



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

January 14, 2016

### **H.R. 1660** **Federal Savings Association Charter Flexibility Act of 2015**

*As ordered reported by the House Committee on Financial Services on November 3, 2015*

H.R. 1660 would permit financial institutions known as federal savings associations to increase their commercial or consumer lending above current law limits without changing their charters and would require the Office of the Comptroller of the Currency (OCC) to complete a rulemaking process concerning this new authority. Implementing H.R. 1660 could affect direct spending; therefore, pay-as-you-go procedures apply. However, CBO estimates that any net increase in spending would be insignificant for each year. Enacting the bill would not affect revenues.

Under the bill, institutions that choose to increase their lending would be known as covered savings institutions. Based on information from the OCC, CBO estimates that no more than 10 percent of the 400 federal savings associations nationwide might be interested in becoming a covered savings institution under the provisions of the bill. Because the OCC would continue to regulate those institutions under the legislation, CBO expects that regulatory costs to the agency would be the same.

H.R. 1660 also would require the OCC to issue a rule to implement the new authority for federal savings associations. Based on information from the agency, CBO estimates that it would cost \$1 million to complete the rulemaking process. Costs incurred by the OCC are recorded in the budget as an increase in direct spending. However, the OCC is authorized to collect fees from the institutions it supervises to cover administrative expenses. CBO expects that the OCC would collect fees to recover any costs associated with completing the rulemaking. In addition, CBO estimates that establishing such authority would not increase the likelihood of failure for any institution that converts its charter. As a result, the net effect on the deficit would be insignificant.

CBO estimates that enacting H.R. 1660 would not increase net direct spending or on-budget deficits by more than \$5 billion in any of the four consecutive 10-year period beginning in 2026.

H.R. 1660 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA).

If the OCC increases fees to offset the costs associated with implementing the bill, H.R. 1660 would increase the cost of an existing mandate on private entities required to pay those fees. CBO expects that the incremental cost of the mandate would be about \$1 million and would fall well below the annual threshold for private-sector mandates established in UMRA (\$154 million in 2016, adjusted annually for inflation).

The CBO staff contacts for this estimate are Sarah Puro (for federal costs) and Logan Smith (for private-sector mandates). The estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.