115TH CONGRESS
2d Session

HOUSE OF REPRESENTATIVES

REPORT
115–

COMPREHENSIVE REGULATORY REVIEW ACT

February --, 2019.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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

R E P O R T

together with

Views VIEWS

[To accompany H.R. 4607]

[Including cost estimate of the Congressional Budget Office]

The Committee on Financial Services, to whom was referred the bill (H.R. 4607) to amend the Economic Growth and Regulatory Paperwork Reduction Act of 1996 to ensure that Federal financial regulators perform a comprehensive review of regulations to identify outdated or otherwise unnecessary regulatory requirements imposed on covered persons, and for other purposes, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

PURPOSE AND SUMMARY

Introduced by Representative Barry Loudermilk on December 11, 2017, H.R. 4607, the "Comprehensive Regulatory Review Act" amends the Economic Growth and Regulatory Paperwork Reduction Act of 1996 (EGRPRA) to require the Federal Financial Institutions Examination Council (FFIEC) and each of the federal financial regulators—including the Consumer Financial Protection Bureau (CFPB) and National Credit Union Administration (NCUA)—to conduct, at least once every seven years, a comprehensive review of all regulations prescribed by the council or the regulator. The review shall include all regulations issued after December 31, 2006, in order to identify outdated or otherwise unnecessary regulations and tailor other regulations related to insured depository institutions or entities that engage in offering or providing a consumer financial product or service and affiliates who provide services to them.

BACKGROUND AND NEED FOR LEGISLATION

The Economic Growth and Regulatory Paperwork Reduction Act of 1996 (EGRPRA) requires the Federal Financial Institutions Examination Council (FFIEC), together with each appropriate Federal banking agency[1], to conduct a joint review of existing regulations every 10 years to determine whether any rules are outdated, unnecessary, or unduly burdensome, and consider how to reduce regulatory burden while, at the same time, ensuring the safety and soundness and the safety and soundness of the financial system. As part of the review, EGRPRA requires these agencies to, at regular intervals, provide notice and solicit public comment on a particular category or categories of regulations.

The EGRPRA also requires the publication of a report that summarizes any significant issues raised by public comments received and the relative merits of such issues, as well as an analysis of whether the appropriate Federal banking agency is able to address the regulatory burdens associated with issues by regulation, or whether such burdens must be addressed by legislative action.

The first EGRPRA review began in 2003, and its findings were subsequently published in a July 31, 2007 report to Congress. The most recent EGRPRA review, which began in 2014, included six *Federal Register* notices seeking public comment. In March 2017, the agencies published their final report detailing the conclusions of their review.[2] The report noted that the regulators received over 230 written comments and 120 oral comments and the "report sets forth the initiatives the agencies have or will be undertaking to reduce regulatory burden while still promoting the safety and soundness of insured of insured depository institutions and promoting consumer protection."[3] The March 2017

[1] Appropriate Federal banking agencies as codified to 12 U.S.C. 1813(q), include the Board of Governors of the Federal Reserve System (Federal Reserve), the Office of the Comptroller of the Currency (OCC), and the Federal Deposit Insurance Corporation (FDIC).

[2] https://www.ffiec.gov/pdf/2017_FFIEC_EGRPRA_Joint-Report_to_Congress.pdf

[3] Id.

report articulated that topics that received the most comments relates to (1) capital, (2) Call Reports, (3) appraisals, (4) frequency of safety-and-soundness bank examinations, (5) the Community Reinvestment Act, and (6) Bank Secrecy Act/Anti-Money Laundering.

Under current law, the EGRPRA does not require either the Consumer Financial Protection Bureau (CFPB) or the National Credit Union Administration (NCUA) to participate in the review process, because the statute does not included them in the definition of an "appropriate Federal banking agency." In testimony before the Subcommittee on Financial Institutions and Consumer Credit on December 7, 2017, Mr. Brian Ducharme, President and CEO of MIT Federal Credit Union, headquartered in Cambridge, Massachusetts, testifying on behalf of the National Association of Federally Insured Credit Unions (NAFCU) stated, "NAFCU appreciates that NCUA has been voluntarily participating in the EGRPRA review process and we are pleased to see the legislation extending it to the CFPB."

