CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

March 16, 2015

H.R. 757
North Korea Sanctions Enforcement Act of 2015

As ordered reported by the House Committee on Foreign Affairs on February 27, 2015

H.R. 757 would expand existing sanctions against North Korea. CBO estimates that implementing the bill would cost $10 million over the 2016-2020 period, assuming appropriation of the necessary 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.

Provisions of H.R. 757 would increase administrative costs of the Department of State and the Department of the Treasury. Based on information from the Administration, CBO estimates that the departments would hire 10 additional employees to implement the bill and would require additional appropriations averaging $2 million a year over the 2016-2020 period.

Sanctions required under the bill 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, however; thus, they would have an insignificant budgetary effect.

Because the bill would expand the types of prohibited activities involving North Korea 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.

H.R. 757 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments. The bill would impose private-sector mandates, as defined in UMRA, on entities that export goods or services sent as nonhumanitarian assistance. Specifically, it would prohibit entities in the United States from exporting defense-related items, data, and services that are sent as assistance to countries that provide military equipment to North Korea. The bill also would impose a mandate by requiring the President to revoke licenses for transactions that lack financial controls to ensure that such transactions will not facilitate the proliferation of weapons or human rights abuses by the North Korean government. The cost of the mandates would be the forgone net revenues from exports or transactions prohibited by the bill. Because of the small number of entities that would be affected and the broad scope of existing U.S. sanctions against North Korea, CBO expects that the aggregate cost of the mandates would fall below the annual threshold established in UMRA for private-sector mandates ($154 million in 2015, adjusted annually for inflation).

The CBO staff contacts for this estimate are Sunita D’Monte, Pamela Greene, and Matthew Pickford (for federal costs) and Paige Piper/Bach (for the private-sector impact). This estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.