CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

April 19, 2012

H.R. 2106
Syria Freedom Support Act

As reported by the House Committee on Foreign Affairs on March 7, 2012

SUMMARY

H.R. 2106 would impose new sanctions and extend existing sanctions against entities engaging in certain transactions with Syria. CBO estimates that implementing the bill would have a discretionary cost of $4 million over the 2013-2017 period, assuming appropriation of the necessary amounts. Enacting provisions in the bill affecting visa issuances and criminal and civil penalties would affect direct spending and revenues; therefore, pay-as-you-go procedures apply. However, CBO estimates that those effects would be insignificant in each year.

H.R. 2106 would impose intergovernmental and private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) by eliminating existing rights of action, expanding the list of transactions associated with Syria for which entities may be sanctioned, and by increasing the number of public and private-sector entities responsible for complying with those prohibited transactions. The bill would impose an additional private-sector mandate by limiting an existing right to travel within the United States. Because the cost of most of the mandates would depend on how the sanctions would be implemented, CBO cannot determine whether the aggregate cost of the mandates would exceed the annual threshold established in UMRA for private-sector mandates ($146 million in 2012, adjusted annually for inflation). However, CBO expects few public entities would be affected by the legislation and therefore estimates that the aggregate cost of intergovernmental mandates would probably fall below the annual threshold established in UMRA ($73 million in 2012, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 2106 is shown in the following table. The costs of this legislation fall within budget function 150 (international affairs).

	By Fiscal Year, in Millions of Dollars					
	2013	2014	2015	2016	2017	2013-2017
Estimated Authorization Level	1	1	1	1	1	5
Estimated Outlays	*	1	1	1	1	4

Note: * = less than $500,000.

BASIS OF ESTIMATE

For this estimate, CBO assumes H.R. 2106 will be enacted near the start of fiscal year 2013, that the estimated authorization amounts will be appropriated for each fiscal year, and that outlays will follow historical patterns for similar and existing programs.

Spending Subject to Appropriation

H.R. 2106 would impose sanctions on entities engaging in certain transactions with Syria. Based on information from the State Department, CBO estimates that the department would hire an additional five people and require annual appropriations of about $1 million a year to implement the bill's provisions. CBO estimates that implementing provisions affecting the Department of State would cost $4 million over the 2013-2017 period, assuming the availability of appropriated funds.

Direct Spending and Revenues

Provisions of H.R. 2106 would probably increase the number of people who would be denied a visa by the Secretary of State. Most visa fees are retained by the department and spent, but some fees are deposited in the Treasury as revenues. CBO estimates that implementing those provisions would affect very few people and, thus, have an insignificant budgetary effect.

The bill also could increase revenues and direct spending from civil and criminal penalties; however, CBO estimates that the net budgetary effect of any additional penalty collections would be negligible for each year.

PAY-AS-YOU-GO CONSIDERATIONS

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. CBO estimates that enacting H.R. 2106 would have only a negligible effect on direct spending and revenues for each year.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 2106 would impose intergovernmental and private-sector mandates as defined in UMRA by eliminating existing rights of action for public and private-sector entities, expanding the list of transactions associated with Syria for which entities may be sanctioned, and by increasing the number of entities responsible for complying with those prohibited transactions. The bill would impose an additional private-sector mandate by limiting an existing right to travel within the United States. The cost of complying with most of the mandates would depend on how the sanctions would be implemented. Therefore, CBO cannot determine whether the aggregate cost of the mandates would exceed the annual threshold established in UMRA for private-sector mandates ($146 million in 2012, adjusted annually for inflation). However, CBO expects few public entities would be affected and estimates that the aggregate cost of intergovernmental mandates would probably fall below the annual threshold established in UMRA ($73 million in 2012, adjusted annually for inflation).

Mandates that Apply to Public and Private Entities

H.R. 2106 would eliminate existing rights of action by making certain sanctions imposed under the bill ineligible for review in any court. Currently, public and private-sector entities that have been sanctioned have the right to have that sanction reviewed. The cost of this mandate would be the net value of any reduction in fines from having the sanction reviewed in court. Sanctions determinations are made and fines are assessed on a case-by-case basis; therefore, CBO cannot determine the cost to private-sector entities. Because CBO estimates that few actions would be brought by public entities, the cost of the intergovernmental mandate would probably be small.

The bill would expand the scope of existing sanctions by prohibiting transactions deemed to aid in human rights violations in Syria and by increasing the number of entities that would have to comply with current prohibitions on financial, property, import, and export transactions with Syria. The cost of those mandates would depend on how the sanctions would be implemented. CBO expects, however, that few public entities would be affected by those provisions; thus, costs would be minimal.

Mandates that Apply to Private Entities Only

The bill would impose a mandate on certain persons affiliated with the government of Syria by limiting their existing right to travel within the United States. Current visa holders affiliated with the government of Syria would only be allowed to travel within designated areas. However because of the nature of the requirement, CBO expects that the cost of the mandate would be small relative to the threshold for private-sector mandates.

PREVIOUS CBO ESTIMATE

On February 27, 2012, CBO transmitted a cost estimate for S. 2101, the Iran Sanctions Accountability, and Human Rights Act of 2012. Title VII of that bill would impose certain sanctions against Syria. The estimate for S. 2101 reflects additional discretionary costs related to sanctions against Iran that are not included in H.R. 2106 as well as revenues related to civil penalties. The differences in the estimated costs of the two bills reflect the differences in the language of the bills.

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