



**CONGRESSIONAL BUDGET OFFICE
PAY-AS-YOU-GO ESTIMATE**

June 16, 1998

H.R. 2709

An act to impose certain sanctions on foreign persons who transfer items contributing to Iran's efforts to acquire, develop, or produce ballistic missiles, and to implement the obligations of the United States under the Chemical Weapons Convention

As cleared by the Congress on June 9, 1998

H.R. 2709 would impose certain sanctions on foreign persons who transfer items contributing to Iran's effort to acquire, develop, or produce ballistic missiles. In addition, the act would implement the obligations of the United States under the Chemical Weapons Convention (CWC). CBO estimates that any effects on direct spending or receipts would be less than \$500,000 annually.

The provisions relating to the CWC mandate fines and forfeiture of assets for illegal acquisition, transfer, possession, or use of chemical weapons or their precursors as well as for prohibited acts related to inspections and recordkeeping. Imposing new criminal and civil fines could increase governmental receipts, but we estimate that any increase would total less than \$500,000 annually. Criminal fines are deposited in the Crime Victims Fund and are spent in the following year. Thus, any change in direct spending from the fund would match the increase in revenues from criminal fines with a one-year lag.

The act could also result in the seizure of more assets and their forfeiture to the federal government. The proceeds from asset forfeitures are governmental receipts. They are deposited in the Assets Forfeiture Fund of the Department of Justice and spent out of that fund in the same year. We estimate that any increase in receipts and spending related to asset forfeitures would be less than \$500,000 annually.

In addition, the act would waive the United States' defense of sovereign immunity for torts or takings claims that arise in connection with the enforcement provisions of the CWC. Specifically, the act would make the United States liable for civil torts and takings of property without just compensation arising from actions of employees of the United States or the Organization for the Prohibition of Chemical Weapons (OPCW), including members of the inspection teams. The act specifically states that it is the policy of the United States to recoup all funds paid for a tort or a taking arising from the actions of any foreign person or employee of the OPCW. Those provisions may increase the liability of the United States to pay court-ordered judgments, which may be offset, in whole or in part, by recoupment from other parties. While those provisions could increase direct spending, CBO estimates that any such costs would be negligible.

This estimate was prepared by Jeannette Deshong. This estimate was approved by Robert A. Sunshine, Deputy Assistant Director for Budget Analysis.