



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

January 15, 2016

**H.R. 3784
SEC Small Business Advocate Act of 2015**

*As ordered reported by the House Committee on Financial Services
on December 9, 2015*

H.R. 3784 would establish the Office for Small Business Capital Formation and the Small Business Capital Formation Advisory Committee within the Securities and Exchange Commission (SEC).

The office would be led by the Advocate for Small Business Capital Formation, who would be appointed by and report to the commission, with the responsibility to, among other things:

- Help small businesses resolve problems with the SEC;
- Analyze the potential impact of proposed rules and regulations that are likely to have a significant effect on small businesses; and
- Reach out to small businesses to understand issues related to capital formation.

The advisory committee would provide advice to the commission on rules and policies related to capital formulation, securities trading, and reporting and governance requirements for emerging and smaller public companies.

Based on information from the SEC, CBO estimates that implementing H.R. 3784 would cost about \$2 million per year for personnel and administrative costs of the new office and for administrative support for the advisory committee. Over the 2016-2020 period, CBO estimates that implementing the bill would cost \$7 million. Under current law, the SEC is authorized to collect fees sufficient to offset its annual appropriation; therefore, CBO estimates that implementing H.R. 3784 would have a negligible effect on net discretionary costs, assuming appropriation actions consistent with that authority.

Enacting H.R. 3784 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply. CBO estimates that enacting H.R. 3784 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2026.

H.R. 3784 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.

If the SEC increases fees to offset the costs of implementing the bill, H.R. 3784 would increase the cost of an existing mandate on private entities required to pay those fees. Based on information from the SEC, CBO estimates that the aggregate cost of the mandate would amount to about \$2 million per year over the 2016-2020 period and would fall 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 Susan Willie (for federal costs) and Logan Smith (for private-sector mandates). The estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.