



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 10, 2015

H.R. 1553 **Small Bank Exam Cycle Reform Act of 2015**

*As ordered reported by the House Committee on Financial Services
on July 29, 2015*

H.R. 1553 would amend the Federal Deposit Insurance Act to increase the maximum size of certain financial institutions that are eligible to have on-site bank examinations once every 18 months instead of once every 12 months. Enacting H.R. 1553 could affect direct spending and collections by federal agencies that regulate financial institutions; therefore, pay-as-you-go procedures apply. However, CBO estimates that the net effects would be insignificant for each year. Enacting the bill would not affect revenues.

Recent information on bank assets indicates that there are between 500 and 600 institutions that could be eligible for a reduction in the frequency of their on-site bank examinations under the bill, although not all of those institutions would ultimately qualify. Based on information from the federal banking regulators, CBO estimates that staff who would have conducted on-site exams would now generally examine affected banks remotely. In addition, CBO expects that enacting H.R. 1553 would not affect future costs to resolve failed financial institutions because federal regulators would continue prudential oversight of all institutions and could impose more frequent exams of any institution when they deem more oversight is necessary. As a result, CBO estimates that the net effects of enacting H.R. 1553 would be insignificant.

H.R. 1553 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments.

The CBO staff contact for this estimate is Sarah Puro. The estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.