



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

June 28, 2012

S. 2165
United States-Israel Enhanced Security Cooperation Act of 2012

*As ordered reported by the Senate Committee on Foreign Relations
on June 19, 2012*

S. 2165 would extend programs to provide assistance to Israel and require the President to report to the Congress on aspects of our relationship with that country. CBO estimates that implementing the bill would not have a significant impact on the federal budget. Pay-as-you-go procedures do not apply to this legislation because it would not affect direct spending or revenues.

Section 6 would require three reports on various aspects of the U.S.-Israel relationship. CBO estimates that providing those reports would cost less than \$500,000 over the 2013-2017 period, assuming the availability of appropriations.

Section 5(a) would extend through August 2014 the President's authority to transfer to Israel obsolete or surplus defense articles in the U.S. War Reserve Stockpile for Allies in Israel. Such transfers may be made in return for concessions to be negotiated by the Department of Defense (DoD), such as cash, services, waiver of charges otherwise payable by the United States, or other items of value. DoD has indicated that transfers to Israel in recent years have been paid for using funds that Israel receives under the Foreign Military Financing program rather than negotiating concessions. CBO expects that this practice is likely to continue. The transportation, storage, and maintenance costs associated with any transfers would be borne by Israel.

Finally, section 5(b) would extend through 2015 the availability of existing appropriations to guarantee loans of up to \$3.8 billion to Israel. Israel pays an up-front fee to cover the expected subsidy costs of those loan guarantees. Thus, CBO expects that if the authority were used to guarantee any new loans, it would have no budgetary effect.

S. 2165 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.

The CBO staff contact for this estimate is Sunita D'Monte. The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.