



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

July 30, 2014

**H.R. 4568
Small Business Freedom to Grow Act of 2014**

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

H.R. 4568 would reduce certain requirements for small businesses that file registration statements with the Securities and Exchange Commission (SEC) to sell securities to the public. Specifically, for certain small issuers, the bill would simplify the method for providing information to the SEC after a registration statement has been filed and would remove certain limitations on the use of a simplified form for filing a registration statement.

Based on information from the SEC, CBO estimates that implementing H.R. 4568 would cost about \$1 million in fiscal year 2015 to complete a rulemaking process as required under the bill. Under current law the SEC is authorized to collect fees sufficient to offset its appropriation each year; therefore, we estimate that the net cost to the SEC would be negligible, assuming appropriation action consistent with that authority. CBO estimates that enacting H.R. 4568 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

H.R. 4568 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 increases fees to offset the cost of a rulemaking required by the bill, H.R. 4568 would increase the cost of an existing mandate on private entities required to pay those fees. CBO estimates that the aggregate 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 Michael Hirsch and Susan Willie (for federal costs) and Matthew Denny and Patrice Gordon (for the private-sector impact). The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.