

H.R. 2792, Small Entity Update Act

As ordered reported by the House Committee on Financial Services on April 26, 2023

By Fiscal Year, Millions of Dollars	2023	2023-2028	2023-2033
Direct Spending (Outlays)	0	0	0
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	0	0	0
Spending Subject to Appropriation (Outlays)	*	*	not estimated
Increases <i>net direct spending</i> in any of the four consecutive 10-year periods beginning in 2034?	No	Statutory pay-as-you-go procedures apply?	No
		Mandate Effects	
Increases <i>on-budget deficits</i> in any of the four consecutive 10-year periods beginning in 2034?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	Yes, Under Threshold
* = between -\$500,000 and \$500,000.			

H.R. 2792 would require the Securities and Exchange Commission (SEC) to study its current definition of “small entity” under the Regulatory Flexibility Act (RFA) and revise its rules based on the results of the study. Under current law, agencies subject to the RFA need to determine if their rules have a significant economic impact on small entities, including businesses, nonprofit organizations, and governmental jurisdictions. If so, agencies must consider alternatives that minimize that impact.

Using information about the cost of similar provisions, CBO estimates that implementing the bill would cost \$2 million over the 2023-2028 period. CBO expects that the SEC would need about five employees, at an average annual cost of \$300,000 per employee, to carry out the study and amend rules. Because the SEC is authorized to collect fees each year to offset its annual appropriation, CBO expects that the net effect on discretionary spending over the 2023-2028 period would be negligible, assuming appropriation actions consistent with that authority.

If the SEC increases fees to offset the costs associated with implementing the bill, H.R. 2792 would increase the cost of an existing mandate on private entities required to pay those assessments. CBO estimates that the incremental cost of that mandate would be small and

See also

[CBO's Cost Estimates Explained](#), [CBO Describes Its Cost-Estimating Process](#), [Glossary](#)



fall below the annual threshold established in the Unfunded Mandates Reform Act (UMRA) for private-sector mandates (\$198 million in 2023, adjusted annually for inflation).

H.R. 2792 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 Emily Stern, Senior Adviser for Budget Analysis.

A handwritten signature in black ink, appearing to read 'Phillip L. Swagel', with a long, sweeping flourish at the end.

Phillip L. Swagel
Director, Congressional Budget Office