CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

November 1, 2017

H.R. 2658
Venezuela Humanitarian Assistance and Defense of Democratic Governance Act of 2017

As ordered reported by the House Committee on Foreign Affairs on September 28, 2017

SUMMARY

H.R. 2658 would require the Department of State and the U.S. Agency for International Development (USAID) to provide humanitarian assistance to the Venezuelan people. It would extend through calendar year 2022 sanctions on people and entities responsible for violence and human rights abuses in Venezuela and would expand the scope of those sanctions to include people and entities that undermine democracy or that are involved in corruption. Finally, the bill would require the department to provide reports to the Congress.

CBO estimates that implementing H.R. 2658 would cost $55 million over the 2018-2022 period, assuming appropriation of the estimated amounts. In addition, enacting the bill would have insignificant effects on direct spending and revenues over the 2017-2027 period; therefore, pay-as-you-go procedures apply.

CBO estimates that enacting the legislation would not significantly affect net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

H.R. 2658 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA). The bill would impose private-sector mandates as defined in UMRA by extending and expanding through 2021 sanctions under the Venezuela Defense of Human Rights and Civil Society Act. Because only a small number of people would face sanctions under the bill, CBO estimates that the cost of the mandates would fall below the threshold for private-sector mandates established in UMRA ($156 million in 2017, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary effect of H.R. 2658 is shown in the following table. The costs of this legislation fall within budget function 150 (international affairs).

	By Fiscal Year, in Millions of Dollars					
	2018	2019	2020	2021	2022	2018-2022
INCREASES IN SPENDING SUBJECT TO APPROPRIATION						
Estimated Authorization Level	15	15	15	15	15	76
Estimated Outlays	3	10	13	14	15	55

Note: Components may not sum to totals because of rounding.

BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 2658 will be enacted near the start of fiscal year 2018 and that the estimated amounts will be appropriated near the beginning of each fiscal year.

Spending Subject to Appropriation

Section 4 would require the Department of State and USAID to work with nongovernmental organizations (NGOs) in Venezuela and neighboring countries to alleviate the suffering of Venezuelans. The Venezuelan government has refused to accept international assistance and the department and USAID would be unable to operate within Venezuela without the government's permission. However, the agencies indicated that they could work with NGOs in surrounding countries to provide food aid and emergency health care to Venezuelans who have fled to those countries or who are able to cross their borders at intervals to receive assistance.

On the basis of information from the department and USAID, CBO estimates that the two agencies would require additional appropriations of $15 million a year to assist roughly 500,000 Venezuelans. Based on historical spending patterns for similar activities, and assuming appropriation of those amounts, CBO estimates that outlays for that assistance would total $54 million over the 2018-2022 period.

CBO has no basis for projecting whether the Venezuelan government would eventually accept U.S. humanitarian assistance; therefore, this estimate assumes that assistance would continue to be provided only in neighboring countries. Costs for providing humanitarian assistance within Venezuela could be substantially higher because many more people could have access to that assistance.

Other provisions of the bill would require the department to administer sanctions and report to the Congress on its plans to provide and coordinate humanitarian assistance, on corruption in the Venezuelan government, and on cooperation between certain foreign governments and the Venezuelan government and military. Based on information from the department on the cost of administering the current sanctions and reporting requirements, CBO estimates that implementing those provisions would cost less than $500,000 annually and would total $1 million over the 2018-2022 period; such spending would be subject to the availability of appropriated funds.

Direct Spending and Revenues

Enacting H.R. 2658 would increase the number of people who would be denied visas by the Department of State and the number who would be subject to civil or criminal penalties. Most visa fees are retained by the department and spent without further appropriation, but some fees are deposited in the Treasury as revenues. Penalties also are recorded as revenues and a portion can be spent without further appropriation. However, CBO estimates that implementing the sanctions would affect very few additional people and thus have insignificant effects on revenues and direct spending.

PAY-AS-YOU-GO CONSIDERATIONS

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. Pay-as-you-go procedures apply to this legislation because enacting it would affect direct spending and revenues; however, CBO estimates those effects would be insignificant.

INCREASE IN LONG-TERM DIRECT SPENDING AND DEFICITS

CBO estimates that enacting H.R. 2658 would not significantly affect net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 2658 contains no intergovernmental mandates as defined in UMRA.

The bill would impose private-sector mandates as defined in UMRA by extending through 2021 the existing sanctions under the Venezuela Defense of Human Rights and Civil Society Act. The bill also would slightly expand that act's scope to include sanctions against individuals and officials responsible for undermining democratic processes and for committing acts of significant corruption. Extending and slightly expanding those sanctions would impose mandates by prohibiting transactions related to all property or interests in property of individuals associated with human rights violations in Venezuela and by revoking the visas of such individuals. The cost of those mandates would be any forgone income directly related to extending and expanding the prohibited transactions and the loss of visas. Because only a small number of people would face sanctions under the bill, CBO expects the loss of income from the extended and expanded restrictions in the bill would be relatively low. Therefore, CBO estimates that the cost of the mandates would fall below the annual threshold for private-sector mandates established in UMRA ($156 million in 2017, adjusted annually for inflation).

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