



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 23, 2018

### **H.R. 5783** **Cooperate with Law Enforcement Agencies and Watch Act of 2018**

*As passed by the House of Representatives on June 25, 2018*

H.R. 5783 would prohibit the federal financial regulators including the Federal Deposit Insurance Corporation (FDIC), the Office of the Comptroller of the Currency (OCC), and the Federal Reserve from taking a supervisory action that would penalize a financial institution for maintaining a suspicious account when federal law enforcement officials have requested that the account remain open.

Using information from the affected agencies, CBO expects that enacting H.R. 5783 would not require any changes in the number of employees at the agencies nor would it require significant changes in supervisory procedures. In addition, CBO estimates that enacting H.R. 5783 would not affect future costs to resolve failed financial institutions. As a result, CBO estimates that enacting H.R. 5783 would have no effect on the federal budget.

Because enacting the legislation would not affect direct spending or revenues, pay-as-you-go procedures do not apply.

CBO estimates that enacting H.R. 5783 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2029.

H.R. 5783 would impose an intergovernmental mandate as defined in the Unfunded Mandates Reform Act (UMRA) by prohibiting states from taking supervisory action against a financial institution that keeps a suspicious account open at the request of federal law enforcement. The costs of the mandate would be foregone revenue in the form of fines levied by a state against financial institutions in such circumstances. Because the scope of the act is narrow, CBO estimates the costs of the mandate would not exceed the threshold established in UMRA for intergovernmental mandates (\$80 million in 2018, adjusted annually for inflation).

H.R. 5783 contains no private-sector mandates as defined in UMRA.

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