

### At a Glance

## H.R. 3843, Countering Russian and Other Overseas Kleptocracy Act

As ordered reported by the House Committee on Foreign Affairs on December 18, 2019

By Fiscal Year, Millions of Dollars	2020	2020-2025	2020-2030
Direct Spending (Outlays)	<b>0</b>	<b>40</b>	<b>110</b>
Revenues	<b>0</b>	<b>70</b>	<b>140</b>
Increase or Decrease (-) in the Deficit	<b>0</b>	<b>-30</b>	<b>-30</b>
Spending Subject to Appropriation (Outlays)	*	<b>5</b>	not estimated
Statutory pay-as-you-go procedures apply?	<b>Yes</b>	<b>Mandate Effects</b>	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2031?	<b>No</b>	Contains intergovernmental mandate?	<b>No</b>
		Contains private-sector mandate?	<b>No</b>

\* = between zero and \$500,000.

#### The bill would

- Impose new penalties for certain criminal violations
- Authorize the Department of State to spend amounts collected from those penalties to reduce corruption by public officials in foreign countries
- Establish an interagency task force to coordinate federal efforts to help foreign countries reduce corruption

#### Estimated budgetary effects would primarily stem from

- Increases in revenues from penalties
- Spending to reduce corruption

#### Areas of significant uncertainty include

- Estimating the number of entities that would be charged additional penalties
- Anticipating the extent to which new penalties under the bill would reduce the collection of related, existing penalties

**Detailed estimate begins on the next page.**

### Bill Summary

H.R. 3843 would impose new penalties and allow the Department of State to use those collections to reduce corruption by public officials in foreign countries. It also would require the Department of State to establish an interagency task force to coordinate all federal efforts to help foreign countries reduce corruption. CBO estimates that enacting H.R. 3843 would increase revenues by \$140 million over the 2020-2030 period and direct spending by \$110 million over the same period. CBO further estimates that implementing the bill would cost a total of \$5 million over the 2020-2025 period, subject to the availability of appropriated funds.

### Estimated Federal Cost

The estimated budgetary effect of H.R. 3843 is shown in Table 1. The costs of the legislation fall primarily within budget function 150 (international affairs).

**Table 1.**  
**Estimated Budgetary Effects of H.R. 3843**

	By Fiscal Year, Millions of Dollars											2020-2025	2020-2030
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030		
<b>Increases in Direct Spending</b>													
Estimated Budget Authority	0	14	14	14	14	14	14	14	14	14	14	70	140
Estimated Outlays	0	0	3	10	13	14	14	14	14	14	14	40	110
<b>Increases in Revenues</b>													
Estimated Revenues	0	14	14	14	14	14	14	14	14	14	14	70	140
<b>Net Increase or Decrease (-) in the Deficit From Changes in Direct Spending and Revenues</b>													
Effect on the Deficit	0	-14	-11	-4	-1	*	*	*	*	*	*	-30	-30
<b>Increases in Spending Subject to Appropriation</b>													
Estimated Authorization	1	1	1	1	1	1	n.e.	n.e.	n.e.	n.e.	n.e.	6	n.e.
Estimated Outlays	*	1	1	1	1	1	n.e.	n.e.	n.e.	n.e.	n.e.	5	n.e.

n.e. = not estimated; \* = between -\$500,000 and \$500,000.

## Basis of Estimate

For this estimate, CBO assumes that the bill will be enacted in fiscal year 2020 and that new penalties would first be collected in 2021.

### Direct Spending and Revenues

H.R. 3843 would impose new penalties and allow those collections to be spent to reduce corruption such as embezzlement, bribery, and extortion involving public officials in foreign countries. CBO estimates that enacting the bill would increase revenues by \$140 million and increase direct spending by \$110 million over the 2020-2030 period.

**Revenues from Penalties.** Section 6 would levy an additional penalty of \$5 million on any person or entity that is fined more than \$50 million under the Foreign Corrupt Practices Act or under certain sections of the Securities and Exchange Act of 1934. Those penalties would be recorded as revenues in the budget. Using information from the Department of Justice and the Securities and Exchange Commission, CBO estimates that an average of three such penalties would be imposed each year, increasing revenues by \$15 million annually. However, CBO expects that those collections would slightly reduce collections under current law from existing criminal penalties. In some cases, the sanctioned persons or entities would be unable to pay the full amount of all penalties imposed by the law; thus, imposing the new penalties would, in aggregate, slightly reduce other fines that would be collected under current law. (Most criminal fines are deposited in the Crime Victims Fund and later spent without further appropriation.) In total, imposing the new penalties would increase net revenues by \$14 million each year, CBO estimates.

**Direct Spending to Reduce Corruption.** Under the bill, the new penalties would be deposited into a new Anti-Corruption Action Fund. Those amounts—which CBO estimates would total \$15 million annually—would be available to the Department of State to help foreign countries reduce corruption. On the basis of information about similar activities undertaken by the department, CBO estimates that spending from the fund would total \$120 million over the 2020-2030 period.

CBO also estimates that reducing fines collected under current law (because some of those fined would be unable to pay in full) would reduce direct spending from the Crime Victims Fund by \$10 million over the 2020-2030 period.

On net, CBO estimates that enacting the bill would increase direct spending by \$110 million over the budget window.

### Spending Subject to Appropriation

H.R. 3843 would require the Department of State to establish an interagency task force to coordinate and evaluate the federal government's efforts to help foreign countries reduce corruption. In addition, the bill would require the department to designate and train its employees working overseas to coordinate federal efforts towards that goal. Finally, the bill

would require the department to report to the Congress on its implementation of the bill and on the progress foreign countries have made towards reducing corruption.

On the basis of information about the cost of similar interagency efforts and reporting requirements, CBO estimates that implementing H.R. 3843 would cost about \$1 million each year and total \$5 million over the 2021-2025 period; such spending would be subject to the availability of appropriated funds.

**Pay-As-You-Go Considerations**

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays and revenues that are subject to those pay-as-you-go procedures are shown in Table 2.

**Table 2.**  
**CBO’s Estimate of the Statutory Pay-As-You-Go Effects of H.R. 3843, Countering Russian and Other Overseas Kleptocracy Act, as Ordered Reported by the House Committee on Foreign Affairs on December 18, 2019**

	By Fiscal Year, Millions of Dollars											2020-2025	2020-2030
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030		
	<b>Net Increase or Decrease (-) in the Deficit</b>												
Pay-As-You-Go Effect	0	-14	-11	-4	-1	0	0	0	0	0	0	-30	-30
<b>Memorandum:</b>													
Changes in Outlays	0	0	3	10	13	14	14	14	14	14	14	40	110
Changes in Revenues	0	0	14	14	14	14	14	14	14	14	14	70	140

**Increase in Long-Term Deficits:** None.

**Mandates:** None.

**Estimate Prepared By**

Federal Revenues: Nathaniel Frenz

Federal Spending: Foreign Assistance—Sunita D’Monte  
Crime Victims Fund—Jon Sperl

Mandates: Brandon Lever

**Estimate Reviewed By**

Joshua Shakin  
Chief, Revenue Estimating Unit

John McClelland  
Director of Tax Analysis

David Newman  
Chief, Defense, International Affairs, and Veterans' Affairs Cost Estimates Unit

Leo Lex  
Deputy Director of Budget Analysis