



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

April 13, 2015

H.R. 1367

A bill to amend the Expedited Funds Availability Act to clarify the application of that Act to American Samoa and the Northern Mariana Islands

As ordered reported by the House Committee on Financial Services on March 26, 2015

H.R. 1367 would amend the Expedited Funds Availability Act to include American Samoa and the Commonwealth of the Northern Mariana Islands. Specifically, accounts at and checks drawn on commercial banks in those territories would be subject to banking regulations that limit hold periods and the use of holds.

The Board of Governors of the Federal Reserve System would be responsible for amending the relevant banking regulation. Any associated costs would reduce remittances from the Federal Reserve System to the Treasury, thereby reducing revenues; as a result, pay-as-you-go procedures apply. However, CBO estimates that any such effects would not be significant over the 2015-2025 period or in any year. Enacting the bill would not affect direct spending.

HR 1367 would impose a private-sector mandate, as defined in the Unfunded Mandates Reform Act (UMRA), by requiring accounts at and checks drawn on commercial banks in the two territories to meet banking regulation standards that would require those banks to process such accounts and checks sooner than is their current business practice. The cost of the mandate would be the administrative expenditures and the net income forgone from lost interest as a result of expediting their banking processes. Based on the small number of banks that would be affected, CBO estimates that the direct cost of the mandate would be small and would fall well below the annual threshold established in UMRA for private-sector mandates (\$154 million in 2015, adjusted annually for inflation).

H.R. 1367 contains no intergovernmental mandates as defined in UMRA.

The CBO staff contact for this estimate is Nathaniel Frentz. The estimate was approved by David Weiner, Assistant Director for Tax Analysis.