



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

May 11, 2006

**H.R. 4681
Palestine Anti-Terrorism Act of 2006**

*As ordered reported by the House Committee on the Judiciary
on May 10, 2006*

H.R. 4681 would impose restrictions on aid provided to the Palestinian Authority (PA) and impose other restrictions on activity by the PA and its officials in the United States. CBO estimates that implementing H.R. 4681 would have no significant budgetary impact because the Administration has effectively implemented the provisions in the bill. CBO estimates that the bill would not affect direct spending or receipts. H.R. 4681 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

Section 2 would prohibit the United States from providing aid to the PA unless the President has certified that:

- No elements of the PA have any ties to terrorist organizations,
- The PA has publicly recognized Israel's right to exist as a Jewish state,
- The PA is recognizing and following previous agreements with respect to establishing peace between Israel and the PA,
- The PA is working to eliminate terrorism in its jurisdiction, and
- The PA is moving towards a more transparent and accountable government.

The prohibition would not apply to support for independent elections commissions and the Middle East peace process.

Section 3 would allow aid to the West Bank or Gaza only if such aid promotes the national security interests of the United States and for basic human health needs, such as water, food, medicine, or sanitation. According to the Department of State, this humanitarian aid will

total about \$250 million in 2006 (from funds already appropriated), though aid for future years is uncertain.

Section 4 would authorize the Secretary of State to withhold, in part, U. S. contributions to the assessed budget of the United Nations (UN) under the following conditions:

- The UN fails to implement recommendations from an audit of its approach to Israeli-Palestinian issues, or
- UN specialized or affiliated agencies provide direct assistance to the PA.

Based on information from the Department of State, CBO does not expect that these conditions would be met. Consequently, the department would continue to make contributions. (Enacting the bill could result in direct spending savings if the department does withhold contributions after the appropriation of funds for that purpose, because it would affect outlays from funds already appropriated. However, CBO believes that action would be unlikely.)

On May 4, 2006, CBO transmitted an estimate for H.R. 4681 as ordered reported by the House Committee on International Relations on April 6, 2006. The two versions of the bill are similar, and our estimates are identical.

The CBO staff contact for this estimate is Sam Papenfuss. This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.