CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

July 18, 2017

H.R. 2364
Investing in Main Street Act of 2017

As reported by the House Committee on Small Business on July 12, 2017

Under current law, federally insured banks and federal savings associations may invest up to 5 percent of their capital and surplus in Small Business Investment Companies (SBICs). Such companies are privately owned and managed investment funds, licensed and regulated by the Small Business Administration (SBA), that use debt guaranteed by the SBA and private capital to make investments in qualifying small businesses. H.R. 2364 would raise the allowable amount to 15 percent, subject to the approval of the appropriate federal banking agency. Based on information from the SBA, CBO estimates that implementing the bill would have no significant effect on the administrative costs of operating the SBIC program because of the limited number of banks that would probably be affected.

Pay-as-you-go procedures apply because enacting the bill would increase direct spending by the Federal Deposit Insurance Corporation and the Office of the Comptroller of the Currency and reduce revenues remitted by the Federal Reserve to cover administrative costs of approving proposed investments that exceed 5 percent of certain bank or savings associations' capital and surplus. However, CBO estimates that any such costs and revenue loss would be insignificant.

CBO estimates that enacting H.R. 2364 would not significantly increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

H.R. 2364 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

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