Congressional Budget Office
Cost Estimate

July 30, 2021

At a Glance

H.R. 3948, Greater Supervision In Banking Act of 2021

As ordered reported by the House Committee on Financial Services on June 23, 2021

By Fiscal Year, Millions of Dollars	2021	2021-2026	2021-2031
Direct Spending (Outlays)	0	0	0
Revenues	0	-1	-3
Increase or Decrease (-) in the Deficit	0	1	3
Spending Subject to Appropriation (Outlays)	0	0	0

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 2032?	**< $5 billion**	Contains private-sector mandate?	**Yes, Under Threshold**

The bill would

- Require Global Systemically Important Banks to submit an annual report to the Board of Governors of the Federal Reserve containing a description of the activities and goals of the company
- Require the Board of Governors to make the reports public

Estimated budgetary effects would mainly stem from

- Additional operating costs for the Federal Reserve, resulting in lower remittances from the Federal Reserve to the Treasury, which are recorded as revenues

Detailed estimate begins on the next page.

See also *CBO's Cost Estimates Explained*, www.cbo.gov/publication/54437;
How CBO Prepares Cost Estimates, www.cbo.gov/publication/53519; and *Glossary*, www.cbo.gov/publication/42904.

Bill Summary

H.R. 3948 would amend the Bank Holding Company Act of 1956 to require Global Systemically Important Banks (GSIBs) to submit an annual report to the Board of Governors of the Federal Reserve containing a description of the activities and goals of the company. It would also require the Board of Governors to post those reports on its website. CBO estimates that enacting H.R. 3948 would decrease revenues by $3 million over the 2021-2031 period.

Estimated Federal Cost

The estimated budgetary effect of H.R. 3948 is shown in Table 1.

Table 1.
Estimated Budgetary Effects of H.R. 3948

	By Fiscal Year, Millions of Dollars												
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2021-2026	2021-2031
	Decreases in Revenues												
Estimated Revenues	0	*	*	*	*	*	*	*	*	*	*	-1	-3

Components may not sum to totals because of rounding; * = between -$500,000 and zero.

Basis of Estimate

For this estimate, CBO assumes that the bill will be enacted before the end of fiscal year 2021 and that the new responsibilities would be carried out starting in 2022.

H.R. 3948 would impose new duties on the Board of Governors of the Federal Reserve. The Federal Reserve Board of Governors has responsibility for regulating and supervising the activities of bank holding companies, which include the 30 companies designated as GSIBs based on their size, complexity, and other factors.

Using information from the Board of Governors, CBO estimates that enacting the bill would decrease revenues by $3 million over the 2021-2031 period. That decrease in revenues stems from increased costs, which reduce remittances from the Federal Reserve to the Treasury. Remittances are recorded in the budget as revenues. Those costs would stem from new work for the Board to accept, review, and post the new reports on its website.

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. The net changes in revenues that are subject to those pay-as-you-go procedures are shown in Table 1.

Increase in Long-Term Deficits

CBO estimates that enacting H.R. 3948 would not increase on-budget deficits by more than $5 billion in any of the four consecutive 10-year periods beginning in 2032.

Mandates

H.R. 3948 would impose a private-sector mandate on GSIBs by requiring them to submit annual reports to the Federal Reserve Board of Governors. Because of the small number of mandated entities, CBO estimates that the cost of complying with the mandate would be small and fall below the threshold established in the Unfunded Mandates Reform Act (UMRA) for private-sector mandates ($170 million in 2021, adjusted annually for inflation).

H.R. 3948 contains no intergovernmental mandates as defined in UMRA.

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