

**H.R. 4716, Keeping our Allies Leading in Advancement Act**

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 <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           |
| <b>Mandate Effects</b>   |                 |   |           |               |
| Increases <i>on-budget deficits</i> in any of the four consecutive 10-year periods beginning in 2034?  | < \$5 billion   | Contains intergovernmental mandate?       |           | No            |
|  |                 | Contains private-sector mandate?          |           | No            |
| * = between -\$500,000 and \$500,000.  |                 |   |           |               |

H.R. 4716 would authorize the President to exempt from certain licensing and certification requirements transfers and exports of defense articles to Australia and between Australia, the United Kingdom, and the United States. H.R. 4716 also would increase the criminal penalty for violating rules governing defense exports and imports. Lastly, the bill would require the Department of State to report to the Congress on transfers to Australia that would no longer require certifications under the bill and on the potential ramifications of implementing this bill on Taiwan, Thailand, South Korea, Japan, and the Philippines.

The department's Directorate of Defense Trade Controls collects registration fees from manufacturers, exporters, importers, and brokers of defense-related items. The licensing exemptions under the bill would reduce the amount of registration fees collected. Those fees are recorded in the budget as offsetting receipts (or reductions in direct spending) and can be spent without further appropriation on licensing, compliance, and enforcement activities. Using information from the department and after accounting for the reductions in both the fees received and the subsequent spending of those fees, CBO estimates that over the 2023-2033 period the net increase in direct spending would be insignificant.

H.R. 4716 would increase the maximum criminal penalty for violations of the Arms Export Control Act from \$1 million to \$5 million. Criminal fines are recorded in the budget as

See also

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



revenues, deposited into the Crime Victims Fund, and later spent without further appropriation. Using information from the Department of Justice and the United States Sentencing Commission, CBO estimates that enacting H.R. 4716 would increase collections of criminal forfeitures, and therefore revenues and direct spending, by an insignificant amount over the 2023-2033 period. In the past ten years, there were no instances in which a violator faced the current maximum penalty allowed for Arms Export Control Act violations, and all fines collected over that period totaled less than \$300,000.

CBO estimates that the small net increase in direct spending under the bill would exceed the increase in revenues, and thus, enacting H.R. 4716 would increase net deficits by an insignificant amount over the 2023-2033 period.

Using information about the costs of similar requirements, CBO estimates that providing the reports required under H.R. 4716 would cost less than \$500,000 over the 2023-2028 period. Any spending would be subject to the availability of appropriated funds.

The CBO staff contact for this estimate is Sunita D'Monte. The estimate was reviewed by Emily Stern, Senior Adviser for Budget Analysis.

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

Phillip L. Swagel  
Director, Congressional Budget Office