



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 6, 2017

### **S. 722** **Countering Iran's Destabilizing Activities Act of 2017**

*As reported by the Senate Committee on Foreign Relations  
on May 25, 2017*

S. 722 would require the President to impose sanctions on people and entities involved with Iran's ballistic missile program and weapons proliferation activities, as well as on the Iranian Revolutionary Guards Corps. In addition, it would authorize the President to impose sanctions on people and entities responsible for human rights violations in Iran. Sanctions imposed under the bill would include freezing assets that fall under U.S. jurisdiction, prohibiting transactions with sanctioned persons, and denying entry into the United States. Finally, S. 722 would require periodic reports to the Congress on the implementation of the bill and related matters.

Implementing S. 722 would increase administrative costs at the Department of State and the Department of the Treasury. Based on limited information from the Administration and the costs of implementing similar legislation, CBO estimates that under S. 722 the departments would require additional appropriations of \$2 million a year. In total, and incorporating the effects of inflation, CBO estimates that implementing those provisions would cost \$10 million over the 2018-2022 period, assuming appropriation of those estimated amounts.

Enacting S. 722 would increase both the number of people who would be denied visas by the Secretary of State and the number who would be subject to civil or criminal penalties for violating sanctions. Most visa fees are retained by the Department of State and spent without further appropriation, but some fees are deposited in the Treasury as revenues. Penalties also are recorded as revenues and a portion of those penalties can be spent without further appropriation. However, significant sanctions on Iran already exist under current law and CBO estimates that those provisions would affect very few people and thus have insignificant effects on both revenues and direct spending.

Pay-as-you-go procedures apply to this legislation because it would affect direct spending and revenues. CBO estimates that enacting S. 722 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

S. 722 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

If the sanctions imposed by the President under the bill prevent U.S. entities from gaining access to property or from engaging in transactions that would otherwise be permitted under current law, the bill would impose private-sector mandates as defined in UMRA. The cost of the mandate would be any forgone income directly related to the newly prohibited actions or blocked property. Because of the broad scope of existing U.S. sanctions involving Iran, CBO expects the number of entities and individuals in the United States that could be affected by the legislation would be small. Further, CBO expects that the loss of income from any incremental restrictions in the bill would be relatively low. Therefore, CBO estimates that the aggregate cost of the mandates would fall below the annual threshold established in UMRA for private-sector mandates (\$156 million in 2017, adjusted annually for inflation).

The CBO staff contacts for this estimate are Sunita D'Monte (for federal costs) and Logan Smith (for private-sector mandates). The estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.