



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 4, 2018

H.R. 5841 **Foreign Investment Risk Review Modernization Act of 2018**

As passed the U.S. House of Representatives on June 26, 2018

H.R. 5841 aims to expand, modernize, and strengthen the operations of the Committee on Foreign Investment in the United States (CFIUS), an interagency committee that considers the national security implications of foreign investment in the United States. In addition, the act would codify and make small changes to the existing export control system and would delay the effective date of a regulation issued by the National Credit Union Administration (NCUA).

CBO estimates that implementing all provisions of H.R. 5841, other than title VII, would have no significant effect on the federal budget because similar provisions have recently been enacted. Enacting title VII would affect direct spending; therefore, pay-as-you-go procedures apply. However, CBO estimates that those provisions would have no net cost over the 2019-2023 period. Enacting H.R. 5841 would not affect revenues.

CBO estimates that enacting H.R. 5841 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2029.

H.R. 5841 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA).

Additional fees assessed by the NCUA to offset the costs associated with implementing the bill would increase the cost of an existing mandate on the federally chartered credit unions that are required to pay those fees. CBO estimates that those costs would fall below the annual threshold established in UMRA for private-sector mandates (\$160 million in 2018, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary effect of H.R. 5841 is shown in the following table. The costs of the legislation fall within budget function 370 (commerce and housing credit).

	By Fiscal Year, in Millions of Dollars												
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2019-2023	2019-2028
INCREASES OR DECREASES (-) IN DIRECT SPENDING													
Estimated Budget Authority	0	10	5	-10	-5	0	0	0	0	0	0	0	0
Estimated Outlays	0	10	5	-10	-5	0	0	0	0	0	0	0	0

BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 5841 will be enacted near the end of 2018. Estimated outlays are based on historical patterns for similar activities.

Section 701 would delay, from January 2019 until January 2021, the effective date of an NCUA rule that would change the capital requirements for credit unions. Those changes would increase the probability that a credit union would need to be resolved by the Share Insurance Fund. Spending by that fund is recorded in the budget as direct spending. However, the NCUA has the authority to collect premiums and fees from insured institutions to offset its costs of resolving failed institutions; those premiums and fees are recorded as offsets to direct spending. Because of the time it would take for the NCUA to set its assessments to recoup any additional resolution costs under H.R. 5841, CBO expects that there would be a one-year delay in collecting premiums and fees from credit unions. As a result, CBO estimates, over the 2019-2028 period, enacting the provisions of section 701 would have no significant net effect on the budget.

CBO estimates that implementing all other provisions in the legislation would have no significant effect on the federal budget because similar provisions were enacted in H.R. 5515, the John S. McCain National Defense Authorization Act for Fiscal Year 2019 (Public Law 115-232) on August 13, 2018.

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. The net changes in outlays that are subject to those pay-as-you-go procedures are shown in the above table.

INCREASE IN LONG-TERM DIRECT SPENDING AND DEFICITS

CBO estimates that enacting H.R. 5841 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2029.

MANDATES

H.R. 5841 contains no intergovernmental mandates as defined in the UMRA.

H.R. 5841 would impose a private-sector mandate as defined in UMRA. Additional fees levied by the NCUA to offset the costs associated with implementing the legislation would increase the cost of an existing mandate on federally chartered credit unions that pay those fees. CBO estimates that the additional cost of the mandate would fall below the annual threshold established in UMRA for private-sector mandates (\$160 million in 2018, adjusted annually for inflation).

H.R. 5841 would make review by CFIUS mandatory for certain private entities. However, because those duties are similar to requirements under current law, they would not constitute new mandates as defined in UMRA.

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