Congressional Budget Office
Cost Estimate

June 13, 2023

At a Glance

H.R. 3203, Stop Chinese Fentanyl Act of 2023

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)	0	12	60
Revenues	0	14	77
Increase or Decrease (-) in the Deficit	0	-2	-17
Spending Subject to Appropriation (Outlays)	*	*	*

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 zero and $500,000.

The bill would

- Amend the Fentanyl Sanctions Act to include certain Chinese entities that manufacture or distribute opioids
- Extend the statute of limitations on certain penalties from 5 years to 10 years
- Require additional reports under the International Emergency Economic Powers Act and the Fentanyl Sanctions Act
- 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

- Increased revenue and spending stemming from the longer statute of limitations for certain penalties

Areas of significant uncertainty include

- Estimating the increase in revenues from the longer statute of limitations

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. 3203 would subject certain Chinese entities that manufacture or distribute opioids to penalties under the Fentanyl Sanctions Act. The bill also would extend the statute of limitations for certain penalties under other laws from 5 years to 10 years.

Estimated Federal Cost

The estimated budgetary effects of H.R. 3203 are shown in Table 1. The costs of the legislation fall within budget function 750 (administration of justice).

Table 1.
Estimated Budgetary Effects of H.R. 3203

	By Fiscal Year, Millions of Dollars												
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2023-2028	2023-2033
Increase in Direct Spending													
Estimated Budget Authority	0	0	0	2	4	6	8	10	10	10	10	12	60
Estimated Outlays	0	0	0	2	4	6	8	10	10	10	10	12	60
Increases in Revenues													
Estimated Revenues	0	0	0	2	5	7	10	13	13	13	14	14	77
Net Decrease (-) in the Deficit From Changes in Direct Spending and Revenues													
Effect on the Deficit	0	0	0	*	-1	--1	-2	-3	-3	-3	-4	-2	-17
Increases in Spending Subject to Appropriation													
Estimated Authorization	*	*	*	*	*	*	*	*	*	*	*	*	*
Estimated Outlays	*	*	*	*	*	*	*	*	*	*	*	*	*

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

Basis of Estimate

For this estimate, CBO assumes that the bill will be enacted near the end of fiscal year 2023.

Revenues and Direct Spending

H.R. 3203 would extend the statute of limitations on civil and criminal penalties under the International Emergency Economic Powers Act and the Trading with the Enemy Act. (Civil and criminal penalties are recorded in the budget as revenues.) Using information from the Office of Foreign Assets Control, CBO estimates that increasing the length of time during which violators would be subject to such penalties, would increase revenues by $77 million over the 2023-2033 period. Under current law, 75 percent of those penalties are deposited in the United States Victims of State Sponsored Terrorism Fund and spent without further appropriation. Thus, the additional revenues would consequently increase direct spending by $60 million over the 2023-2033 period. On that basis, CBO estimates that enacting H.R. 3203 would decrease the deficit by $17 million over the 2023-2033 period.

The bill also would increase the number of people who could be subject to sanctions. Based on historical experience, CBO expects that few additional people would be sanctioned under the bill. Accordingly, CBO estimates that any increases in revenues and direct spending from those sanctions would be insignificant.

Spending Subject to Appropriation

H.R. 3203 would require the Administration to report additional information to the Congress. Based on costs for similar reports, CBO estimates that those reports would cost less than $500,000 over the 2023-2033 period; any spending would be subject to the availability of appropriated funds.

Uncertainty

The estimate of the costs of H.R. 3203 is subject to considerable uncertainty with respect to the number of people who could be subject to sanctions under the extended statute of limitations. Revenues and the consequent direct spending could be lower or higher if the number of people who are affected by the bill differs from CBO's estimate.

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. 3203, the Stop Chinese Fentanyl Act of 2023, as
Ordered Reported by the House Committee on Foreign Affairs on May 16, 2023

	By Fiscal Year, Millions of Dollars												
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2023-2028	2023-2033
	Net Decrease (-) in the Deficit												
Pay-As-You-Go Effect	0	0	0	0	-1	-1	-2	-3	-3	-3	-4	-2	-17
Memorandum:													
Changes in Outlays	0	0	0	2	4	6	8	10	10	10	10	12	60
Changes in Revenues	0	0	0	2	5	7	10	13	13	13	14	14	77

Increase in Long-Term Net Direct Spending and Deficits:

CBO estimates that enacting H.R. 3203 would increase net direct spending by less than $2.5 billion in at least one of the four consecutive 10-year periods beginning in 2034.

CBO estimates that enacting H.R. 3203 would not increase on-budget deficits in any of the four consecutive 10-year periods beginning in 2034.

Mandates

H.R. 3203 would impose a private-sector mandate as defined in the Unfunded Mandates Reform Act (UMRA) on individuals or entities in the United States by prohibiting them 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 the bill would affect a small number of people or entities the loss of income from any incremental increase in restrictions imposed by the bill would be small as well. Thus, 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. 3203 contains no intergovernmental mandates as defined in UMRA.

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