March 13, 2024

At a Glance

H.R. 3230, Unfunded Mandates Accountability and Transparency Act of 2023

As ordered reported by the House Committee on Oversight and Accountability on July 12, 2023

By Fiscal Year, Millions of Dollars	2024	2024-2029	2024-2034
Direct Spending (Outlays)	a	a	a
Revenues	a	a	a
Increase or Decrease (-) in the Deficit	a	a	a
Spending Subject to Appropriation (Outlays)	a	a	a

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

a. CBO has no basis on which to estimate the total budgetary effects of enacting H.R. 3230.

The bill would

- Require agencies that promulgate any rule with an annual economic effect of $100 million or more to publish a regulatory impact analysis for that rule
- Require agencies that promulgate such rules to undertake and report on cost-benefit analyses, consultations with interested parties, and assessments of alternatives to those rules
- Impose mandates on private-sector entities

Estimated budgetary effects would mainly stem from

- Increased analysis and reporting requirements for which agencies would need additional staff
- Increases in costs for agencies that are funded through annual appropriations to carry out the provisions of the bill
- Increases in direct spending and decreases in revenues for several fee-funded, independent agencies as well as the Federal Reserve System to carry out provisions of the bill

Areas of significant uncertainty include

- Increased analysis determining whether rules that are delayed because of the bill's requirements would have a net cost or savings for the federal government

Detailed estimate begins on the next page.

See also
CBO's Cost Estimates Explained, *CBO Describes Its Cost-Estimating Process*, *Glossary*

Bill Summary

H.R. 3230 would require agencies that promulgate major rules—those with an annual economic effect of $100 million or more—to prepare and publish regulatory impact analysis that would accompany the notice of proposed rulemaking and the final rule. Additionally, enacting the bill would limit some of the discretion agencies have over selecting an approach to that regulatory analysis. The bill also would codify some policies that are already common practice or required under executive orders concerning regulatory impact analyses.

In addition, H.R. 3230 would expand the role of the Office of Information and Regulatory Affairs (OIRA), within the Office of Management and Budget, and authorize OIRA to review and approve rules proposed by certain independent federal agencies. Under current law, most independent regulatory agencies are not required to submit regulatory impact analyses to OIRA.

The bill would amend an existing Congressional rule to make legislation out of order if the private-sector mandate costs are in excess of a specific threshold. That rule is not automatically enforced; a Member of Congress must raise a point of order to enforce it. (A point of order is an objection raised by a Member on the floor of the House or Senate that questions an action being taken as contrary to the rules of that body.) If a point of order is raised in the House or Senate, each chamber resolves the issue according to its established rules and procedures. Under current rules, only legislation with intergovernmental mandates above a specific threshold is subject to a point of order.

Estimated Federal Cost

CBO expects that enacting H.R. 3230 could delay the issuance of some rules but because of the large number and variety of federal rules issued each year, CBO cannot determine whether delays in the issuance of some rules would have a cost or result in savings for the federal government.

While CBO has no basis on which to estimate the overall budgetary effects of enacting H.R. 3230, we do expect the reporting requirements in the bill would increase administrative costs for many federal agencies. Under the bill, agencies that promulgate major rules would need to enhance their research and reporting efforts in the areas of cost-benefit analyses, consultations with interested parties, and assessments of alternatives to the rules.

The estimated costs for agencies to implement those requirements are shown in Table 1 and fall within multiple budget functions.

Table 1.
Estimated Administrative Costs to Implement H.R. 3230

	By Fiscal Year, Millions of Dollars												
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2024-2029	2024-2034
Increases in Direct Spending													
Estimated Budget Authority	*	4	4	5	5	5	5	5	6	6	6	23	51
Estimated Outlays	*	3	4	5	5	5	5	5	6	6	6	22	50
Decreases in Revenues													
Estimated Revenues	*	*	*	*	*	-13	-3	-3	-3	-3	-3	-13	-28
Increases in Spending Subject to Appropriation													
Estimated Authorization	*	8	9	9	9	10	n.e.	n.e.	n.e.	n.e.	n.e.	45	n.e.
Estimated Outlays	*	7	8	9	9	10	n.e.	n.e.	n.e.	n.e.	n.e.	43	n.e.

