



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 5, 2017

### **H.R. 2864** **Improving Access to Capital Act**

*As ordered reported by the House Committee on Financial Services on July 25, 2017*

Under current law, some securities offerings are exempt from registration with the Securities and Exchange Commission (SEC) if the offering meets certain criteria and if an issuer is exempt from other SEC reporting requirements. H.R. 2864 would expand the exemption to allow issuers that are subject to SEC reporting requirements to qualify for the registration exemption. The bill also would require the SEC to deem certain offerings as having met the exemption's reporting requirements if the issuer is subject to and meets reporting requirements under a different securities law.

Based on an analysis of information from the SEC, CBO estimates that implementing H.R. 2864 would increase the agency's costs by less than \$500,000, to update its regulations. Under current law, the SEC is authorized to collect fees sufficient to offset its annual appropriation; therefore, CBO estimates that the net effect on discretionary spending would be negligible, assuming appropriation actions consistent with that authority.

Enacting H.R. 2864 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply. CBO estimates that enacting H.R. 2864 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

H.R. 2864 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

If the SEC increases fees or premiums to offset the costs associated with implementing the bill, H.R. 2864 would increase the cost of an existing mandate on private entities required to pay those assessments. CBO estimates that incremental cost of the mandate would be small and would fall well below the annual threshold for private-sector mandates established in UMRA (\$156 million in 2017, adjusted annually for inflation).

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