Congressional Budget Office
Cost Estimate

October 2, 2023

H.R. 760, Chinese Military and Surveillance Company Sanctions Act of 2023

As ordered reported by the House Committee on Financial Services on September 20, 2023

By Fiscal Year, Millions of Dollars	2024	2024-2028	2024-2033
Direct Spending (Outlays)	*	*	*
Revenues	*	*	*
Increase or Decrease (-) in the Deficit	*	*	*
Spending Subject to Appropriation (Outlays)	*	*	not estimated

Increases *net direct spending* in any of the four consecutive 10-year periods beginning in 2034?	**< $2.5 billion**
Increases *on-budget deficits* in any of the four consecutive 10-year periods beginning in 2034?	**No**
Statutory pay-as-you-go procedures apply?	**Yes**
Mandate Effects	
Contains intergovernmental mandate?	**No**
Contains private-sector mandate?	**Yes, Under Threshold**

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

H.R. 760 would direct the Administration to block transactions involving foreign persons who knowingly operate in the Chinese defense, defense-related material, or surveillance technology industries. Any transactions involving assets in the United States or assets that come under the control of a person of the United States would be blocked.

The bill also would direct the Departments of Commerce, Defense, State, and the Treasury to consider blocking transactions involving Chinese entities listed on the Military End User List, the Denied Persons or Entities List, and the People's Republic of China Military-Civil Fusion Contributors List. The agencies would be required to provide their assessment of those entities in a report to the Congress. Additionally, the bill would direct the Department of the Treasury to annually report on its assessment of foreign persons listed in the Annex of Executive Order 14032.

The Administration has existing authority to block transactions involving foreign persons engaged in the Chinese defense, defense-related material, or surveillance technology industries. If enactment of the bill leads the Administration to block additional transactions, 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 blocked transactions would affect a small number of people; thus, enacting H.R.760 would have insignificant effects on revenues and direct spending, and would, on net, reduce deficits by insignificant amounts over the 2024-2033 period.

Based on the cost of reports similar to those that would be required by H.R. 760, CBO estimates that preparing the reports would cost less than $500,000 over the 2024-2028 period. Any spending would be subject to the availability of appropriated funds.

H.R. 760 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. 760 contains no intergovernmental mandates as defined in UMRA.

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

Phillip L. Swagel
Director, Congressional Budget Office