



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 4, 2018

H.R. 3626 **Bank Service Company Examination Coordination Act of 2017**

As ordered reported by the House Committee on Financial Services on July 24, 2018

H.R. 3626 would require the federal financial regulators, the Federal Deposit Insurance Corporation (FDIC), the Office of the Comptroller of the Currency (OCC), and the Federal Reserve to coordinate with state banking regulators regarding their relationships and examinations of certain companies that banks contract with to perform services.

H.R. 3626 would impose small administrative costs on the federal financial regulators because they would be required to increase their current level of coordination with state banking regulators. Administrative costs to the FDIC and OCC are recorded in the budget as an increase in direct spending. However, those agencies are authorized to collect premiums and fees from the institutions they regulate in order to cover administrative expenses. Thus, the net cost to those agencies would be negligible. Costs incurred by the Federal Reserve reduce remittances to the Treasury, which are recorded in the budget as revenues. Using information from the affected regulators about any additional administrative costs to implement H.R. 3626, CBO estimates that the net budgetary effects would be insignificant over the 2019-2028 period.

Because enacting H.R. 3626 could affect direct spending and revenues; pay-as-you-go procedures apply.

CBO estimates that enacting H.R. 3626 would not significantly increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2029.

H.R. 3626 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA).

If the FDIC and OCC increases fees to offset the costs associated with implementing the bill H.R. 3626 would increase the cost of an existing mandate on private entities required to pay those fees. CBO expects cost of the mandate would be well below the annual threshold for private-sector mandates established in UMRA (\$160 million in 2018, adjusted annually for inflation).

The CBO staff contacts for this estimate are Sarah Puro (for federal costs) and Rachel Austin (for mandates). The estimate was reviewed by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.