

## H.R. 3447, Chip Security Act

As ordered reported by the House Committee on Foreign Affairs on March 26, 2026

By Fiscal Year, Millions of Dollars		2026	2026-2031	2026-2036
Direct Spending (Outlays)		*	*	*
Revenues		*	*	*
Increase or Decrease (-) in the Deficit		*	*	*
Spending Subject to Appropriation (Outlays)		1	12	not estimated
Increases <i>net direct spending</i> in any of the four consecutive 10-year periods beginning in 2037?	< \$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 2037?	No	Contains intergovernmental mandate?		No
			Contains private-sector mandate?	Yes, Under Threshold
* = between -\$500,000 and \$500,000.				

HR. 3447 would modify existing export controls that restrict the transfer of advanced artificial intelligence (AI) chips to foreign adversaries. Under the bill, the Bureau of Industry and Security (BIS) would require exporters to incorporate certain security mechanisms—potentially including on-site audits, legal attestations, or location trackers—into the AI chip supply chain. H.R. 3447 also would require BIS to report to the Congress on the effectiveness of such security mechanisms.

Using information from BIS about its work on similar export controls, CBO anticipates that finalizing regulations, processing license applications, identifying unlicensed exporters, and preparing the required reports would increase the agency’s workload by the equivalent of 10 full-time employees. Using information from BIS, CBO estimates that compensation for each of these employees would average \$240,000 annually and total \$12 million over the 2026-2031 period. Such spending would be subject to the availability of appropriated funds.

The costs of the legislation, detailed in Table 1, fall within budget function 050 (national defense).

See also

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



**Table 1.**  
**Estimated Budgetary Effects of H.R. 3447**

	By Fiscal Year, Millions of Dollars						2026-2031
	2026	2027	2028	2029	2030	2031	
	<b>Increases in Spending Subject to Appropriation</b>						
Estimated Authorization	1	2	2	2	2	3	12
Estimated Outlays	1	2	2	2	2	3	12

In addition to the amounts shown here, enacting H.R. 3447 would increase direct spending and revenues by less than \$500,000 over the 2026-2036 period.

Enacting H.R. 3447 would increase the number of export licenses that would be denied. As a result, more people and entities would be subject to civil or criminal penalties for violating U.S. export laws. Such penalties are recorded as revenues, and a portion of those penalties can be spent without further appropriation. Because CBO expects that very few additional people and entities would be affected, CBO estimates that enacting the bill would have insignificant effects on both revenues and direct spending and would reduce net deficits by less than \$500,000.

Under current law, certain items, including advanced AI chips, are subject to export controls that require exporters to obtain a license from BIS. There is no presumption of approval for export, reexport, or in-country transfer applications. Therefore, any new requirements to obtain or maintain an export license, including requirements related to chip security mechanisms, are not considered mandates under the Unfunded Mandates Reform Act (UMRA).

However, H.R. 3447 would impose a private-sector mandate on entities that are not required to have a license but are involved in the production, sale, or transfer of advanced AI chips by requiring them to provide information to the department when requested. CBO expects that the information would be readily available to the mandated entities, and the cost of compliance would not exceed the annual threshold for private-sector mandates as defined in UMRA (\$214 million in 2026, adjusted annually for inflation).

The bill would not impose intergovernmental mandates as defined in UMRA.

The CBO staff contacts for this estimate are Aldo Prospero (for the Bureau of Industry and Security) and Brandon Lever (for mandates). The estimate was reviewed by Christina Hawley Anthony, Deputy Director of Budget Analysis.

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