



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 11, 2014

H.R. 4411 **Hezbollah International Financing Prevention Act of 2014**

As ordered reported by the House Committee on Foreign Affairs on June 26, 2014

H.R. 4411 would impose sanctions on foreign financial institutions that facilitate transactions or money laundering on behalf of Hezbollah—a terrorist organization—or its agents. It would require several reports and briefings on Hezbollah and the Administration's efforts to deter its activities. CBO estimates that implementing the bill would cost \$3 million over the 2015-2019 period, assuming appropriation of the necessary amounts. Pay-as-you-go procedures apply to this legislation because it would affect direct spending and revenues; however, CBO estimates that those effects would not be significant.

Provisions of H.R. 4411 would increase the administrative costs of several departments, primarily the Department of the Treasury and the Department of State. Based on information from the Administration, CBO estimates that implementing the bill would cost \$1 million in 2015 and less than \$500,000 each year over the 2016-2019 period.

Because the bill would expand the types of prohibited activities involving Hezbollah that are subject to civil and criminal penalties under current law, it could increase revenues and direct spending from the collection of those penalties; however, CBO estimates that the net budgetary effect of any additional penalties would be negligible for each year.

H.R. 4411 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments. H.R. 4411 would impose a private-sector mandate, as defined in UMRA, on financial institutions by prohibiting them from opening or maintaining certain types of financial accounts for entities that are knowingly affiliated with Hezbollah. The cost of the mandate would be the forgone income from opening or maintaining such accounts. Because there are already existing sanctions in place against Hezbollah and the number of entities that are knowingly affiliated with Hezbollah is probably small, CBO expects that the cost of the mandate would fall below the annual threshold established in UMRA (\$152 million in 2014, adjusted annually for inflation).

The CBO staff contacts for this estimate are Sunita D'Monte, Pamela Greene, and Matthew Pickford (for federal costs) and Marin Burnett (for the private-sector impact). This estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.