



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

October 12, 2018

H.R. 4591 **Preventing Destabilization of Iraq Act of 2018**

*As ordered reported by the House Committee on Foreign Affairs
on September 27, 2018*

H.R. 4591 would codify sanctions imposed under Executive Order No. 13438 on foreign people or entities that threaten peace, stability, economic reconstruction, humanitarian assistance, political reform, or democracy in Iraq. It would broaden the applicable sanctions to include denials of visas and entry into the United States. The requirement to impose sanctions would expire at the end of calendar year 2021.

The bill would require the President to determine and report to the Congress on whether certain entities and individuals meet the criteria to be designated as foreign terrorist organizations or to be sanctioned. Finally, the bill would require the Department of State to establish and maintain a list of armed groups that receive support from or are influenced by Iran's Revolutionary Guard Corps.

On the basis of information from the Administration on the cost of similar requirements, CBO estimates that administering the sanctions and implementing the reporting requirements would cost less than \$500,000 annually and would total \$1 million over the 2019-2023 period, subject to the availability of appropriated funds.

Enacting H.R. 4591 would increase the number of people who would be denied visas by the Department of State. Most visa fees are retained by the department and spent without further appropriation, but some fees are deposited in the Treasury as revenues. Because enacting the legislation would affect direct spending and revenues, pay-as-you-go procedures apply. However, CBO estimates that implementing those sanctions would affect very few additional people and thus would have insignificant effects on both revenues and direct spending.

CBO estimates that enacting H.R. 4591 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2029.

H.R. 4591 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA).

By imposing sanctions on foreign people or entities that have taken actions to destabilize Iraq, H.R. 4591 could prohibit entities in the United States from engaging in activities that would otherwise be permitted under current law, including having access to property. That prohibition would be a private-sector mandate as defined in UMRA. The cost of the mandate would be any income that entities in the United States lose because they no longer have access to the property in question or because they could no longer engage in transactions prohibited by the bill. Because the sanctions focus only on foreign persons who have committed certain violations, CBO expects that the number of entities and individuals in the United States affected by the legislation would be very 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.