Title X of the Dodd–Frank Wall Street Reform and Consumer Protection Act (P.L. 111-203) requires the CFPB to review its significant regulations and report on them five years after they become final. Testifying at the same December 7, 2017 hearing, Christopher George, President and Chief Executive Officer, CMG Financial, on behalf of the Mortgage Bankers Association (MBA) noted that adding the CFPB and the NCUA to EGRPRA review, "improves upon this structure by requiring an ongoing review during five-year cycles rather than a one-time review." Even though the NCUA has concurrently and voluntarily conducted its own review in a manner consistent with EGRPRA, H.R. 4607 ensures that all financial regulators are statutorily required to review—in concert—their regulations on a regular basis. As the MBA testified about H.R. 4607's effects to extend EGRPRA to the CFPB and the NCUA "will eliminate ambiguity and ensure that they undertake reviews of their regulations consistently in the future. This is particularly important for the CFPB given its expansive regulatory jurisdiction and the frequently high costs incurred by regulated entities to comply with some of its regulations."

HEARINGS

The Committee on Financial Services' Subcommittee on Financial Institutions and Consumer Credit held a hearing examining matters relating to H.R. 4607 on December 7, 2017.

COMMITTEE CONSIDERATION

The Committee on Financial Services met in open session on January 17 and 18, 2018, and ordered H.R. 4607 to be reported favorably by a recorded vote of 38 yeas to 17 nays (Record vote no. FC-142), a quorum being present.

COMMITTEE VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee to list the record votes on the motion to report legislation and amendments thereto. The sole recorded vote was on a motion by Chairman Hensarling to report the bill favorably to the House without amendment. The motion was agreed to by a recorded vote of 38 yeas to 17 nays (Record vote no. FC-142), a quorum being present.

[Please see attached vote tallies.]

Present	Representative	Yeas	Nays
	Mr. HENSARLING, *Chairman*	✓	
	Mr. McHENRY		
	Mr. KING		
	Mr. ROYCE	✓	
	Mr. LUCAS	✓	
	Mr. PEARCE	✓	
	Mr. POSEY	✓	
	Mr. LUETKEMEYER	✓	
	Mr. HUIZENGA	✓	
	Mr. DUFFY	✓	
	Mr. STIVERS		
	Mr. HULTGREN	✓	
	Mr. ROSS	✓	
	Mr. PITTENGER	✓	
	Mrs. WAGNER	✓	
	Mr. BARR	✓	
	Mr. ROTHFUS	✓	
	Mr. MESSER		
	Mr. TIPTON	✓	
	Mr. WILLIAMS	✓	
	Mr. POLIQUIN	✓	
	Mrs. LOVE	✓	
	Mr. HILL	✓	
	Mr. EMMER	✓	
	Mr. ZELDIN	✓	
	Mr. TROTT	✓	
	Mr. LOUDERMILK	✓	
	Mr. MOONEY	✓	
	Mr. MACARTHUR	✓	
	Mr. DAVIDSON	✓	
	Mr. BUDD	✓	
	Mr. KUSTOFF	✓	
	Ms. TENNEY	✓	
	Mr. HOLLINGSWORTH	✓	
	Ms. WATERS, *Ranking Member*		✓
	Mrs. MALONEY		✓
	Ms. VELÁZQUEZ		✓
	Mr. SHERMAN		✓
	Mr. MEEKS		✓
	Mr. CAPUANO		✓
	Mr. CLAY		
	Mr. LYNCH		✓
	Mr. SCOTT	✓	
	Mr. GREEN		✓
	Mr. CLEAVER		✓
	Ms. MOORE		✓
	Mr. ELLISON		✓
	Mr. PERLMUTTER	✓	
	Mr. HIMES	✓	
	Mr. FOSTER		✓
	Mr. KILDEE		✓
	Mr. DELANEY	✓	
	Ms. SINEMA	✓	
	Mrs. BEATTY		✓
	Mr. HECK	✓	
	Mr. VARGAS		✓
	Mr. GOTTHEIMER	✓	
	Mr. GONZALEZ	✓	
	Mr. CRIST		✓
	Mr. KIHUEN		✓

Committee on Financial Services

115th Congress

DATE: 1/18/18

Measure HR 4607

Amendment No. MTA

Offered by:

Agreed To	Yes	No	Wdrn
	✓		

Voice Vote	Yeas	Nays	Prsnt
	38	17	

Record vote no.	FC-142

COMMITTEE OVERSIGHT FINDINGS

Pursuant to clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the findings and recommendations of the Committee based on oversight activities under clause 2(b)(1) of rule X of the Rules of the House of Representatives, are incorporated in the descriptive portions of this report.

