



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

March 31, 2017

### **H.R. 479**

### **North Korea State Sponsor of Terrorism Designation Act of 2017**

*As ordered reported by the House Committee on Foreign Affairs on March 29, 2017*

H.R. 479 would require the Department of State to determine whether to designate the government of North Korea as a state sponsor of terrorism and to submit that determination to the Congress. To make such a designation, the department would consider the involvement of the North Korean government in supporting terrorist acts and terrorist groups. On the basis of costs for similar requirements, CBO estimates that implementing the bill would cost less than \$500,000 over the 2018-2022 period; such spending would be subject to the availability of appropriated funds.

Enacting H.R. 479 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply. CBO estimates that enacting H.R. 479 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

H.R. 479 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. If the Department of State designates North Korea as a state sponsor of terrorism, that designation would trigger additional U.S. sanctions against the country. Those sanctions would impose private-sector mandates, as defined in UMRA, if they prohibit transactions with U.S. entities. The cost of the mandates would be any forgone income directly related to the prohibited transactions. Because of the broad scope of existing U.S. sanctions against North Korea, CBO expects the number of U.S. entities and individuals affected by the legislation would be very small. Further, CBO expects that the loss of income from any restrictions imposed by the bill would be relatively low. Therefore, CBO estimates that the aggregate cost of the mandates, if imposed, would fall below the annual threshold for private-sector mandates established in UMRA (\$156 million in 2017, adjusted annually for inflation).

The CBO staff contacts for this estimate are Sunita D'Monte (for federal costs) and Logan Smith (for private-sector mandates). The estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.