



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

June 12, 2018

H.R. 5754
Cambodia Democracy Act of 2018

*As ordered reported by the House Committee on Foreign Affairs
on May 17, 2018*

H.R. 5754 would require the President to sanction officials of the Cambodian government, military, or security forces responsible for violating human rights and undermining democracy in that country. The sanctions would include freezing assets held in the United States and prohibiting entry into the United States. The bill would require the President to provide to the Congress an initial list of those persons and periodic updates. The bill would sunset five years after enactment.

Implementing H.R. 5754 would increase administrative costs at the Department of State and the Department of the Treasury. Based on the costs of implementing similar provisions, CBO estimates that administering the specified sanctions would cost less than \$500,000 each year and would total \$1 million over the 2019-2023 period. That spending would be subject to the availability of appropriated funds.

Enacting H.R. 5754 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 of those penalties can be spent without further appropriation. Pay-as-you-go procedures apply to this bill because enacting it would affect direct spending and revenues. However, CBO expects H.R. 5754 would affect very few additional people and thus would have insignificant effects on both revenues and direct spending.

CBO estimates that enacting H.R. 5754 would not significantly increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2029.

H.R. 5754 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA).

By imposing sanctions on certain Cambodian officials, H.R. 5754 could prohibit entities in the United States from engaging in activities that would otherwise be permitted under current law, such as accessing property that has been frozen by the sanctions. Such a prohibition is a mandate under UMRA. The cost of the mandate would be any income that U.S. entities lose because they no longer have access to the property in question or because they may no longer engage in transactions prohibited by the bill. Because the sanctions focus only on officials in Cambodia who have committed certain violations, CBO expects that the number of entities and individuals in the United States that could be affected by the legislation would be small. Furthermore, CBO expects that the loss of income from any incremental restrictions in the bill would be small. Therefore, CBO estimates that the aggregate cost of the mandates would fall well below the annual threshold established in UMRA for private-sector mandates (\$160 million in 2018, adjusted annually for inflation).

The CBO staff contacts for this estimate are Sunita D'Monte (for federal costs) and Jon Sperl (for mandates). The estimate was reviewed by Leo Lex, Deputy Assistant Director for Budget Analysis.