CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

August 31, 2016

H.R. 5729
Stop U.S. Support for State Sponsors of Terrorism Act

As ordered reported by the House Committee on Financial Services on July 13, 2016

H.R. 5729 would amend current law to prohibit the Department of the Treasury from issuing a license for the export of commercial aircraft to Iran. The bill also would require the Treasury and the Export-Import Bank to provide an annual report on the financing and sale of aircraft and aircraft parts to Iran.

CBO estimates that implementing H.R. 5729 would increase administrative costs at the Treasury and the Export-Import Bank by less than $500,000 annually; such spending would be subject to the availability of appropriated funds. In addition, on the basis of information from the Export-Import Bank, CBO estimates that implementing the bill would have no effect on the bank's lending activities.

Because the bill would expand prohibited types of trade with Iran that are subject to civil and criminal penalties, it could increase revenues and associated direct spending; therefore, pay-as-you-go procedures apply. However, CBO estimates that the net budgetary effect of any additional penalties would be negligible for each year.

CBO estimates that enacting H.R. 5729 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2027.

H.R. 5729 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or trial governments.

The bill contains a private-sector mandate as defined in UMRA because it would prohibit U.S. aircraft manufacturers from exporting commercial passenger aircraft to Iran. As part of the multilateral nuclear agreement, known as the Joint Comprehensive Plan of Action, the United States agreed to allow the sale of commercial passenger aircraft and related parts and services to Iran. Subsequently, a major U.S. aircraft manufacturer negotiated a preliminary agreement with Iran Air, the country's state-run airline, for the sale and lease of commercial aircraft. Any final sales agreement with Iran would have to be approved by the Treasury.

Numerous news reports indicate the value of the sales agreement could total tens of billions of dollars. The cost of the mandate would be any profits such manufacturers would forego as a result of the prohibition. If the bill would prevent the sale of aircraft that otherwise may be approved under current law, the cost of the mandate on the manufacturer would be substantial; CBO estimates that the aggregate cost of the mandate would probably exceed the annual threshold established in UMRA for private-sector mandates ($154 million in 2016, adjusted annually for inflation).

The CBO staff contacts for this estimate are Sunita D'Monte, Pamela Greene and Matthew Pickford (for federal revenues and costs) and Logan Smith (for private-sector mandates).

This estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.