Congressional Budget Office
Cost Estimate

May 22, 2023

At a Glance

H.R. 3205, Project Precursor Act

As ordered reported by the House Committee on Foreign Affairs on May 16, 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)	0	43	not estimated

Increases *net direct spending* 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 *on-budget deficits* in any of the four consecutive 10-year periods beginning in 2034?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	Yes, Under Threshold

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

The bill would

- Authorize the appropriation of $64 million to reduce drug trafficking from Mexico to the United States
- Require the President to impose sanctions on foreign persons who are responsible for trafficking fentanyl and related opioids
- Impose private-sector mandates by extending an existing mandate in law and prohibiting 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

Estimated budgetary effects would mainly stem from

- Authorizing the appropriation of $64 million
- Imposing sanctions

Detailed estimate begins on the next page.

See also
CBO's Cost Estimates Explained, *CBO Describes Its Cost-Estimating Process*, *Glossary*

Bill Summary

H.R. 3205 would authorize the appropriation of $64 million in 2024 to reduce drug trafficking from Mexico to the United States. It also would require the President to impose sanctions on foreign persons who are responsible for trafficking fentanyl and related opioids.

Estimated Federal Cost

The estimated budgetary effect of H.R. 3205 is shown in Table 1. The costs of the legislation fall within budget function 150 (international affairs).

Table 1.
Estimated Budgetary Effects of H.R. 3205

	By Fiscal Year, Millions of Dollars						
	2023	2024	2025	2026	2027	2028	2023-2028
	Increases in Spending Subject to Appropriation						
Estimated Authorization	0	64	*	*	*	*	64
Estimated Outlays	0	4	7	10	11	11	43

In addition to the effects shown above, CBO estimates that enacting H.R. 3205 would have insignificant effects on both direct spending and revenues, and would, on net, reduce deficits by insignificant amounts over the 2023-2033 period; * = between zero and $500,000.

Basis of Estimate

For this estimate, CBO assumes that the bill will be enacted near the end of fiscal year 2023 and that the authorized amounts will be provided each year.

Spending Subject to Appropriation

H.R. 3205 would authorize the appropriation of $64 million in 2024 for the Department of State to assist Mexican law enforcement and security forces in curbing trafficking in fentanyl and other drugs. CBO estimates that implementing that provision would cost $43 million over the 2023-2028 period (see Table 1). Most of the remainder would be spent after 2028. Such spending would be subject to the appropriation of the specified amount.

The bill also would require the department to:

- Develop and implement a public relations campaign to stigmatize Mexican drug trafficking organizations and hamper their ability to recruit new members;
- Provide several reports to the Congress on its implementation of the bill and other aspects of drug trafficking in Mexico; and
- Urge foreign allies to amend the Chemical Weapons Convention to categorize fentanyl and related substances as toxic chemicals subject to increased regulation under that treaty.

On the basis of information about similar efforts, CBO estimates that implementing those provisions would cost less than $500,000 over the 2023-2028 period. Such spending would be subject to the availability of appropriated funds.

Direct Spending

Title III of the bill would require the President to impose sanctions on foreign persons who are involved in trafficking fentanyl and related opioids. Title III also would extend the Fentanyl Sanctions Act through 2030 (it expires in 2026 under current law).

The Administration has broad existing authority to sanction individuals involved in drug trafficking. If enactment of the bill leads the Administration to broaden those sanctions, 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, 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 H.R. 3205 would have insignificant effects on revenues and direct spending, and would, on net, reduce deficits by insignificant amounts over the 2023-2033 period.

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. Over the 2023-2032 period, CBO estimates that enacting the bill would affect direct spending and revenues by less than $500,000.

Increase in Long-Term Net Direct Spending and Deficits

CBO estimates that enacting H.R. 3205 would not significantly increase net direct spending in any of the four consecutive 10-year periods beginning in 2034.

CBO estimates that enacting H.R. 3205 would not increase on-budget deficits in any of the four consecutive 10-year periods beginning in 2034.

Mandates

H.R. 3205 would impose private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). The bill would require the President to impose sanctions on foreign entities that cooperate with criminal organizations in the trafficking of fentanyl and other opioids. It also would extend an existing sanctions mandate by extending the Fentanyl Sanctions Act from 2026 through 2030. Sanctions would prohibit individuals or entities in the United States from engaging in transactions involving assets and property that have been frozen. Some transactions with foreign banks sanctioned because of the bill could be restricted as well. 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 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. CBO estimates that the cost of the mandate would fall well below the annual threshold established in UMRA for private-sector mandates ($198 million in 2023, adjusted annually for inflation).

H.R. 3205 contains no intergovernmental mandates as defined in UMRA.

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