Congressional Budget Office
Cost Estimate

August 24, 2023

H.R. 4825, No Illegal Oil from Russia Act of 2023

As ordered reported by the House Committee on Foreign Affairs on July 26, 2023

By Fiscal Year, Millions of Dollars	2023	2023-2028	2023-2033
Direct Spending (Outlays)	0	*	*
Revenues	0	*	*
Increase or Decrease (-) in the Deficit	0	*	*
Spending Subject to Appropriation (Outlays)	0	*	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	
		Contains intergovernmental mandate?	No
Increases *on-budget deficits* in any of the four consecutive 10-year periods beginning in 2034?	No	Contains private-sector mandate?	Yes, Under Threshold

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

H.R. 4825 would direct the Administration to block transactions involving any foreign vessels that are used to knowingly transport Russian oil sold at a higher value than the established Russian oil price cap. That price cap was established in December 2022 by a coalition of countries that have prohibited their residents from providing maritime services to transport Russian oil unless it is sold below an established limit. Blocked transactions would be those involving assets that are in the United States or that come under the control of people in the United States.

The bill also would direct the Department of State and the Department of the Treasury to establish a diplomatic strategy to increase international compliance with the price cap. Additionally, the bill would require the Departments of Energy, State, and the Treasury to produce quarterly reports detailing the global impact of the price cap policy. That reporting requirement would expire after three years or after the price cap is lifted, whichever comes sooner.

Blocking transactions as directed under the bill 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.

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

Using data about similar sanctions, CBO estimates that any additional sanctions would affect a small number of people; thus, enacting H.R. 4825 would have insignificant effects on revenues and direct spending, and would, on net, reduce deficits by insignificant amounts over the 2023-2033 period.

Based on the cost of strategies and reports similar to those that would be required by H.R. 4825, CBO estimates that preparing the diplomatic strategy and annual reports would cost less than $500,000 over the 2023-2028 period. Such spending would be subject to the availability of appropriated funds.

H.R. 4825 would impose a private-sector mandate as defined in the Unfunded Mandates Reform Act (UMRA). It would prohibit individuals or entities in the United States from engaging in transactions involving assets and property that have been frozen by sanctions authorized in the bill. Those transactions are otherwise permitted under current law. The cost of the mandate would be any income lost as a consequence. 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. 4825 contains no intergovernmental mandates as defined in UMRA.

The CBO staff contact for this estimate is Emma Uebelhor (for federal costs) and Brandon Lever (for mandates). The estimate was reviewed by Christina Hawley Anthony, Deputy Director of Budget Analysis.

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