PERFORMANCE GOALS AND OBJECTIVES

Pursuant to clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the Committee states that H.R. 4607 will ensure that Federal financial regulators regularly perform a comprehensive review of regulations to identify outdated or otherwise unnecessary regulatory requirements.

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 adopts as its own the estimate of new budget authority, entitlement authority, or tax expenditures or revenues contained in 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 ESTIMATES

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:

[Please see attached CBO estimate.]

CONGRESSIONAL BUDGET OFFICE
U.S. Congress
Washington, DC 20515

Keith Hall, Director

February 22, 2018

Honorable Jeb Hensarling
Chairman
Committee on Financial Services
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 4607, the Comprehensive Regulatory Review Act.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Stephen Rabent, who can be reached at 226-2860.

Sincerely,

Keith Hall

Enclosure

cc: Honorable Maxine Waters
Ranking Member

CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

February 22, 2018

H.R. 4607
Comprehensive Regulatory Review Act

As ordered reported by the House Committee on Financial Services on January 18, 2018

Once every 10 years, four federal banking agencies review all the regulations that they have issued and identify outdated or unnecessary regulatory requirements on banks and credit unions. H.R. 4607 would require those agencies and the Consumer Financial Protection Bureau (CFPB) to complete that review more frequently—once every 7 years. The bill also would increase the scope of the required regulatory review to include requirements imposed on individual people or on companies that offer consumer financial products or services. The agencies would be required to tailor regulations to reduce the burden on such entities.

Using information from the affected agencies, CBO estimates that enacting H.R. 4607 would increase direct spending by $3 million over the 2018-2027 period for the CFPB to hire three additional employees to conduct the required reviews and analyses. The CFPB is permanently authorized to spend amounts transferred from the Federal Reserve.

In addition, CBO estimates that enacting those provisions would increase costs for the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, and the National Credit Union Administration to complete additional analyses and to do so more frequently. Costs incurred by those agencies are recorded in the budget as increases in direct spending, but they are authorized to collect premiums and fees from the financial institutions they regulate to cover such administrative expenses. Thus, CBO estimates that enacting H.R. 4607 would have no significant net effect on direct spending over the 2018-2027 period.

Costs incurred by the Federal Reserve System for the same purposes would reduce remittances to the Treasury, which are recorded in the budget as revenues. CBO estimates that enacting H.R. 4607 would decrease revenues by less than $500,000 over the 2018-2027 period.

Because H.R. 4607 would affect direct spending and revenues, pay-as-you-go procedures apply.

CBO estimates that enacting H.R. 4607 would not increase net direct spending or on-budget deficits by more than $2.5 billion in any of the four consecutive 10-year periods beginning in 2028.

The bill contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA).

If federal financial regulators increase fees to offset the costs associated with implementing the bill, H.R. 4607 would increase the cost of an existing mandate on private entities required to pay those fees. Based on information from the affected agencies, CBO estimates that the incremental cost of the mandate would fall well below the annual threshold for private-sector mandates established in UMRA ($156 million in 2017, adjusted annually for inflation).

The CBO staff contacts for this estimate are Stephen Rabent (for the CFPB), Nathaniel Frentz (for the Federal Reserve), Sarah Puro (for the other banking regulators), and Rachel Austin (for mandates). The estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.

FEDERAL MANDATES STATEMENT

This information is provided in accordance with section 423 of the Unfunded Mandates Reform Act of 1995.

The Committee has determined that the bill does not contain Federal mandates on the private sector. The Committee has determined that the bill does not impose a Federal intergovernmental mandate on State, local, or tribal governments.

ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act were created by this legislation.

APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of the section 102(b)(3) of the Congressional Accountability Act.

EARMARK IDENTIFICATION

With respect to clause 9 of rule XXI of the Rules of the House of Representatives, the Committee has carefully reviewed the provisions of the bill and states that the provisions of the bill do not contain any congressional earmarks, limited tax benefits, or limited tariff benefits within the meaning of the rule.

DUPLICATION OF FEDERAL PROGRAMS

In compliance with clause 3(c)(5) of rule XIII of the Rules of the House of Representatives, the Committee states that no provision of the bill establishes or reauthorizes: (1) a program of the Federal Government known to be duplicative of another Federal program; (2) a program included in any report from the Government Accountability Office to Congress pursuant to section 21 of Public Law 111-139; or (3) a program related to a program identified in the most recent Catalog of Federal Domestic Assistance, published pursuant to the Federal Program Information Act (Pub. L. No. 95-220, as amended by Pub. L. No. 98-169).

