



CONGRESSIONAL BUDGET OFFICE  
U.S. Congress  
Washington, DC 20515

*Phillip L. Swagel, Director*

June 30, 2022

Honorable Adam Smith  
Chairman  
Committee on Armed Services  
U.S. House of Representatives  
Washington, DC 20515

*Re: Direct Spending and Revenue Effects of H.R. 7900, the National Defense Authorization Act for Fiscal Year 2023*

Dear Mr. Chairman:

The Congressional Budget Office has completed an estimate of the direct spending and revenue effects of H.R. 7900, the National Defense Authorization Act for Fiscal Year 2023, as ordered reported by the House Committee on Armed Services on June 23, 2022. This estimate is based on the Committee Print 117-54 that was posted to the website of the House Committee on Rules on June 28, 2022. Our complete cost estimate of H.R. 7900, including a discussion of specified discretionary authorizations and mandates under the Unfunded Mandates Reform Act, will be provided shortly.

Enacting the bill would have an insignificant net effect on direct spending and revenues each year and in total over the 2023-2032 period, CBO estimates. One section addressing military lodging would increase direct spending by more than \$5 billion in the 10-year period beginning in 2033.

Some provisions in H.R. 7900 would affect direct spending by between -\$500,000 and \$500,000 each year, generally because very few people would be affected, or because the proposals would allow the Department of Defense to collect and spend new receipts so that the net effect would be small. Those provisions primarily affect benefits for former military personnel such as pensions for retirees and education benefits for veterans, reimbursements to the Department of Defense for prior expenditures, and receipts from gifts and land conveyances.

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Other provisions in H.R. 7900 would affect revenues by insignificant amounts. Sections 806, 3524, and 5601 through 5675 would change the amount of collections from penalties and litigation, which are classified as revenues. Section 5802 would authorize nonimmigrant visas for certain Portuguese nationals. Some of those nonimmigrants would be eligible for health care subsidies from the federal government, a portion of which are classified as nonrefundable tax credits.

Because the bill would affect direct spending and revenues, statutory pay-as-you-go procedures apply.

CBO estimates that enacting H.R. 7900 would significantly increase on-budget deficits after 2033. Section 2814 would require the Navy and Air Force to privatize transient military lodging facilities within the United States over a 5-year period beginning 11 years after enactment. CBO classifies the costs of investments made to improve those privatized facilities as direct spending. Using information on the reported costs to improve privatized Army lodging, CBO estimates that enacting section 2814 would increase direct spending by more than \$5 billion in at least one of the four consecutive 10-year periods beginning in 2033.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Matt Schmit.

Sincerely,



Phillip L. Swagel  
Director

cc: Honorable Mike Rogers  
Ranking Member