

H.R. 1747, Blockchain Regulatory Certainty Act

As ordered reported by the House Committee on Financial Services on July 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)	0	*	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
Increases <i>on-budget deficits</i> in any of the four consecutive 10-year periods beginning in 2034?	No	Mandate Effects	
		Contains intergovernmental mandate?	Yes, Under Threshold
		Contains private-sector mandate?	No
* = between zero and \$500,000.			

H.R. 1747 would exempt certain blockchain developers and networks from financial reporting and licensing requirements required under current federal and state laws. Blockchain is a distributed ledger technology that records and shares every transaction that occurs among users in a system of networked computers. Under current law, money transmitters—businesses that provide money transfer services or payment instruments—are regulated and licensed at the state level and are subject to anti-money laundering reporting requirements at the federal level.

Some blockchain developers and networks control their users’ digital assets by providing “hosted virtual wallet” services in which they store and exchange virtual currency on behalf of their users. Under the bill, blockchain developers or networks that do not provide “hosted virtual wallets” could not be treated as money transmitters, and thus would not be subject to the reporting requirements.

Based on information from the Financial Crimes Enforcement Network (FinCEN) and subject matter experts, CBO expects that H.R. 1747 is largely consistent with the agency’s current regulations and would largely codify existing policies and guidance. However, the bill could provide a safe harbor for a small number of entities who are currently subject to federal anti-money laundering regulations. As a result, CBO estimates that FinCEN would

See also

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



incur administrative costs of less than \$500,000 over the 2024-2028 period to issue new guidance and conduct outreach to the private sector. Any spending would be subject to the availability of appropriated funds.

In addition, H.R. 1747, by affecting the adoption of virtual currencies as a substitute for other forms of money, could have indirect effects on the budget through the banking system, federal reserve options, and Treasury markets. Those effects are not possible to quantify at this time.

H.R. 1747 would impose an intergovernmental mandate as defined in the Unfunded Mandates Reform Act (UMRA) by preempting state laws governing financial reporting and licensing of some blockchain developers and service providers. Although it would limit the application of state laws, the bill would impose no duty on states that would result in additional spending or loss of revenue and would not exceed the thresholds established in UMRA (\$99 million in 2023, respectively, adjusted annually for inflation).

The bill would not impose any private-sector mandates.

The CBO staff contacts for this estimate are Jeremy Crimm (for FinCEN) and Rachel Austin (for mandates). The estimate was reviewed by H. Samuel Papenfuss, Deputy Director of 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