DISCLOSURE OF DIRECTED RULEMAKING

Pursuant to section 3(i) of H. Res. 5, (115th Congress), the following statement is made concerning directed rulemakings: The Committee estimates that the bill requires no directed rulemakings within the meaning of such section.

SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

Section 1. Short Title.

This section cites H.R. 4607 as the "Comprehensive Regulatory Review Act."

Section 2. Definitions and Amendments to the Economic Growth and Regulatory Paperwork Reduction Act of 1996.

This section amends Section 2001(c) of the Economic Growth and Regulatory Paperwork Reduction Act of 1996 to clarify the definition of "covered person" has the same meaning given in section 1002 of the Consumer Financial Protection Act of 2010. This section also clarifies the term "federal financial regulator" includes the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve System, the Bureau of Consumer Financial Protection, and the National Credit Union Administration Board.

Section 3. Ensuring a Comprehensive Regulatory Review

This section amends Section 2222 of the Economic Growth and Regulatory Paperwork Reduction Act of 1996 to require, not less frequently than once every 7 years, the "federal financial regulators" to conduct a review of all regulations prescribed such appropriate Federal banking agency, respectively, in order to identify outdated or otherwise unnecessary regulatory requirements imposed on insured depository institutions.

Section 4. Considerations for Comprehensive Regulatory Review

This section amends Section 2222 of the Economic Growth and Regulatory Paperwork Reduction Act of 1996 to require the "federal financial regulators" to tailor other regulations related to "covered persons" in a manner that limits the regulatory compliance impact, cost, liability risk, and other burdens, unless otherwise determined by the regulators.

Section 5. Reviews Conducted by the Bureau

This section amends Section 2222 of the Economic Growth and Regulatory Paperwork Reduction Act of 1996 to make certain technical and conforming changes related to assessment conducted by the Bureau of Consumer Financial Protection under section 1022(d) of the Consumer Financial Protection Act of 2010.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, and existing law in which no change is proposed is shown in roman):

[Please see attached Ramseyer file.]

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, and existing law in which no change is proposed is shown in roman):

ECONOMIC GROWTH AND REGULATORY PAPERWORK REDUCTION ACT OF 1996

DIVISION A

* * * * * * *

TITLE II—ECONOMIC GROWTH AND REGULATORY PAPERWORK REDUCTION

SEC. 2001. SHORT TITLE; TABLE OF CONTENTS; DEFINITIONS.

(a) SHORT TITLE.—This title may be cited as the "Economic Growth and Regulatory Paperwork Reduction Act of 1996".

(b) TABLE OF CONTENTS.—[Table omitted.]

(c) DEFINITIONS.—Except as otherwise specified in this title, the following definitions shall apply for purposes of this title:

(1) APPRAISAL SUBCOMMITTEE.—The term "Appraisal Subcommittee" means the Appraisal Subcommittee established under section 1011 of the Federal Financial Institutions Examination Council Act of 1978 (as in existence on the day before the date of enactment of this Act).

(2) APPROPRIATE FEDERAL BANKING AGENCY.—The term "appropriate Federal banking agency" has the same meaning as in section 3 of the Federal Deposit Insurance Act.

(3) BOARD.—The term "Board" means the Board of Governors of the Federal Reserve System.

(4) CORPORATION.—The term "Corporation" means the Federal Deposit Insurance Corporation.

(5) COUNCIL.—The term "Council" means the Financial Institutions Examination Council established under section 1004 of the Federal Financial Institutions Examination Council Act of 1978.

(6) INSURED CREDIT UNION.—The term "insured credit union" has the same meaning as in section 101 of the Federal Credit Union Act.

(7) INSURED DEPOSITORY INSTITUTION.—The term "insured depository institution" has the same meaning as in section 3 of the Federal Deposit Insurance Act.

(8) COVERED PERSON.—The term "covered person" has the meaning given such term in section 1002 of the Consumer Financial Protection Act of 2010 (12 U.S.C. 5481).

(9) FEDERAL FINANCIAL REGULATOR.—The term "Federal financial regulator" means the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve System, the Bureau of Consumer Financial Protection, and the National Credit Union Administration Board.

