

H.R. 3289, Hong Kong Human Rights and Democracy Act of 2019

As ordered reported by the House Committee on Foreign Affairs on September 25, 2019

By Fiscal Year, Millions of Dollars	2020	2020-2024	2020-2029
Direct Spending (Outlays)	*	*	*
Revenues	*	*	*
Increase or Decrease (-) in the Deficit	*	*	*
Spending Subject to Appropriation (Outlays)	*	1	not estimated
Statutory pay-as-you-go procedures apply?	Yes	Mandate Effects	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2030?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	Yes, Under Threshold
* = between -\$500,000 and \$500,000.			

H.R. 3289 would require the Administration to impose sanctions on foreign persons (individuals or entities) responsible for human rights violations in Hong Kong. By requiring sanctions, CBO estimates that enacting H.R. 3289 would increase the number of people who would be denied visas by the Department of State 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 in the Treasury as revenues. Penalties also are recorded as revenues, and a portion of those penalties can be spent without further appropriation. Because CBO expects that very few additional people would be affected, CBO estimates that those provisions would have insignificant effects on both revenues and direct spending.

H.R. 3289 also would require the department to report to the Congress on:

- Hong Kong’s autonomy and whether it should retain its current treatment under U.S. law, treaties, and agreements;
- The risk to U.S. citizens and interests from legislation proposed by the Hong Kong government; and
- Sanctions imposed under the bill.

In addition, the Department of Commerce would be required to report on violations in Hong Kong of U.S. laws governing exports and sanctions. On the basis of information about the

costs of administering similar sanctions and preparing reports, CBO estimates that implementing H.R. 3289 would cost less than \$500,000 each year and total \$1 million over the 2020-2024 period; such spending would be subject to the availability of appropriated funds.

By imposing sanctions on foreign persons responsible for human rights violations in Hong Kong as outlined in the bill, H.R. 3289 would prohibit individuals or entities in the United States from engaging in activities that would otherwise be permitted under current law, such as accessing property that would be frozen by the sanctions. Such a prohibition is a mandate defined in the Unfunded Mandates Reform Act (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 may no longer engage in transactions prohibited by the bill. Because the sanctions focus only on persons in foreign countries who have committed violations outlined in the bill, CBO expects that the number of individuals or entities in the United States affected by the legislation would be small, and the loss of income from any incremental restrictions imposed by the bill would be small as well. Therefore, CBO estimates that the aggregate cost of the mandates would fall well below the annual threshold established in UMRA for private-sector mandates (\$164 million in 2019, adjusted annually for inflation).

H.R. 3289 contains no intergovernmental mandates as defined in UMRA.

On October 8, 2019, CBO transmitted a cost estimate for [S. 1838, the Hong Kong Human Rights and Democracy Act of 2019](#), as reported by the Senate Committee on Foreign Relations on September 26, 2019. The two bills are similar, and CBO's estimates of the costs of implementing them are the same.

The CBO staff contacts for this estimate are Sunita D'Monte (for federal costs) and Brandon Lever (for mandates). The estimate was reviewed by Leo Lex, Deputy Assistant Director for Budget Analysis.