Congressional Budget Office
Cost Estimate

November 1, 2024

H.J. Res. 120, a joint resolution providing for Congressional disapproval under chapter 8 of title 5, United States Code, of the rule submitted by the Financial Stability Oversight Council related to “Guidance on Nonbank Financial Company Determinations”

As ordered reported by the House Committee on Financial Services on April 17, 2024

By Fiscal Year, Millions of Dollars	2025	2025-2029	2025-2034
Direct Spending (Outlays)	*	*	*
Revenues	*	*	*
Increase or Decrease (-) in the Deficit	*	*	*
Spending Subject to Appropriation (Outlays)	0	0	0

Increases *net direct spending* in any of the four consecutive 10-year periods beginning in 2035?	*	Statutory pay-as-you-go procedures apply?	Yes
		Mandate Effects	
		Contains intergovernmental mandate?	No
Increases *on-budget deficits* in any of the four consecutive 10-year periods beginning in 2035?	*	Contains private-sector mandate?	Yes, Under Threshold

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

H.J. Res. 120 would disapprove a final rule published by the Financial Stability Oversight Council (FSOC) in November 2023.[1] By invoking a legislative process established in the Congressional Review Act, the resolution would repeal the rule and prohibit the agency from issuing the same or any similar rule in the future.

The rule modified the FSOC’s process for determining which nonbank financial companies are systemically important financial institutions and thus subject to enhanced oversight by the Federal Reserve. It removed certain prerequisites for the designation of systemic importance required under previous guidance issued in 2019.

CBO estimates that enacting H.J. Res. 120 would have an insignificant effect on direct spending and revenues for administrative costs at the FSOC and the Federal Reserve.

The operating costs of the FSOC are classified as direct spending. The FSOC offsets those costs through assessments on certain bank holding companies and nonbank financial

1. Financial Stability Oversight Council, “Guidance on Nonbank Financial Company Determinations,” Final Rule, 88 *Fed. Reg.* 80110 (November 17, 2023), https://tinyurl.com/j3sdn43c.

institutions, which are classified as revenues. CBO estimates that any increases in operating costs would be insignificant and roughly offset by similar increases in assessments.

Costs incurred by the Federal Reserve reduce remittances to the Treasury, which are recorded in the budget as revenues. If enacting the resolution reduced the likelihood of institutions being designated as systemically important financial institutions subject to Federal Reserve oversight, then operating costs for the Federal Reserve could decrease as a result. However, CBO expects that any decrease in revenues would be insignificant.

If the FSOC increases annual fees to offset the costs of implementing the resolution, H.J. Res 120 would increase the costs of an existing private-sector mandate on entities required to pay those fees. CBO estimates that the incremental cost of the mandate would be small and would fall well below the annual threshold established in the Unfunded Mandates Reform Act (UMRA) for private-sector mandates ($200 million in 2024, adjusted annually for inflation).

The resolution 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 Director of Budget Analysis.

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