



September 15, 2015

Honorable Pete Sessions  
Chairman  
Committee on Rules  
U.S. House of Representatives  
Washington, DC 20515

Dear Mr. Chairman:

The Congressional Budget Office has reviewed H.R. 3460, a bill to suspend until January 21, 2017, the authority of the President to waive, suspend, reduce, provide relief from, or otherwise limit the application of sanctions pursuant to an agreement related to the nuclear program of Iran, as passed by the House of Representatives on September 11, 2015.

CBO estimates that enacting the legislation would increase both revenues and direct spending; therefore, pay-as-you-go procedures apply. Together, the changes to revenues and direct spending would reduce federal budget deficits by \$50 million over the 2016-2025 period, CBO estimates (see attached table).

H.R. 3460 would prohibit the President from implementing any form of relief from statutory sanctions by the United States under any agreement related to Iran's nuclear program until January 21, 2017.

On July 14, 2015, the Joint Comprehensive Plan of Action (JCPOA) was agreed to by a number of parties, including negotiators from the United States and Iran. That agreement provides, in part, that under certain conditions Iran will receive relief from certain U.S. nuclear-related sanctions. The United States currently imposes penalties for civil and criminal violations of certain sanctions that would be waived under that agreement; collections of those amounts are treated in the federal budget as revenues. Some of the penalties from violating those sanctions are deposited into the Crime Victims Fund or Asset Forfeiture Fund and can be spent without future appropriation action; such spending constitutes direct spending.

Before the JCPOA is implemented, a number of actions must be taken, including endorsement by the governments of the parties to the agreement and verification by the International Atomic Energy Agency that Iran has taken certain steps related to its nuclear activities. In order to account for uncertainty surrounding those actions, CBO assumes that there is a 50 percent chance that, under current law, the JCPOA will be implemented and the sanctions related to Iran's nuclear program will be waived, most likely in the first half of calendar year 2016. That assumption is consistent with how CBO would treat the possibility of an agency implementing a notice of proposed rulemaking.

Enacting H.R. 3460 would cause all of the existing economic sanctions related to economic activity with Iran to continue, at least through sometime in the first quarter of 2017 and penalties related to violations of those sanctions over that period would continue to be assessed and collected. Consequently, CBO estimates that enacting the legislation would increase the penalties assessed for roughly 12 additional months, from the \$50 million we estimate will be collected under current law to twice that amount. Those additional penalties would be collected over the 2016-2025 period because there is typically a considerable lag between a violation of sanctions and the payment of a penalty for that violation.

In addition, enacting the legislation would increase direct spending from the Crime Victims Fund and the Asset Forfeiture Fund by less than \$500,000 over that period, CBO estimates.

At this point, CBO has no basis for assessing what effects the enactment of the legislation would have on the implementation of the JCPOA. If its enactment slowed or stopped the implementation of the agreement, then additional revenues from collections of penalties could result.

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If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contacts are Pamela Greene (for revenues) and Sunita D'Monte (for federal costs).

Sincerely,

A handwritten signature in black ink, appearing to read "Keith Hall". The signature is fluid and cursive, with the first name "Keith" and last name "Hall" clearly distinguishable.

Keith Hall  
Director

Attachment

cc: Honorable Louise M. Slaughter  
Ranking Member

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**ESTIMATED DIRECT SPENDING AND REVENUE EFFECTS OF H.R. 3460, A BILL TO SUSPEND UNTIL JANUARY 21, 2017, THE AUTHORITY OF THE PRESIDENT TO WAIVE, SUSPEND, REDUCE, PROVIDE RELIEF FROM, OR OTHERWISE LIMIT THE APPLICATION OF SANCTIONS PURSUANT TO AN AGREEMENT RELATED TO THE NUCLEAR PROGRAM OF IRAN**

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By Fiscal Year, in Millions of Dollars

		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016-2020	2016-2025
<b>CHANGES IN DIRECT SPENDING</b>													
Estimated Budget Authority	*	*	*	*	*	*	*	*	*	*	*	*	*
Estimated Outlays	*	*	*	*	*	*	*	*	*	*	*	*	*
<b>CHANGES IN REVENUES</b>													
Estimated Revenues	*	1	4	5	8	12	9	5	3	3	3	18	50
<b>NET DECREASE (-) IN THE DEFICIT FROM CHANGES IN DIRECT SPENDING AND RECEIPTS</b>													
Impact on Deficit	*	-1	-4	-5	-8	-12	-9	-5	-3	-3	-3	-18	-50

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Source: Congressional Budget Office.

Note: \* = between -\$500,000 and \$500,000.

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