



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

December 2, 2014

H.R. 4662
Bureau Advisory Opinion Act

As ordered reported by the House Committee on Financial Services on June 11, 2014

SUMMARY

H.R. 4662 would direct the Bureau of Consumer Financial Protection (CFPB) to respond to specific inquiries about whether prospective activities comply with consumer financial laws. In preparing those responses, the CFPB would be required to provide a notice and comment period in order to gain the views of interested parties.

CBO estimates that enacting H.R. 4662 would increase direct spending by the CFPB by \$815 million over the 2015-2024 period; therefore, pay-as-you-go procedures apply. Enacting H.R. 4662 would not affect revenues or spending subject to appropriation.

H.R. 4662 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary effect of H.R. 4662 is shown in the following table. The costs of this legislation fall within budget function 370 (commerce and housing credit).

	By Fiscal Year, in Millions of Dollars											
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2015-2019	2015-2024
CHANGES IN DIRECT SPENDING												
Estimated Budget Authority	22	43	89	91	93	95	97	99	101	103	338	831
Estimated Outlays	19	40	82	91	93	94	96	98	100	102	325	815

Note: Components may not sum to totals because of rounding.

BASIS OF ESTIMATE

For this estimate, CBO expects that the legislation will be enacted in 2014 and that spending will follow historical trends for the CFPB. The CFPB is permanently authorized to spend amounts transferred from the Federal Reserve System; because that funding is not subject to appropriation, the CFPB's expenditures are recorded in the budget as direct spending.

H.R. 4662 would require the CFPB to develop a system to receive and respond to inquiries from the public as to whether a prospective activity would violate consumer financial law. The process would include a period for public comment, and the bill would direct the agency to provide assistance to small businesses wishing to submit an inquiry. The bill would require the CFPB to issue advisory opinions in response to public inquiries. Under the bill the agency's advisory opinions would be issued within 90 days of receiving an inquiry and would be made available on the agency's website.

Based on information from the CFPB, CBO expects that the agency would eventually receive about 5,000 inquiries each year that would be answered with an advisory opinion. We expect that investigating an inquiry and preparing, approving, and publishing a response would require from 10 days to 30 days of staff time, depending on the complexity of the question. CBO estimates that enacting H.R. 4662 would increase direct spending by \$815 million over the 2015-2024 period for additional staff and support costs to meet the bill's requirements.

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 changes in outlays that are subject to those pay-as-you-go procedures are shown in the following table.

CBO Estimate of Pay-As-You-Go Effects for H.R. 4662 as ordered reported by the House Committee on Financial Services on June 11, 2014

	By Fiscal Year, in Millions of Dollars											2015-	2015-
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2019	2024	
NET INCREASE IN THE DEFICIT													
Statutory Pay-As-You-Go Effect	19	40	82	91	93	94	96	98	100	102	325	815	

Note: Components may not sum to totals because of rounding.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 4662 contains no intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

ESTIMATE PREPARED BY:

Federal Costs: Susan Willie
Impact on State, Local, and Tribal Governments: Melissa Merrell
Impact on the Private Sector: John Rodier

ESTIMATE APPROVED BY:

Theresa Gullo
Deputy Assistant Director for Budget Analysis