CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

December 12, 2011

H.R. 2105
Iran, North Korea, and Syria Nonproliferation Reform and Modernization Act of 2011

As provided by the House Committee on Foreign Affairs on December 8, 2011

H.R. 2105 would consolidate and modify existing law related to the transfer of certain sensitive goods, services, or technology to Iran, North Korea, and Syria. The bill would modify the existing requirement that the President issue reports to the Congress twice a year identifying any foreign country, corporation, or individual that has engaged in such transfers. Under H.R. 2105, those reports would be more extensive and required three times a year. The bill also would require the President to impose sanctions (including the denial of visas) for not less than two years against those responsible for the transfers or to report the reasons for not doing so. Based on information from the Administration, CBO estimates that preparing those reports would cost an additional $1 million per year, assuming the appropriation of the necessary amounts.

In addition, the bill would affect direct spending and revenues by increasing the number of people who would be denied a visa by the Secretary of State; therefore, pay-as-you-go procedures apply. Most visa fees are retained by the department and spent, but some fees are deposited in the Treasury as revenues. CBO estimates that implementing that provision would affect very few people and have insignificant effects on direct spending and revenues.

Because it would require the President to impose new sanctions and expand the scope of entities that may be affected by sanctions, H.R. 2105 contains intergovernmental and private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). The bill would impose new prohibitions on certain financial transactions and non-humanitarian assistance related to sanctions against Iran, North Korea, or Syria and would increase the number of entities responsible for complying with new and existing sanctions. The bill also would impose mandates on owners and operators of vessels (including aircraft) that land in U.S. ports.

The cost of some of the mandates in the bill would depend on how the sanctions would be implemented. Therefore, CBO cannot determine whether the aggregate cost of mandates would exceed the annual threshold established in UMRA for private-sector mandates ($142 million in 2011, adjusted annually for inflation). However, CBO expects that few public entities would be affected and estimates that the aggregate cost of the intergovernmental mandates would probably fall below the annual threshold established in UMRA ($71 million in 2011, adjusted annually for inflation).

The CBO staff contacts for this estimate are Raymond Hall (for federal costs), J'nell J. Blanco (for the intergovernmental impact), and Vi Nguyen (for the private-sector impact). This estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.