

H.R. 4320, Corporate Management Accountability Act of 2019

As ordered reported by the House Committee on Financial Services on September 20, 2019

By Fiscal Year, Millions of Dollars	2020	2020-2024	2020-2029
Direct Spending (Outlays)	0	0	0
Revenues	0	0	0
Deficit Effect	0	0	0
Spending Subject to Appropriation (Outlays)	*	*	*
Statutory pay-as-you-go procedures apply?	Yes	Mandate Effects	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2030?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	Yes, Under Threshold
* = between -\$500,000 and \$500,000.			

H.R. 4320 would require publicly traded companies to annually disclose to the Securities and Exchange Commission (SEC) or to shareholders, in proxy statements, whether they have policies that require their executive officers to help pay fines or penalties levied against the company and to disclose any amounts collected from those officers.

Using information from the SEC, CBO estimates that it would cost the agency less than \$500,000 in 2020 to issue rules to implement the bill's requirements. CBO expects that issuing the rules would require the work of two employees, at a cost of \$260,000 each, for less than one year. Because the SEC is authorized to collect fees sufficient to offset its annual appropriation, CBO expects that the net effect on discretionary spending would be negligible, assuming appropriation actions consistent with that authority.

H.R. 4320 contains private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) that CBO estimates would be well below the threshold established in UMRA (\$164 million in 2019, adjusted annually for inflation).

The disclosure requirement would impose a mandate as defined in UMRA but the incremental cost of the mandate would be small because the mandated entities generally already possess the information to be reported under the bill. The bill also would increase the cost of an existing private-sector mandate if the SEC increased its fees to offset the cost of



implementing the bill. CBO estimates that the incremental cost of that mandate would be very small.

H.R. 4320 contains no intergovernmental mandates as defined in UMRA.

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