



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

October 15, 2018

### **S. 3233** **Nicaragua Human Rights and Anticorruption Act of 2018**

*As reported by the Senate Committee on Foreign Relations  
on October 3, 2018*

S. 3233 would require the President to impose sanctions on foreign people or entities that are directly or indirectly responsible for the following activities in Nicaragua:

- Human rights abuses related to protests in 2018,
- Corruption, and
- Undermining democracy or the rights of free speech, assembly, and the press.

The bill also would require the Administration to provide briefings, certifications, and reports to the Congress on matters related to human rights, corruption, and democratic governance in Nicaragua. On the basis of information from the Administration on the cost of similar requirements, CBO estimates that meeting those requirements would cost less than \$500,000 over the 2019-2023 period, subject to the availability of appropriated funds.

Using authority under the Global Magnitsky Human Rights Accountability Act (enacted as part of Public Law 114-328), the Administration has already sanctioned individuals for corruption and human rights abuses in Nicaragua. Enacting S. 3233 would increase the number who would be subject to civil or criminal penalties and 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. Penalties also are recorded as revenues, and a portion of those penalties can be spent without further appropriation. Because enacting the bill 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 S. 3233 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2029.

S. 3233 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA).

By imposing sanctions on foreign people or entities that have committed acts of violence or corruption in Nicaragua, S. 3233 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 has been frozen by the sanctions. 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 entities, CBO expects that the number of entities 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 also would be small. As a result, 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.