

## At a Glance

### Financial Services Legislation

As reported by the House Committee on Financial Services on September 20, 2023

On September 20, 2023, the House Committee on Financial Services reported four bills. This single, comprehensive document provides estimates for those bills.

All of the bills would affect spending subject to appropriation. Only H.R. 5119 would affect direct spending and revenues; thus, pay-as-you-go procedures apply. None of the bills would significantly increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2034. None of the bills would impose intergovernmental or private-sector mandates. Details of the estimated costs of each bill are discussed in the text below.

Bill	Net Increase or Decrease (-) in the Deficit Over the 2024-2033 Period (Millions of Dollars)	Changes in Spending Subject to Appropriation Over the 2024-2028 Period (Outlays, Millions of Dollars)	Mandate Effects?
H.R. 5119	*	*	No
H.R. 5472	0	*	No
H.R. 5485	0	1	No
H.R. 5524	0	*	No

\* = between -\$500,000 and \$500,000.

**Detailed estimate begins on the next page.**



## Summary

On September 20, 2023, the House Committee on Financial Services reported multiple pieces of legislation. This document provides estimates for four of those bills.

The bills would change the reporting requirements concerning ownership of U.S. companies, impose new reporting requirements on the Financial Crimes Enforcement Network (FinCEN) and the Department of the Treasury, and extend the authorization for a pilot program administered by FinCEN.

## Estimated Federal Cost

This cost estimate does not include any effects of interactions among the bills. If all four bills were combined and enacted as a single piece of legislation, the effects could be different from the sum of the separate estimates, although CBO expects that any differences would be small. The bills' costs fall within budget function 750 (administration of justice).

## Basis of Estimate

For this estimate, CBO assumes that the bills will be enacted by the end of calendar year 2023. CBO estimates that all four bills would affect spending subject to appropriation and that H.R. 5119 would affect direct spending and revenues.

**H.R. 5119, the Protect Small Business and Prevent Illicit Financial Activity Act**, would extend the deadline for small businesses to report on beneficial owners (the people who own or control a company) to FinCEN. Under current regulations, businesses formed before January 1, 2024, must provide that information by January 1, 2025. Businesses formed on or after January 1, 2024, must report the information within 30 days of being notified by the state they are located in that their registration is effective. The bill would postpone the reporting deadline by one year for entities formed before January 1, 2024, and by 60 days for those formed after that date.

H.R. 5119 also would prohibit businesses from stating in reports submitted to FinCEN that they cannot obtain information about or identify their owners. Based on the costs of similar activities, CBO estimates that FinCEN would incur administrative and personnel costs of less than \$500,000 over the 2024-2028 period to update regulations and guidance and to conduct outreach to the private sector.

Under current law, businesses that provide fraudulent information about beneficial owners to FinCEN or that publicly share information that they provide to FinCEN are subject to civil and criminal penalties. CBO estimates that, by postponing the reporting deadline, the bill would reduce collections of civil and criminal penalties by a small amount. Civil penalties are deposited in the Treasury and recorded in the budget as revenues. Criminal penalties are recorded as revenues, deposited into the Crime Victims Fund, and spent without further



appropriation. CBO estimates that H.R. 5119 would reduce revenues and direct spending by less than \$500,000 over the 2024-2033 period.

**H.R. 5472, the FinCEN Oversight and Accountability Act of 2023**, would require the Department of the Treasury to provide to the Congress any record that delegates the department's authority to FinCEN and to notify the Congress of any unlawful activities carried out by FinCEN. The bill also would require each of FinCEN's domestic liaisons to convene annually a working group for small businesses to share information and improve coordination between FinCEN and the small business community. Using information about the cost of similar activities, CBO estimates that implementing H.R. 5472 would cost less than \$500,000 over the 2024-2028 period.

**H.R. 5485, the Financial Privacy Act of 2023**, would require FinCEN to report annually to the Congress regarding the number and types of suspicious-activity reports it receives. U.S. financial institutions are required to file such reports with FinCEN listing transactions or patterns of transactions that are unusual or that may involve criminal activity. The bill also would require FinCEN to annually review and update, as appropriate, its protocols for sharing information with other law enforcement, national security, and intelligence agencies. The bill's requirements would expire seven years after enactment.

Based on the costs of similar activities, CBO expects that FinCEN would need one person each year to comply with the bill's requirements. Thus, CBO estimates that implementing H.R. 5485 would cost \$1 million over the 2024-2028 period.

**H.R. 5524, the Foreign Affiliates Sharing Pilot Program Extension Act**, would extend a pilot program that allows U.S. financial institutions to share suspicious-activity reports with foreign subsidiaries. Under current law, those institutions cannot disclose such information to foreign branches. The pilot program, which was authorized by the Congress in 2021 and is set to expire at the end of calendar year 2024, has not been implemented because FinCEN has not finalized the program's rules. The bill would extend the program for three years after the rules are finalized. Based on the costs of similar activities, CBO estimates that FinCEN would incur administrative and personnel costs of less than \$500,000 over the 2024-2028 period.

### **Pay-As-You-Go Considerations**

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. CBO estimates that enacting H.R. 5119 would decrease direct spending and revenues by less than \$500,000 in every year and over the 2024-2033 period.



## **Increase in Long-Term Net Direct Spending and Deficits**

CBO estimates none of the four bills would increase net direct spending in any of the four consecutive 10-year periods beginning in 2034.

CBO estimates that enacting H.R. 5119 would not increase on-budget deficits by more than \$5 billion in any of the four consecutive 10-year periods beginning in 2034.

CBO estimates that the other three bills would not increase on-budget deficits in any of the four consecutive 10-year periods beginning in 2034.

## **Mandates**

The bills contain no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

## **Estimate Prepared By**

Federal Costs: Jeremy Crimm

Mandates:

Rachel Austin

Grace Watson

## **Estimate Reviewed By**

Justin Humphrey

Chief, Finance, Housing, and Education Cost Estimates Unit

Kathleen FitzGerald

Chief, Public and Private Mandates Unit

H. Samuel Papenfuss

Deputy Director of Budget Analysis

## **Estimate Approved By**

Phillip L. Swagel

Director, Congressional Budget Office