

H.R. 4862, United States-Jordan Defense Cooperation Extension Act
 As ordered reported by the House Committee on Foreign Affairs on October 30, 2019

By Fiscal Year, Millions of Dollars	2020	2020-2024	2020-2029
Direct Spending (Outlays)	*	*	*
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	*	*	*
Spending Subject to Appropriation (Outlays)	*	*	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?	No
* = between zero and \$500,000.			

H.R. 4862 would renew through 2024 the Administration’s authority to expedite military sales to Jordan and to waive or reduce certain surcharges on sales of military equipment from Department of Defense (DoD) stocks. That authority expired in February 2019. The bill also would require the U.S. International Development Finance Corporation to explore purchasing equity in financial entities that invest in projects in Jordan and to report to the Congress on its actions.

DoD charges foreign nations for a portion of the cost to develop the items purchased from its inventory. Those collections are deposited into the Special Defense Acquisition Fund; amounts in the fund can be spent—subject to appropriation—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, which would be classified as an increase in direct spending. DoD indicated that if it waives the surcharge for some customers it will increase the amount charged to others so that the lost collections would eventually be recouped on subsequent sales. Those effects also would be treated as direct spending. However, the Administration indicated that this authority has not been used because Jordan purchases military equipment through a program that is exempt from those surcharges.

Because we expect that Jordan is likely to continue purchasing through that program, CBO estimates that enacting that provision would have insignificant effects on direct spending over the 2020-2029 period.

Finally, on the basis of information about costs to prepare similar reports, CBO estimates that reporting to the Congress on equity investments in Jordan would cost less than \$500,000 over the 2020-2024 period; such spending would be subject to the availability of appropriated funds.

The CBO staff contact for this estimate is Sunita D'Monte. The estimate was reviewed by Leo Lex, Deputy Assistant Director for Budget Analysis.