

S. 1838, Hong Kong Human Rights and Democracy Act of 2019

As reported by the Senate Committee on Foreign Relations on September 26, 2019

| By Fiscal Year, Millions of Dollars | 2020 | 2020-2024 | 2020-2029 |
|--|------|-------------------------------------|----------------------|
| Direct Spending (Outlays) | * | * | * |
| Revenues | * | * | * |
| Increase or Decrease (-) in the Deficit | * | * | * |
| Spending Subject to Appropriation (Outlays) | * | 1 | not estimated |
| Statutory pay-as-you-go procedures apply? | Yes | Mandate Effects | |
| Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2030? | No | Contains intergovernmental mandate? | No |
| | | Contains private-sector mandate? | Yes, Under Threshold |
| * = between -\$500,000 and \$500,000. | | | |

S. 1838 would require the Administration to impose sanctions on foreign persons (individuals or entities) who are responsible for violations of human rights in Hong Kong. In addition, the bill would require the Department of State to provide guidance and training to consular officers to ensure that politically motivated detention or arrest would not be used as a basis to deny visas to applicants from Hong Kong.

By requiring sanctions, CBO estimates that enacting S. 1838 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. Because CBO expects that very few additional people would be affected under the new sanctions or by the consular guidance required by S. 1838, CBO estimates that those provisions would have insignificant effects on both revenues and direct spending.

S. 1838 also would require the department to report to the Congress on:

- Hong Kong’s autonomy and whether it should retain its current treatment under U.S. law, treaties, and agreements;

- Its strategy to protect U.S. citizens and businesses from the adverse effects of any legislation proposed by the Hong Kong government; and
- Sanctions imposed under the bill.

In addition, the Department of Commerce would be required to report on violations in Hong Kong of U.S. laws governing exports and sanctions. On the basis of information about the costs of administering similar sanctions and preparing reports, CBO estimates that implementing S. 1838 would cost less than \$500,000 each year and total \$1 million over the 2020-2024 period; such spending would be subject to the availability of appropriated funds.

By imposing sanctions on foreign persons responsible for human rights violations in Hong Kong as outlined in the bill, S. 1838 would prohibit individuals or entities in the United States from engaging in activities that would otherwise be permitted under current law, such as accessing property that would be frozen by the sanctions. Such a prohibition is a mandate as defined in the Unfunded Mandates Reform Act (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 persons in foreign countries who have committed violations outlined in the bill, CBO expects that the number of individuals or entities in the United States affected by the legislation would be small, and the loss of income from any incremental restrictions imposed by the bill would be small as well. Therefore, CBO estimates that the aggregate cost of the mandates would fall well below the annual threshold established in UMRA for private-sector mandates (\$164 million in 2019, adjusted annually for inflation).

S. 1838 contains no intergovernmental mandates as defined in UMRA.

On October 8, 2019, CBO transmitted a cost estimate for [H.R. 3289, the Hong Kong Human Rights and Democracy Act of 2019](#), as ordered reported by the House Committee on Foreign Affairs on September 25, 2019. The two bills are similar, and CBO's estimates of the costs of implementing them are the same.

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