



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

January 31, 2018

### **H.R. 4263** **Regulation At Improvement Act of 2017**

*As ordered reported by the House Committee on Financial Services  
on November 15, 2017*

Under current law, certain companies offering less than \$50 million in securities over a 12-month period are exempt from some disclosure and registration requirements enforced by the Securities and Exchange Commission (SEC). Securities offered under that exemption also are exempt from state registration requirements. H.R. 4263 would raise to \$75 million the maximum amount companies can offer and sell under that exemption and would direct the SEC to adjust that amount for inflation every two years.

Using information from the SEC, CBO estimates that implementing H.R. 4263 would cost less than \$500,000 for the agency to amend its rules. Moreover, 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. 4263 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

CBO estimates that enacting H.R. 4263 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

H.R. 4263 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA).

If the SEC increases fees to offset the costs of amending its rules as required by the bill, H.R. 4263 would increase the cost of an existing mandate on private entities required to pay those fees. CBO estimates that the incremental cost of the mandate would be small and 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 Rachel Austin (for mandates). The estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.