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Subtitle B—Streamlining Government Regulation

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CHAPTER 2—ELIMINATING UNNECESSARY REGULATORY BURDENS

* * * * * * *

SEC. 2222. REQUIRED REVIEW OF REGULATIONS.

(a) IN GENERAL.—Not less frequently than once every [10 years] *7 years*, the Council and [each appropriate Federal banking agency represented on the Council shall conduct a review] *the Federal financial regulators shall each conduct a comprehensive review* of all regulations prescribed by the Council or by any [such appropriate Federal banking agency] *such Federal financial regulator, jointly or otherwise,*, respectively, in order to identify outdated or otherwise unnecessary regulatory requirements imposed on insured depository institutions *or covered persons*.

(b) PROCESS.—In conducting the review under subsection (a), the Council or [the appropriate Federal banking agency] *the appropriate Federal financial regulator* shall—

(1) categorize the regulations described in subsection (a) by type (such as consumer regulations, safety and soundness regulations, or such other designations as determined by the Council, or [the appropriate Federal banking agency] *the appropriate Federal financial regulator*); and

(2) at regular intervals, provide notice and solicit public comment on a particular category or categories of regulations, requesting commentators to identify areas of the regulations that are outdated, unnecessary, or unduly burdensome.

(c) COMPLETE REVIEW.—The Council or [the appropriate Federal banking agency] *the appropriate Federal financial regulator* shall ensure that the notice and comment period described in subsection (b)(2) is conducted with respect to all regulations described in subsection (a) not less frequently than once every [10 years] *7 years*.

(d) REGULATORY RESPONSE.—The Council or [the appropriate Federal banking agency] *the appropriate Federal financial regulator* shall—

(1) publish in the Federal Register a summary of the comments received under this section, identifying significant issues raised and providing comment on such issues; [and]

(2) eliminate unnecessary regulations to the extent that such action is appropriate[.]*; and*

(3) tailor other regulations related to covered persons in a manner that limits the regulatory compliance impact, cost, liability risk, and other burdens, unless otherwise determined by the Council or the appropriate Federal financial regulator.

(e) REPORT TO CONGRESS.—Not later than 30 days after carrying out subsection (d)(1), the Council shall submit to the Congress a report, which shall include—

(1) a summary of any significant issues raised by public comments received by the Council and [the appropriate Federal banking agencies] *the appropriate Federal financial regulator* under this section and the relative merits of such issues; and

(2) an analysis of whether [the appropriate Federal banking agency] *the appropriate Federal financial regulator* involved is able to address the regulatory burdens associated with such issues by regulation, or whether such burdens must be addressed by legislative action.

(f) REVIEWS CONDUCTED BY THE BUREAU.—The Bureau of Consumer Financial Protection shall—

(1) use any relevant information from an assessment conducted under section 1022(d) of the Consumer Financial Protection Act of 2010 (12 U.S.C. 5512(d)) in conducting the review required under subsection (a); and

(2) conduct such review in accordance with the purposes and objectives described in subsections (a) and (b) of section 1021 of such Act (12 U.S.C. 5511).

* * * * * * *

Union Calendar No.

115TH CONGRESS
2D SESSION

H. R. 4607

[Report No. 115–]

To amend the Economic Growth and Regulatory Paperwork Reduction Act of 1996 to ensure that Federal financial regulators perform a comprehensive review of regulations to identify outdated or otherwise unnecessary regulatory requirements imposed on covered persons, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 11, 2017

Mr. LOUDERMILK (for himself, Mr. GOTTHEIMER, and Mr. DUFFY) introduced the following bill; which was referred to the Committee on Financial Services

JANUARY --, 2018

Committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

A BILL

To amend the Economic Growth and Regulatory Paperwork Reduction Act of 1996 to ensure that Federal financial regulators perform a comprehensive review of regulations to identify outdated or otherwise unnecessary regulatory requirements imposed on covered persons, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Comprehensive Regulatory Review Act".

SEC. 2. AMENDMENTS TO DEFINITIONS OF THE ECONOMIC GROWTH AND REGULATORY PAPERWORK REDUCTION ACT.

Section 2001(c) of the Economic Growth and Regulatory Paperwork Reduction Act of 1996 (12 U.S.C. 252 note) is amended by adding at the end the following new paragraphs:

"(8) COVERED PERSON.—The term 'covered person' has the meaning given such term in section 1002 of the Consumer Financial Protection Act of 2010 (12 U.S.C. 5481).

