



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

March 23, 2017

S. 488 **Encouraging Employee Ownership Act**

*As reported by the Senate Committee on Banking, Housing, and Urban Affairs
on March 13, 2017*

Under current law, private companies must disclose certain information to some employees and investors who purchase securities issued by the company prior to their sale if the value of securities issued by the company exceeds \$5 million over a twelve month period. S. 488 would direct the Securities and Exchange Commission (SEC) to raise that amount to \$10 million and to adjust the threshold every five years for inflation.

Based on an analysis of information from the SEC, CBO estimates that implementing S. 488 would cost less than \$500,000 to issue new rules to adjust the disclosure threshold. 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 S. 488 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply. CBO estimates that enacting S. 488 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

S. 488 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.

On March 23, 2017, CBO transmitted a cost estimate for H.R. 1343, the Encouraging Employee Ownership Act of 2017, as ordered reported by the House Committee on Financial Services on March 9, 2017. The two bills are similar and CBO's estimate of their budgetary effects is the same.

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