Congressional Budget Office
Cost Estimate

July 19, 2019

H.R. 3206, Protecting Europe's Energy Security Act of 2019

As ordered reported by the House Committee on Foreign Affairs on June 26, 2019

By Fiscal Year, Millions of Dollars	2019	2019-2024	2019-2029
Direct Spending (Outlays)	*	*	*
Revenues	*	*	*
Deficit Effect	*	*	*
Spending Subject to Appropriation (Outlays)	*	*	*

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. 3206 would require the President to impose sanctions on foreign persons (individuals or entities) who provide vessels to lay pipes for certain Russian energy pipelines. The President has the authority under current law to impose similar sanctions. By requiring such sanctions, CBO estimates that enacting H.R. 3206 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 the bill's enactment would have insignificant effects on both revenues and direct spending.

Imposing the sanctions required by H.R. 3206 would increase administrative costs of the Department of State and the Department of the Treasury. On the basis of the costs to implement similar legislation, CBO estimates that administering the specified sanctions would cost less than $500,000 over the 2019-2024 period. That spending would be subject to the availability of appropriated funds.

By imposing sanctions on certain foreign persons who have provided pipe-laying vessels to assist in construction of certain Russian energy pipelines, H.R. 3206 could 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 under 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 certain violations, CBO expects that the number of individuals or entities in the United States that could be affected by the legislation would be small. Furthermore, CBO expects that the loss of income from any incremental restrictions imposed by the bill would be small. 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. 3206 contains no intergovernmental mandates as defined in UMRA.

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.