"(9) FEDERAL FINANCIAL REGULATOR.—The term 'Federal financial regulator' means the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve System, the Bureau of Consumer Financial Protection, and the National Credit Union Administration Board.".

SEC. 3. ENSURING A COMPREHENSIVE REGULATORY REVIEW.

(a) IN GENERAL.—Subsection (a) of section 2222 of the Economic Growth and Regulatory Paperwork Reduction Act of 1996 (12 U.S.C. 3311(a)) is amended—

(1) by striking ‘‘10 years’’ and inserting ‘‘7 years’’;

(2) by striking ‘‘each appropriate’’ and all that follows through ‘‘review’’ and inserting ‘‘the Federal financial regulators shall each conduct a comprehensive review’’;

(3) by striking ‘‘such appropriate Federal banking agency’’ and inserting ‘‘such Federal financial regulator, jointly or otherwise,’’; and

(4) by inserting ‘‘or covered persons’’ after ‘‘insured depository institutions’’.

(b) CONFORMING AMENDMENTS.—Such section is amended—

(1) in subsections (b), (c), (d), and (e), by striking ‘‘the appropriate Federal banking agency’’ each place that term appears and inserting ‘‘the appropriate Federal financial regulator’’; and

(2) in subsection (e)(1), by striking ‘‘the appropriate Federal banking agencies’’ and inserting ‘‘the appropriate Federal financial regulator’’.

SEC. 4. CONSIDERATIONS FOR COMPREHENSIVE REGULATORY REVIEW.

Section 2222 of the Economic Growth and Regulatory Paperwork Reduction Act of 1996 (12 U.S.C. 3311), as amended by section 3, is further amended—

(1) in subsection (c), by striking "10 years" and inserting "7 years"; and

(2) in subsection (d)—

(A) in paragraph (1), by striking "and" at the end;

(B) in paragraph (2), by striking the period at the end and inserting "; and"; and

(C) by adding at the end the following new paragraph:

"(3) tailor other regulations related to covered persons in a manner that limits the regulatory compliance impact, cost, liability risk, and other burdens, unless otherwise determined by the Council or the appropriate Federal financial regulator.".

SEC. 5. REVIEWS CONDUCTED BY THE BUREAU.

Section 2222 of the Economic Growth and Regulatory Paperwork Reduction Act of 1996 (12 U.S.C. 3311), as amended by section 4, is further amended by adding at the end the following new subsection:

"(f) REVIEWS CONDUCTED BY THE BUREAU.—The Bureau of Consumer Financial Protection shall—

"(1) use any relevant information from an assessment conducted under section 1022(d) of the Consumer Financial Protection Act of 2010 (12 U.S.C. 5512(d)) in conducting the review required under subsection (a); and

"(2) conduct such review in accordance with the purposes and objectives described in subsections (a) and (b) of section 1021 of such Act (12 U.S.C. 5511).".

H.R. 4607, Comprehensive Regulatory Review Act
Minority Views

The Economic Growth and Regulatory Paperwork Reduction Act of 1996 (EGRPRA) requires the federal banking regulators (Federal Reserve Board, FDIC and OCC) that serve on the Federal Financial Institutions Examination Council ("FFIEC" or "Council") to conduct a review not less frequently than every ten years, "of all regulations prescribed by the Council or by any such appropriate Federal banking agency, respectively, in order to identify outdated or otherwise unnecessary regulatory requirements imposed on insured depository institutions."[1] To date, there have been two EGRPRA reviews and reports, the most recent of which was completed in March 2017.[2] The first report was issued in July 2007.[3] While the National Credit Union Administration (NCUA) is not covered as one of the appropriate federal banking agencies and, therefore, not subject to EGRPRA, the NCUA did participate in the EGRPRA process in the March 2017 report. The regulators also publish in the Federal Register a summary of the comments that they have received identifying the significant issues raised by stakeholders along with the agencies' comments on these issues.

