



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 5, 2012

S. 1039

Sergei Magnitsky Rule of Law Accountability Act of 2012

As reported by the Senate Committee on Foreign Relations on June 26, 2012

S. 1039 would require the Departments of State and Treasury to compile, publish, and annually report on a list of persons responsible for the death of Sergei Magnitsky or human rights violations in foreign countries. Listed persons would be ineligible for entry into the United States, have any existing visas revoked, and have their assets frozen.

Based on information from the Department of State, CBO expects the department would hire seven additional staff to implement the bill's provisions at an annual cost of about \$200,000 per person. CBO further estimates that the administrative costs to the Department of Treasury would be insignificant each year and over the five-year period. On that basis, and adjusting for anticipated inflation, CBO estimates that implementing S. 1039 would cost \$6 million over the 2013-2017 period, assuming the appropriation of the necessary amounts.

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. Enacting S. 1039 would decrease revenues from visa fees and increase revenues from civil and criminal penalties imposed on those who violate the regulations. CBO estimates that the provisions would affect few people and that revenues deposited in the Treasury would not be significant in any year. The legislation also would increase direct spending from criminal penalties which are deposited in the Crime Victims Fund, and spent in subsequent years. However, CBO expects that any net effects associated with collecting and spending such penalties would not be significant in any year.

S. 1039 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.

On June 29, 2012, CBO transmitted a cost estimate for H.R. 4405, the Sergei Magnitsky Rule of Law Accountability Act of 2012, as ordered reported by the House Committee on Foreign Affairs on June 7, 2012. The House bill has some similarities to S. 1039 but is

restricted to human rights violations in Russia, and thus, the estimate of H.R. 4405's cost is correspondingly lower.

The CBO staff contacts for this estimate are Sunita D'Monte and Matthew Pickford. The estimate was approved by Peter H. Fontaine, Assistant Director for Budget Analysis.