



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

March 7, 2018

### **S. 2060** **Burma Human Rights and Freedom Act of 2018**

*As reported by the Senate Committee on Foreign Relations on February 12, 2018*

#### **SUMMARY**

S. 2060 would authorize the appropriation of \$131 million for humanitarian assistance and other programs in Burma and the surrounding region. In addition, the bill would restrict imports of jadeite and jewelry containing jadeite from Burma and impose sanctions on people and entities that are responsible for human rights violations in Burma or that have acquired defense articles from North Korea.

CBO estimates that implementing S. 2060 would cost \$127 million over the 2018-2023 period, assuming appropriation of the specified amounts. In addition, enacting the bill would have effects on direct spending and revenues over the 2018-2028 period; therefore, pay-as-you-go procedures apply. CBO expects those effects would be insignificant.

CBO also estimates that enacting the legislation would not significantly affect net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

S. 2060 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA). The bill would impose a mandate on private-sector entities by reinstating a ban on U.S. imports of jadeite (and jewelry that contains jadeite) mined in Burma. The bill also would impose sanctions against economic activities with senior Burmese officials who the President determines have knowingly participated in human rights violations. Those sanctions could restrict actions of U.S. entities that otherwise might be involved in transactions with those officials or with shared financial institutions. CBO estimates that the aggregate cost of the mandates would fall well below the annual threshold established in UMRA for private-sector mandates (\$156 million in 2017, adjusted annually for inflation).

#### **ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated budgetary effect of S. 2060 is shown in the following table. The costs of the legislation fall within budget function 150 (international affairs).

	By Fiscal Year, in Millions of Dollars						2018- 2023
	2018	2019	2020	2021	2022	2023	
<b>INCREASES IN SPENDING SUBJECT TO APPROPRIATION</b>							
Authorization Level	131	0	0	0	0	0	131
Estimated Outlays	52	58	8	6	2	1	127

## **BASIS OF ESTIMATE**

For this estimate, CBO assumes that S. 2060 will be enacted near the middle of fiscal year 2018 and that the specified amounts will be appropriated shortly thereafter.

### **Spending Subject to Appropriation**

Section 5 of S. 2060 would authorize the appropriation of \$131 million in 2018 for the Department of State and the U.S. Agency for International Development—\$104 million for humanitarian assistance and \$27 million for programs to reduce conflict and promote reconciliation. Based on historical spending patterns for similar activities, and assuming appropriation of those amounts, CBO estimates that outlays for that assistance would total \$127 million over the 2018-2023 period.

Several other provisions would have insignificant costs. Those provisions would:

- Require the Department of State and the Department of the Treasury to enforce sanctions against people and entities found to be responsible for human rights violations in Burma;
- Support U.S. sanctions against people or entities found to have acquired defense articles from North Korea; and
- Require the Administration to provide to the Congress a strategy to promote economic development in Burma and report on engagement between the U.S. military and the Burmese military and on ethnic cleansing and other human rights abuses occurring in Burma.

Using information from the Administration on the costs of enforcing sanctions and on the costs of similar reporting requirements, CBO estimates that implementing those provisions would cost less than \$500,000 over the 2018-2022 period; such spending would be subject to the availability of appropriated funds.

Finally, section 13 would authorize the Department of State to provide assistance to entities that investigate and preserve evidence of ethnic cleansing, genocide, and war crimes in parts of Burma and to support transitional justice (measures to promote peace and justice in countries transitioning out of armed conflict or repression). The department currently provides assistance to entities that are documenting human rights violations in Burma. Although it is possible that the department would increase such assistance under the bill, CBO has no basis for estimating such additional amounts. In addition, CBO has no basis for estimating when or in what form the department would provide additional assistance for transitional justice.

### **Direct Spending and Revenues**

Enacting S. 2060 would increase the number of people who would be denied visas by the State Department and the number who would be subject to civil or criminal penalties. Most visa fees are retained by the department and spent without further appropriation, but some fees are deposited into the Treasury as revenues. Penalties also are recorded as revenues, and a portion can be spent without further appropriation. However, CBO estimates that implementing the sanctions under S. 2060 would affect very few additional people and thus would have insignificant effects on revenues and direct spending.

The bill also would amend the Burmese Freedom and Democracy Act of 2003 to prohibit U.S. imports of Burmese jadeite and jewelry containing jadeite. Under the bill, the President could terminate the ban if the government of Burma demonstrates progress toward reforming the country's jadeite industry, specifically by increasing financial transparency. CBO estimates that the ban would result in an insignificant decrease in revenues in the form of loss of customs duties collected on those imports.

### **PAY-AS-YOU-GO CONSIDERATIONS**

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. Pay-as-you-go procedures apply to this legislation because enacting it would affect direct spending and revenues; however, CBO estimates that those effects would be insignificant.

### **INCREASE IN LONG-TERM DIRECT SPENDING AND DEFICITS**

CBO estimates that enacting S. 2060 would not significantly affect net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

## **MANDATES**

S. 2060 contains no intergovernmental mandates as defined in UMRA.

The bill would impose a mandate on private-sector entities by reinstating a ban on imported jadeite (and jewelry that contains jadeite) mined in Burma. The cost of the mandate for U.S. importers would be the net value of forgone profits from sales of the banned Burmese jadeite. Using data from the U.S. International Trade Commission, CBO estimates that the cost of the ban for importers would be small.

The bill also would impose sanctions against economic activities with senior Burmese officials who the President determines have knowingly participated in human rights violations. 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 a private-sector mandate as defined in UMRA. The cost of the mandate would be any income that U.S. entities lose because they no longer have access to the property in question or because they can no longer engage in transactions prohibited by the bill. Because the sanctions focus only on officials in Burma who have committed human rights violations, CBO expects that the number of people and entities in the United States that could be affected by the legislation would be small. Furthermore, 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 well below the annual threshold established in UMRA for private-sector mandates (\$156 million in 2017, adjusted annually for inflation).

### **ESTIMATE PREPARED BY**

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