

H.R. 1153, Deterring America’s Technological Adversaries Act

As ordered reported by the House Committee on Foreign Affairs on March 1, 2023

By Fiscal Year, Millions of Dollars	2023	2023-2028	2023-2033
Direct Spending (Outlays)	*	*	*
Revenues	*	*	*
Increase or Decrease (-) in the Deficit	*	*	*
Spending Subject to Appropriation (Outlays)	*	*	not estimated
Increases <i>net direct spending</i> in any of the four consecutive 10-year periods beginning in 2034? < \$2.5 billion	Statutory pay-as-you-go procedures apply?		Yes
	Mandate Effects		
Increases <i>on-budget deficits</i> in any of the four consecutive 10-year periods beginning in 2034? No	Contains intergovernmental mandate?		No
	Contains private-sector mandate?		Yes, Cannot Determine Costs
* = between -\$500,000 and \$500,000.			

H.R. 1153 would allow the Administration to impose sanctions on any foreign person who works with or uses software that is under the jurisdiction of the People’s Republic of China and that contributes to Chinese military or intelligence efforts. The bill also would newly authorize the President to regulate the transfer of sensitive information, which includes personally identifiable information. In addition, the bill would require the Administration to periodically provide to the Congress a list of foreign countries that are democracies or emerging democracies and are partners of the United States. Finally, 90 days after enactment, the President would be required to determine whether entities that own or operate certain connected software applications would be subject to sanctions. The authority to impose sanctions would expire after five years.

H.R. 1153 also 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. Those sanctions would increase the number of people who are subject to civil or criminal monetary penalties. Such penalties are recorded as revenues, and a portion can be spent without further appropriation.

Using data concerning similar actions, CBO estimates that any additional sanctions would affect a small number of people; thus, enacting H.R. 1153 would have insignificant effects

See also

[CBO’s Cost Estimates Explained](#), [CBO Describes Its Cost-Estimating Process](#), [Glossary](#)



on revenues and direct spending, and would, on net, reduce deficits by insignificant amounts over the 2023-2033 period.

On the basis of information about the costs of similar requirements, CBO estimates that providing the reports required under H.R. 1153 would cost less than \$500,000 over the 2023-2028 period; such spending would be subject to availability of appropriated funds.

H.R. 1153 would impose private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). CBO cannot determine whether the costs of those mandates would exceed the annual threshold established in UMRA for private-sector mandates (\$198 million in 2023, adjusted annually for inflation). The bill contains no intergovernmental mandates as defined in UMRA.

The bill would impose a private-sector mandate, as defined in UMRA, on U.S. entities that are investors in or partial owners of Chinese technology firms by regulating business practices that are allowable under current law. The cost of the mandate would be the share of costs borne by those U.S. entities for complying with new data export requirements, which could be significant, or the loss of income from technology firms choosing to exit the U.S. Some U.S. companies may also be required to administer some aspects of the regulations, such as limiting user access to regulated products and services. Such a requirement would impose additional administrative costs on affected entities.

The scope of the regulations would be defined in a directive issued by the Department of Treasury and could encompass companies that routinely collect sensitive personal information, including social media, gaming, and artificial intelligence companies and virtual private network (VPN) hosts. Regulations also could impose additional requirements on U.S. companies that knowingly facilitate transfers of sensitive personal information to China. Affected entities could include companies that provide users with access to products and services through app stores, including by requiring the removal of applications prohibited by regulation.

CBO cannot determine the exact cost of the mandate because much of the information on the scale of U.S. investment in Chinese companies is confidential. In addition, the Department of Treasury has not issued the regulations required by the bill.

Any sanctions imposed as a result of the bill would have the effect of prohibiting individuals or entities in the United States from engaging in transactions involving assets and property that have been frozen. Those transactions are otherwise permitted under current law. The cost of the mandate would be any income lost because of the prohibition. CBO expects that because only a small number of people or entities would be affected, the loss of income from any incremental increase in restrictions imposed by the bill would be small as well.



Other Effects

The bill would indirectly affect individuals and companies in the United States if technology firms subject to regulation elect to remove their products and services from the U.S. marketplace rather than comply with data export requirements. Should this occur, some companies and users that have created businesses and accumulated followers relying on products and services, such as social media platforms, that have been withdrawn would lose revenue. Such losses would not be the direct result of complying with a federal mandate as defined in UMRA.

CBO expects that some companies operating in the United States would benefit by increasing their market share of similar products and services if others exit the marketplace.

The CBO staff contacts for this estimate are Madeleine Fox (for federal costs) and Brandon Lever (for mandates). The estimate was reviewed by Chad Chirico, Deputy Director of Budget Analysis.

A handwritten signature in black ink, appearing to read 'Phillip L. Swagel'.

Phillip L. Swagel
Director, Congressional Budget Office