



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 1, 2016

### **H.R. 4538** **SeniorSafe Act of 2016**

*As ordered reported by the House Committee on Financial Services on June 16, 2016*

H.R. 4538 would exempt financial institutions and some of their employees from liability in any civil or administrative proceeding when those employees report to a government agency about the potential exploitation of a senior citizen. Based on information from the federal banking regulators, CBO concludes that the bill would not change their policies towards such reporting. Accordingly, CBO estimates that enacting the bill would have no effect on the federal budget.

Enacting the bill would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply. CBO estimates that enacting H.R.4538 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2027.

H.R. 4538 would impose an intergovernmental mandate as defined in the Unfunded Mandate Reform Act (UMRA) by preempting state laws that provide a lower level of liability protection for certain financial institutions and their employees than would be provided under the bill. The bill would exempt from liability financial institutions and employees of those institutions that have received training on the financial exploitation of senior citizens and have filed reports of such exploitation to an appropriate government authority. Although the preemption would limit the application of state laws and regulations, CBO estimates that the bill would impose no duty on state, local, or tribal governments that would result in additional spending or a loss of revenues.

H.R. 4538 also would impose a private-sector mandate by removing a private right of action. The bill would eliminate the right of plaintiffs to file a civil action against certain financial institutions and their employees. The cost of the mandate would be the forgone net value of awards and settlements that would have been awarded for such claims in the absence of the bill. A search of the available literature suggests that few of those specific types of lawsuits have been brought under current law.

Although there is uncertainty about the number of claims against financial institutions and their employees that would be successful and about the value of awards or settlements in those cases, because of the narrow scope of the cases involved, CBO expects that the cost

of the mandate in any one year 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 Sarah Puro (for federal costs), Rachel Austin (for intergovernmental mandates) and Logan Smith (for private-sector mandates). The estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.