



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

May 3, 2006

Foreign Investment and National Security Act of 2006

*As ordered reported by the Senate Committee on Banking, Housing, and Urban Affairs
on March 30, 2006*

This legislation would amend the Defense Production Act of 1950 to establish in law the Committee on Foreign Investment in the United States (CFIUS). Under the bill, the commission would consist of at least eight permanent members (including the Secretaries of the Departments of Treasury, State, Defense, Commerce, and Homeland Security; as well as the Attorney General, Director of the Office of Management and Budget; and the Director of National Intelligence) to coordinate a review of foreign investment in the United States that involves national security or critical infrastructure in the United States. The legislation would formalize and expand the review and investigation process and increase the role of the Office of the Director of National Intelligence.

CBO expects that complying with the bill's provisions would increase the administrative expenses of federal agencies, but because of the confidential nature of the CFIUS review process, the number of agencies involved, and the confidential information needed to prepare an estimate for some provisions of the legislation, CBO cannot determine a precise estimate of the likely total costs of this bill. Additional costs over the 2007-2011 period, however, would generally come from agencies' salary and expense budgets which are subject to annual appropriation. Such costs would probably total at least a few million dollars per year.

Enacting the legislation would likely increase collections of fines and penalties for violations of the notification provisions. Such collections are recorded in the budget as revenues and deposited in the Treasury. CBO estimates that the additional collections of penalties and fines would not be significant because of the relatively small number of cases likely to be involved.

The legislation contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no direct costs on state, local, or tribal governments.

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