Congressional Budget Office
Cost Estimate

August 8, 2023

S. 416, Holding Accountable Russian Mercenaries Act

As reported by the Senate Committee on Foreign Relations on July 25, 2023

By Fiscal Year, Millions of Dollars	2023	2023-2028	2023-2033
Direct Spending (Outlays)	0	*	*
Revenues	0	*	*
Increase or Decrease (-) in the Deficit	0	*	*
Spending Subject to Appropriation (Outlays)	0	1	not estimated

Increases *net direct spending* in any of the four consecutive 10-year periods beginning in 2034?	< $2.5 billion	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 2034?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	Yes, Under Threshold

* = between -$500,000 and $500,000.

S. 416 would require the Department of State to designate the Wagner Group, a paramilitary organization affiliated with the Russian government, as a foreign terrorist organization. It would require the department to provide the Congress a plan for increasing the number of employees who monitor the group and for intensifying its diplomatic efforts to persuade foreign governments and international organizations to counter Russian mercenary groups. The bill also would require the department to establish a task force on countering such mercenary groups and to provide several reports to the Congress on the department's efforts to do so.

Although the Administration has sanctioned the Wagner Group under existing authorities, it might broaden their application if the group is designated as a foreign terrorist organization. Under additional sanctions, more people would be denied visas by the Department of State, resulting in an insignificant decrease in revenues from fees. Although most visa fees are retained by the Department of State and spent, some collections are deposited into the Treasury as revenues. Denying foreign nationals entry into the United States also would reduce direct spending on federal benefits (emergency Medicaid or federal subsidies for health insurance, for example) for which those people might otherwise be eligible.

See also
CBO's Cost Estimates Explained, *CBO Describes Its Cost-Estimating Process*, *Glossary*

Sanctions under the bill also would increase the number of people who are subject to civil or criminal monetary penalties. Those penalties are recorded as revenues, and a portion can be spent without further appropriation. In addition, the bill would block transactions in certain assets and property that are in the United States or that come under the control of people in the United States.

Using data about similar measures, CBO estimates that any additional sanctions imposed under the bill would affect a small number of people; thus, enacting S. 416 would have insignificant effects on revenues and direct spending, and would, on net, reduce deficits by insignificant amounts over the 2023-2033 period.

On the basis of information about the cost of establishing task forces and providing reports similar to those that would be authorized by S. 416, CBO estimates that fulfilling those requirements would cost less than $500,000 each year and total $1 million over the 2023-2028 period. Such spending would be subject to the availability of appropriated funds.

S. 416 would impose a private-sector mandate as defined in the Unfunded Mandates Reform Act (UMRA). It would prohibit individuals or entities in the United States from engaging in transactions involving assets and property that have been frozen by sanctions resulting from the bill. Those transactions are otherwise permitted under current law. The cost of the mandate would be any income lost as a consequence. CBO expects that because a small number of people or entities would be affected, the loss of income from any incremental increase in restrictions imposed by the bill would be small as well. CBO estimates that the cost of the mandate would fall well below the annual threshold established in UMRA for private-sector mandates ($198 million in 2023, adjusted annually for inflation).

S. 416 contains no intergovernmental mandates as defined in UMRA.

The CBO staff contacts for this estimate are Sunita D'Monte and Emma Uebelhor (for federal costs) and Brandon Lever (for mandates). The estimate was reviewed by Christina Hawley Anthony, Deputy Director of Budget Analysis.

Phillip L. Swagel
Director, Congressional Budget Office