spending by \$7 million over the 2015-2024 period to meet the bill's analysis and reporting requirements. In the case of the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, and the National Credit Union Administration, additional staff costs would probably be offset by collections from the industry, resulting in no net change to direct spending for those agencies.

Based on information from the Federal Reserve System, CBO estimates that enacting the bill would reduce its remittances to the Treasury, and therefore revenues, by \$7 million over the 2015-2024 period. That reduction in revenue, which would amount to less than \$500,000 in 2015 and \$1 million in each subsequent year, reflects increased costs for the Federal Reserve System to make the determinations and file the reports required by the bill.

Because enacting the bill would affect direct spending and revenues, pay-as-you-go procedures apply. CBO estimates that enacting H.R. 4466 would increase future budget deficits by \$14 million over the 2015-2024 period.

Implementing H.R. 4466 also would have a discretionary cost of \$4 million, on net, over the next five years, assuming appropriation of the necessary funds. Operating expenses of the Securities and Exchange Commission (SEC) and the Commodity Futures Trading Commission (CFTC) are funded by discretionary appropriations. Under current law, the SEC is authorized to collect fees sufficient to offset its appropriation each year. Therefore, we estimate that the net cost of this bill to the SEC would be negligible, assuming appropriation action consistent with that authority. Additional staff of the CFTC would cost, on net, about \$4 million over the 2015-2019 period.

H.R. 4466 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

Assuming that the SEC would increase fees to offset the cost of implementing the additional regulatory and reporting activities that would be required by the bill, H.R. 4466 would increase the cost of an existing mandate on private entities that are required to pay those fees. Based on information from the SEC, CBO estimates that the incremental cost of the mandate would fall well below the annual threshold for private-sector mandates established in UMRA (\$152 million in 2014, adjusted annually for inflation).

The CBO staff contacts for this estimate are Daniel Hoople and Susan Willie (for federal costs) and Paige Piper/Bach (for private-sector mandates). The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.