H.R. 4607 would amend EGRPRA to shorten the time period that federal regulators would have to conduct a comprehensive review of its regulations from ten to seven years and expand the obligation to participate in this review from just the Federal Reserve, OCC and FDIC to the NCUA and the Consumer Financial Protection Bureau (Consumer Bureau). In addition, H.R. 4607 would expand the EGRPRA analysis to address the impact on a "covered person," as this term is defined under section 1002 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). A "covered person" includes a wide range of financial companies, including payday lenders and debt collectors, not just depository institutions like community banks that are currently the focus of EGRPRA reviews. The bill would go beyond the current EGRPRA review criteria of identifying "outdated, unnecessary, or unduly burdensome regulations" to also require regulators to "tailor other regulations related to covered persons in a manner that limits the regulatory compliance impact, cost, liability risk, and other burdens, unless otherwise determined by the Council or the appropriate Federal financial regulator."

This would mean that regulators would have to determine the impact of previously issued rules on the financial industry, a lopsided standard that could lead to rolling back any and all rules that may be considered burdensome but may also benefit consumers, shareholders, and the economy to be included in an EGRPRA review. For example, while Wall Street may complain about compliance costs associated with stress testing and resolution planning for the nation's largest banks, these rules provide enormous benefits to promoting financial stability that better protects our economy. Furthermore, experts have noted the industry often uses cost-benefit analyses to challenge and block various rulemakings in court,[4] so further requirements that emphasize the cost to industry from various rules will make it harder for regulators to put meaningful safeguards in place to better protect consumers.

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[1] https://egrpra.ffiec.gov/about/the-law.html
[2] Available at: https://www.ffiec.gov/pdf/2017_FFIEC_EGRPRA_Joint-Report_to_Congress.pdf
[3] Available at: https://www.ffiec.gov/pdf/2007_FFIEC_EGRPRA_Joint-Report_to_Congress.pdf
[4] For example, see https://www.yalelawjournal.org/article/cost-benefit-analysis-of-financial-regulation.

Under section 1022(d) of the Dodd-Frank Act, the Consumer Bureau already has to review its significant rules five years after they take effect and is subject to numerous restrictions on its rulemaking authority, such as the ability for the Financial Stability Oversight Council to repeal its final rules under certain circumstances and the additional consideration of the impact of any proposals on small businesses. Given that the Consumer Bureau is already subject to multiple and unprecedented checks on the use of its rulemaking power, which the other federal banking regulators do not have to comply with, we believe it is wholly inappropriate to require the Consumer Bureau to also participate in the EGRPRA process. Moreover, H.R. 4607 is inconsistent with the statutory mission of the Consumer Bureau. The Bureau was established to protect consumers from financial predation. However, the review required under H.R. 4607 would force the Consumer Bureau to evaluate the costs and liability risks of its rules on the regulated industry without also instructing it to consider the potential benefits to the public or ways to improve the effectiveness of the overall regulatory framework.

In addition, we note that in the most recent EGRPRA process, the participating federal agencies took several years to conduct the extensive review that went into the most recent report. For example, the federal banking agencies initially sought public comment to identify outdated, unnecessary, or unduly burdensome regulations imposed on insured depository institutions in June 2014, and announced in November 2014 that they were conducting a round of outreach meetings to consider stakeholder input into the review. The most recent EGRPRA report was sent to Congress and published in March 2017, nearly three years after the review was initiated. Increasing the frequency of this extensive regulatory review, as H.R. 4607 does, would redirect federal agency resources away from supervisory and other responsibilities that are important.

We are also concerned that the bill would revise the EGRPRA process to go beyond identifying "outdated, unnecessary, or unduly burdensome regulations" to also require the agencies to limit the "impact, cost, liability risk, and other burdens" related to regulated entities without considering the benefits from these rules. According to testimony on H.R. 4607 from Dr. Marcus Stanley, Policy Director with Americans for Financial Reform, "The language inserted into EGRPRA by the Act would significantly slant regulatory consideration away from a true comparison of the costs and benefits of regulation and toward an attempt to minimize costs for regulated entities, without considering benefits to the public.... The Comprehensive Regulatory Review Act is unnecessary and harmful."[5]

Any comprehensive regulatory review should not be one-sided and focused on deregulating the industry, but rather seek a holistic approach to improve the overall regulatory framework to ensure it is truly working in the public's interest. This means ensuring the review criteria is balanced, and the process encourages regulators to strengthen protections for consumer, investors and taxpayers, not simply weaken regulations for megabanks and other large financial businesses. Unfortunately, H.R. 4607 does not provide such a balanced regulatory review approach.

For these reasons, we oppose H.R. 4607.

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[5] Available at: https://financialservices.house.gov/uploadedfiles/hhrg-115-ba15-wstate-mstanley-20171207.pdf

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