

SECURITIES AND EXCHANGE COMMISSION  
AUTHORIZATION ACT OF 2002

APRIL 24, 2002.—Ordered to be printed

Mr. OXLEY, from the Committee on Financial Services,  
submitted the following

SUPPLEMENTAL REPORT

[To accompany H.R. 3764]

This supplemental report shows the cost estimate of the Congressional Budget Office with respect to the bill (H.R. 3764), as reported, which was not included in part 1 of the report submitted by the Committee on Financial Services on April 22, 2002 (H. Rept. 107-415, pt. 1).

This supplemental report is submitted in accordance with clause 3(a)(2) of rule XIII of the Rules of the House of Representatives.

This supplemental report contains the cost estimate provided by the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974 that was not available at the time part 1 of the report was filed and updates other sections of the report accordingly. Any section appearing in this report should be deemed to supersede the same section in part 1 of this report.

NEW BUDGET AUTHORITY, ENTITLEMENT AUTHORITY, AND TAX  
EXPENDITURES

In compliance with clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee finds that this legislation would result in no new budget authority, entitlement authority, or tax expenditures or revenues.

COMMITTEE COST ESTIMATE

The Committee adopts as its own the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

CONGRESSIONAL BUDGET OFFICE ESTIMATE

Pursuant to clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, the following is the cost estimate provided by

the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974:

U.S. CONGRESS,  
CONGRESSIONAL BUDGET OFFICE,  
Washington, DC, April 22, 2002.

Hon. MICHAEL G. OXLEY,  
Chairman, Committee on Financial Services,  
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 3764, the Securities and Exchange Commission Authorization Act of 2002.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Ken Johnson.

Sincerely,

STEVEN LIEBERMAN  
(For Dan L. Crippen, Director).

Enclosure.

*H.R. 3764—Securities and Exchange Commission Authorization Act of 2002*

Summary: H.R. 3764 would authorize the appropriation of \$776 million for the Securities and Exchange Commission (SEC) in 2003. Of this amount, the bill authorizes at least \$134 million for the SEC's Division of Corporate Finance and the Office of the Chief Accountant, at least \$326 million for the agency's Division of Enforcement, and at least \$76 million for higher compensation for SEC employees.

Assuming appropriation of the authorized amount, CBO estimates that implementing H.R. 3764 would cost about \$607 million in 2003, and an additional \$162 million in 2004. Assuming the continued collection of the regulatory fees assessed by the SEC, however, net SEC spending would be negative in 2003, as is the case in 2002. Under H.R. 3764, we estimate net SEC spending of -\$606 million in 2003. H.R. 3764 would not affect direct spending or receipts; therefore, pay-as-you-go procedures would not apply.

H.R. 3764 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 impact of H.R. 3764 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—					
	2002	2003	2004	2005	2006	2007
SPENDING SUBJECT TO APPROPRIATION						
Gross SEC spending:						
Under current law:						
Budget authority .....	409	0	0	0	0	0
Estimated outlays .....	408	90	0	0	0	0
Proposed changes:						
Authorization level .....	0	776	0	0	0	0
Estimated outlays .....	0	607	162	0	0	0

	By fiscal year, in millions of dollars—					
	2002	2003	2004	2005	2006	2007
Under H.R. 3764:						
Budget authority/authorization level ..	409	776	0	0	0	0
Estimated outlays .....	408	697	162	0	0	0
Less offsetting collections: <sup>1</sup>						
Estimated authorization level .....	-1,135	-1,303	0	0	0	0
Estimated outlays .....	-1,135	-1,303	0	0	0	0
Net SEC spending:						
Under current law:						
Estimated budget authority .....	-726	0	0	0	0	0
Estimated outlays .....	-727	90	0	0	0	0
Under H.R. 3764:						
Estimated authorization level .....	-726	-527	0	0	0	0
Estimated outlays .....	-727	-606	162	0	0	0

<sup>1</sup>The SEC collects fees to the extent provided in advance in appropriation acts. The amount of fees collected is not dependent on the amount appropriated. (The authority to collect such fees in 2002 has been triggered by the 2002 appropriation; but there is no appropriation for 2003 yet.)

**Basis of estimate:** The annual appropriation for the SEC is typically offset by fees the agency collects for registrations, transactions, and mergers of securities. Under current law, the fee rates are determined periodically by the SEC, and they are collected only to the extent provided in advance in appropriation acts. In recent years those fee collections have been significantly greater than the appropriation provided to the agency.

For 2002, CBO estimates that the gross spending of the SEC will amount to \$408 million. When this figure is added to an estimated \$1.1 billion in fee collections, CBO estimates that the agency's net spending will be about -\$727 million for 2002.

Based on the SEC's historical spending patterns, CBO estimates that implementing H.R. 3764 would have a gross cost of \$607 million in 2003 and \$769 million during the 2003-2004 period, assuming the appropriation of the necessary amounts. Adding these amounts to CBO's projections for fee collections in 2003, we estimate that the SEC's net spending would equal -\$606 million in that year.

**Pay-as-you-go considerations:** None.

**Intergovernmental and private sector impact:** H.R. 3764 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: Ken Johnson; impact on state, local, and tribal governments: Susan Sieg Thompkins; Private-sector impact: Paige Piper/Bach.

**Estimate approved by:** Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

#### FEDERAL MANDATES STATEMENT

The Committee adopts as its own the estimate of Federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act.