CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

June 28, 2013

H.R. 850
Nuclear Iran Prevention Act of 2013

As ordered reported by the House Committee on Foreign Affairs on May 22, 2013

H.R. 850 would amend and expand existing sanctions against Iran. CBO estimates that implementing the bill would have discretionary costs of about $22 million over the 2014-2018 period, assuming appropriation of the estimated amounts. Pay-as-you-go procedures apply to this legislation because it would affect direct spending and revenues; however, CBO estimates that those effects would not be significant.

The estimated budgetary impact of H.R. 850 is shown in the following table. The costs of this legislation fall primarily within budget functions 150 (international affairs), 400 (transportation), and 800 (general government).

	By Fiscal Year, in Millions of Dollars					
	2014	2015	2016	2017	2018	2014-2018
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Estimated Authorization Level	5	5	5	5	5	25
Estimated Outlays	3	4	5	5	5	22

Several provisions of H.R. 850 would increase administrative costs of the Department of State, the Department of the Treasury, and the Department of Transportation. CBO's estimate of the bill's costs is based on information from those agencies.

Sanctions required under H.R. 850 would probably increase the number of people who would be denied a visa by the Secretary of State. Most visa fees are retained by the department and spent without further appropriation, but some fees are deposited in the Treasury as revenues. CBO estimates that implementing those sanction provisions would affect very few people and, thus, have an insignificant budgetary effect.

Because the bill would expand the types of prohibited activities involving Iran that are subject to civil and criminal penalties under current law, it could increase revenues and direct spending from the collection of those penalties; however, CBO estimates that the net budgetary effect of any additional penalties would be negligible for each year.

By expanding existing prohibitions on transactions with persons or entities associated with the government of Iran, and increasing the number of entities responsible for complying with those prohibitions, the bill would impose both intergovernmental and private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). The bill would modify certain existing financial transactions, prohibit the importation of goods or services from sanctioned entities, and ban activities that may aid in Iran's mining or milling of uranium.

Individuals and entities engaged in ongoing transactions with potentially sanctioned entities could be required to terminate such transactions based on new requirements outlined in the bill. Because the number of private and public entities engaged in those transactions is probably very small, CBO expects that the estimated costs of the intergovernmental and private-sector mandates in H.R. 850 would fall below the annual thresholds established in UMRA ($75 million for intergovernmental mandates and $150 million for private-sector mandates in 2013, adjusted annually for inflation).

The CBO staff contacts for this estimate are Sunita D'Monte, Pamela Greene, Matthew Pickford, and Sarah Puro (for federal costs), J'nell Blanco (for the intergovernmental impact), and Marin Burnett (for the private-sector impact). This estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.