* = between -$500,000 and $500,000; n.e. = not estimated.

Basis of Estimate

For this estimate, CBO assumes that H.R. 3230 will be enacted near the middle of fiscal year 2024 and that the estimated amounts will be appropriated.

Direct Spending

The administrative costs for the Federal Deposit Insurance Corporation (FDIC), the Consumer Financial Protection Bureau, the National Credit Union Administration (NCUA), and the Office of the Comptroller of the Currency (OCC) are classified in the budget as direct spending. However, the NCUA and the OCC collect fees from financial institutions to offset their operating costs; those fees are treated as reductions in direct spending. Using information from the FDIC, CBO estimates that the increased administrative workload under H.R. 3230 to prepare additional analyses and reports would increase net spending for those independent agencies by $50 million over the 2024-2034 period.

Revenues

H.R. 3230 also would affect revenues by changing the cost of operations for the Federal Reserve System, which remits its net earnings to the Treasury; those remittances are classified as revenues in the federal budget. Based on the cost of similar activities, CBO estimates that the increased costs under the bill would reduce remittances to the Treasury by $28 million over the 2024-2034 period. The bill would not subject the Federal Reserve to the additional reporting requirements for any major rules proposed for monetary policy by the Federal Reserve Board of Governors or the Federal Open Market Committee.

Spending Subject to Appropriation
Finally, CBO estimates that implementing H.R. 3230 would increase spending for agencies whose administrative funding is provided in annual appropriation acts. CBO estimates that agencies which tend to produce large numbers of major rules would need more personnel to produce the additional analysis and perform other administrative tasks under H.R. 3230. CBO expects that the agencies that promulgate the most major rules, and thus most affected by this bill, include the Departments of Agriculture, Education, Health and Human Services, Homeland Security, Labor, and Transportation, along with the Environmental Protection Agency, the Securities and Exchanges Commission (SEC), and the Small Business Administration. Based on the costs of similar activities, CBO estimates that the administrative costs to implement H.R. 3230 would total $43 million over the 2024-2029 period; that spending would be subject to the availability of appropriated funds.

Under current law, the SEC is authorized to collect fees sufficient to offset its annual appropriation; therefore, CBO estimates that the net budgetary effect of the SEC's activities to implement H.R. 3230 would not be significant, assuming appropriation actions consistent with the commission's authorities.

Uncertainty
CBO expects that enacting H.R. 3230 could delay the issuance of some federal rules. However, because of the large number and variety of rules issued each year, CBO cannot determine whether a delay in the effective date of some rules would result in costs or savings for the federal government.

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. Pay-as-you-go procedures apply to H.R. 3230 because enacting the legislation would affect direct spending and revenues. However, CBO cannot determine the magnitude or direction of those effects.

Increase in Long-Term Net Direct Spending and Deficits

CBO cannot determine the magnitude or direction of the budgetary effects of H.R. 3230. As a result, CBO cannot determine whether the legislation would increase net direct spending by more than $2.5 billion or on-budget deficits by more than $5 billion in any of the four consecutive 10-year periods beginning in 2035.

Mandates

If federal financial regulators increased fees to offset the costs of implementing the bill, H.R. 3230 would increase the cost of an existing mandate on private-sector entities required to pay those assessments. CBO estimates that the incremental cost of the mandate would be well below the threshold for private-sector mandates as defined in the Unfunded Mandates Reform Act ($200 million in 2024, adjusted annually for inflation).

The bill contains no intergovernmental mandates.

Estimate Prepared By

Federal Costs:

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>
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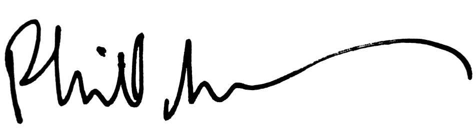

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