Congressional Budget Office
Cost Estimate

December 5, 2023

H.R. 5923, Iran-China Energy Sanctions Act of 2023

As ordered reported by the House Committee on Financial Services on November 14, 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)	*	*	*

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. 5923 would require the Administration to determine whether any Chinese financial institutions have conducted or facilitated transactions involving the purchase of Iranian petroleum or petroleum products. The Administration would be required to report to the Congress on those determinations annually through 2029. U.S. financial institutions would be prohibited from opening or maintaining accounts for any Chinese financial institution that engages in those transactions. Violators of that prohibition would be subject to criminal or civil penalties.

The Administration has existing authority to block transactions in the United States by foreign financial institutions that are knowingly involved in purchases of Iranian petroleum or petroleum products when the global supply of petroleum is sufficient to meet demand. If enactment of the bill leads the Administration to broaden those sanctions, additional U.S. financial institutions that violate those prohibitions would be subject to civil or criminal monetary penalties. Those penalties are recorded as revenues, and a portion can be spent without further appropriation.

Using data about similar sanctions, CBO estimates that any additional sanctions would affect a small number of institutions; thus, enacting H.R. 5923 would have insignificant effects on

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

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 required by the bill, CBO estimates that satisfying the reporting requirement of the bill would cost less than $500,000 over the 2024-2028 period. Such spending would be subject to the availability of appropriated funds.

H.R. 5923 would impose a private-sector mandate as defined in the Unfunded Mandates Reform Act (UMRA). Sanctions would prohibit individuals or entities in the United States from engaging in transactions involving assets and property that have been frozen. 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. 5923 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.

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