CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

October 20, 2017

H.R. 3898
Impeding North Korea's Access to Finance Act of 2017

As ordered reported by the House Committee on Financial Services on October 12, 2017

H.R. 3898 would expand federal sanctions and reporting requirements related to commercial transactions and interactions with North Korea. The bill would require the Secretary of the Treasury to issue regulations that prohibit or strictly limit correspondent accounts maintained in the United States by certain foreign financial institutions. (Correspondent accounts allow banks to send money to each other internationally and are essential for banks to access foreign financial systems and for customer payments.) The affected institutions would include any institution that knowingly facilitates transactions or provides significant financial services for individuals or entities in the world that transact with persons in North Korea.

Additionally, the bill would instruct the U.S. executive directors of international financial institutions (for example, the International Monetary Fund, the Asian Development Bank, or similar institutions) to support the denial of financial assistance to foreign governments that do not comply with the bill and, in the case of the International Monetary Fund, to support the use of administrative funds to prevent money laundering and the financing of terrorism. The bill also would require the Secretary of the Treasury to regularly report on the sanctions and other activities covered by the bill.

On the basis of information about the costs of similar activities, CBO estimates that administering the sanctions and implementing the reporting requirements under H.R. 3898 would cost the Department of the Treasury less than $500,000 over the 2018-2022 period; such spending would be subject to the availability of appropriated funds.

Enacting H.R. 3898 would increase the number of people and entities that would be subject to civil or criminal penalties. Penalties are recorded in the budget as revenues and a portion of those penalties can be spent without further appropriation. Pay-as-you-go procedures apply to this bill because enacting H.R. 3898 would affect direct spending and revenues. However, CBO estimates that implementing the additional sanctions in H.R. 3898 would affect very few people or entities because of the broad scope of restrictions that exist under current law and executive orders that address financial and other interactions with North Korea. Thus enacting the bill would have insignificant effects on both revenues and direct spending, CBO estimates.

CBO estimates that enacting H.R. 3898 would not significantly increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

H.R. 3898 contains no intergovernmental or private sector mandates as defined in the Unfunded Mandates Reform Act.

The CBO staff contact for this estimate is Jacob Fabian. The estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis, and John McClelland, Assistant Director for Tax Analysis.