



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

August 2, 2018

### **H.R. 1697** **Israel Anti-Boycott Act**

*As ordered reported by the House Committee on Foreign Affairs on June 28, 2018*

Participation by U.S. persons in boycotts of U.S. allies that are promoted or imposed by foreign countries is prohibited under current law. H.R. 1697 would expand that prohibition to include participation in boycotts imposed by international governmental organizations such as the United Nations and require the Department of Commerce to issue regulations to that effect. The bill also would require the President to report to the Congress on actions by a United Nations body regarding Israeli settlements and related U.S. diplomatic efforts.

Implementing H.R. 1697 would increase administrative costs at the Departments of State and Commerce. Based on the costs of implementing similar regulations and reporting requirements, CBO estimates that implementing the bill would cost less than \$500,000 over the 2019-2023 period. That spending would be subject to the availability of appropriated funds.

Restricting participation in boycotts fostered by international governmental organizations could result in additional civil penalties being imposed for violations of the Export Administration Regulations. Penalties are recorded as revenues, and a portion of those penalties can be spent without further appropriation. CBO estimates that enacting H.R. 1697 would increase direct spending and revenues by insignificant amounts over the 2019-2028 period. Because the bill would affect direct spending and revenues, pay-as-you-go procedures apply.

CBO estimates that enacting H.R. 1697 would not significantly increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2029.

By prohibiting participation in boycotts that are imposed by international governmental organizations such as the United Nations, H.R. 1697 would marginally increase the costs of an existing mandate on public and private entities. Under current law, U.S. entities must refuse to participate in certain boycotts of U.S. allies, and must also report to the Department of Commerce any requests they receive to join such boycotts. H.R. 1697 would expand the universe of boycotts that would be prohibited. Because compliance by

U.S. entities with current anti-boycott regulations is already widespread, CBO estimates that the incremental costs to U.S. entities to comply with the expanded regulations would be small and would fall well below the annual thresholds for intergovernmental and private-sector mandates established in the Unfunded Mandates Reform Act (\$80 million and \$160 million in 2018, respectively, adjusted annually for inflation).

The CBO staff contacts for this estimate are Sunita D'Monte (Department of State), Jacob Fabian (Department of Commerce), and Jon Sperl (for mandates). The estimate was reviewed by Leo Lex, Deputy Assistant Director for Budget Analysis.