Congressional Budget Office
Cost Estimate

July 23, 2021

S. 1041, Reinforcing Nicaragua's Adherence to Conditions for Electoral Reform Act of 2021

As reported by the Senate Committee on Foreign Relations on June 24, 2021

By Fiscal Year, Millions of Dollars	2021	2021-2026	2021-2031
Direct Spending (Outlays)	0	*	*
Revenues	0	*	*
Increase or Decrease (-) in the Deficit	0	*	*
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 2032?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No

* = between -$500,000 and $500,000.

S. 1041 would require the Department of State to assess and report to the Congress on efforts to use targeted sanctions and diplomacy to promote free, fair, and transparent elections in Nicaragua, and to coordinate the department's efforts with U.S. allies. The bill also would require the department to report to the Congress on several related issues, including cooperation between Nicaragua and Russia on military, intelligence, and other matters. Finally, S. 1041 would require the Department of the Treasury to increase its scrutiny of assistance provided to Nicaragua by international financial institutions and to report to the Congress on its actions.

On the basis of information about the costs to prepare similar reports, CBO estimates that satisfying those various reporting requirements would cost less than $500,000 each year and total $1 million over the 2021-2026 period. Such spending would be subject to the availability of appropriated funds.

The bill would require the President to evaluate whether to impose sanctions on foreign persons who may be engaging in corruption or undermining democracy in Nicaragua. It also would require the Department of State to assess whether Nicaragua has made significant purchases of Russian equipment, infrastructure, or technology for its military or intelligence sector, and to impose sanctions if it did.

The United States already has placed sanctions on individuals responsible for corruption and undermining democracy in Nicaragua. If enactment of the bill leads the Administration to broaden those sanctions or to impose sanctions related to purchases from Russia, more people would be denied visas by the Department of State, resulting in an insignificant decrease in revenues from fees. Although most visa fees are retained by the Department of State and spent without further appropriation, some collections are deposited into the Treasury as revenues. Denying foreign nationals entry into the United States also would reduce direct spending on federal benefits (emergency Medicaid or federal subsidies for health insurance, for example) for which those people might otherwise be eligible.

Sanctions under the bill also would increase the number of people who are subject to civil or criminal monetary penalties. Those penalties are recorded as revenues, and a portion can be spent without further appropriation. In addition, the bill would block transactions in certain assets and property that are in the United States or that come under the control of people in the United States.

On the basis of data for similar sanctions, CBO estimates that any additional sanctions would affect a small number of people; thus, enacting the bill would have insignificant effects on revenues and direct spending, and would, on net, reduce deficits by insignificant amounts over the 2021-2031 period. CBO anticipates that additional sanctions would not be imposed earlier than 2022.

The CBO staff contact for this estimate is Sunita D'Monte. The estimate was reviewed by Leo Lex, Deputy Director for Budget Analysis.