



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

January 18, 2018

H.R. 2646

United States-Jordan Defense Cooperation Extension Act

As ordered reported by the House Committee on Foreign Affairs on December 14, 2017

H.R. 2646 would extend through 2022 the President's authority to expedite military sales to Jordan and to waive or reduce certain surcharges on military sales from Department of Defense stocks. Under current law, that authority expires in February 2019. The bill also would authorize the President to establish an enterprise fund for Jordan.

The surcharges that would be affected represent a portion of the costs of research and development for the purchased items and are deposited into the Special Defense Acquisition Fund, a revolving fund subject to appropriation action that is used to procure, store, and sell defense items that are in high demand. Waiving or reducing those surcharges would reduce the collections that are deposited into the fund and later spent without further appropriation action. The lag between the lost collections and lower spending would result in small net costs in the first several years. The Administration indicated that this authority has not yet been used, but on the basis of information from the Administration, CBO estimates that implementing that provision would cost less than \$500,000 over the 2018-2022 period; such spending would be subject to the availability of appropriated funds.

The Consolidated Appropriations Act for 2012 (Public Law 112-74) provided up to \$60 million from funds appropriated in that and prior appropriation acts to establish an enterprise fund for Jordan, but the fund was not created. The Administration has indicated that those funds are unlikely to remain available and that there are no plans to start an enterprise fund. Thus, CBO ascribes no cost to this authority.

Enacting H.R. 2646 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

CBO estimates that enacting H.R. 2646 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

H.R. 2646 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

The CBO staff contact for this estimate is Sunita D'Monte. The estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.