



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

October 26, 2007

Sudan Accountability and Divestment Act of 2007

*As ordered reported by the Senate Committee on Banking, Housing, and Urban Affairs
on October 17, 2007*

This legislation would allow state and local governments to divest their holdings in certain companies doing business in Sudan. If any state or local government chose to divest, it would be required to notify both the Attorney General and the companies affected by the divestiture. It also would allow state and local governments to divest financial holdings or any government assets used to make loans and extensions of credit to companies doing business in Sudan. The bill also would prohibit federal agencies from entering into contracts for goods or services without a certification from the contractor that it does not conduct business operations in Sudan.

Based on information from the Securities and Exchange Commission, CBO estimates that implementing the new regulations necessary to carry out the bill's provisions would cost less than \$500,000 per year. Based on information from the General Services Administration, we estimate that changes to the federal contracting process would cost about \$1 million per year, including computer and administrative costs. Thus, enacting this legislation would cost about \$5 million over the 2008-2012 period, subject to the availability of appropriated funds. Enacting the bill would not affect direct spending or revenues.

The bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). State or local governments that chose to divest their assets would have to notify the Attorney General and the companies affected by the divestiture, but the costs of such notifications would result from their voluntary decision to divest and would not result from an intergovernmental mandate as defined in UMRA.

The CBO staff contacts for this estimate are Susan Willie (for federal costs) and Elizabeth Cove (for the state and local impact). This estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.