



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

July 24, 2012

S. 3406
Russia and Moldova Jackson-Vanik Repeal
and Magnitsky Rule of Law Accountability Act of 2012

As reported by the Senate Committee on Finance on July 19, 2012

CBO estimates that implementing S. 3406 would cost \$7 million over the 2013-2017 period, assuming appropriation of the necessary amounts. The bill would affect direct spending and revenues; therefore, pay-as-you-go procedures apply, but CBO estimates that any such effects would not be significant in any year. S. 3406 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

S. 3406 would remove Moldova and the Russian Federation from the list of countries specified under title IV of the Trade Act of 1974 (the Jackson-Vanik amendment), thereby granting them permanent normal trade relations (NTR) with the United States. Those countries have had NTR status with the United States for about 20 years, and CBO's baseline reflects the expectation that they will maintain that status. Establishing permanent NTR with Moldova and the Russian Federation could potentially increase tariff collections by lifting quotas on certain imported goods. CBO estimates, however, that any such effects would be insignificant over the 2013-2022 period.

Title III of S. 3406 would require the Departments of State and Treasury to compile, publish, and annually report on a list of persons responsible for the death of Sergei Magnitsky or human rights violations in foreign countries. Listed persons would be ineligible for entry into the United States, have any existing visas revoked, and have their assets frozen.

Based on information from the Departments of State, Treasury, and Commerce, as well as the U.S. Trade Representative (USTR), CBO estimates that implementing title III of S. 3406 would cost a total of \$7 million over the 2013-2017, assuming appropriation of the necessary amounts. That amount includes affected agencies' costs to hire additional staff, complete required reports, hold public hearings, and establish and maintain a secure phone line and Web site related to activities under the bill. CBO also expects that enacting S. 3406 would decrease revenues from visa fees and increase revenues from civil and

criminal penalties imposed on those who violate the regulations. CBO estimates that the provisions would affect few people and that revenues deposited in the Treasury would not be significant in any year. The legislation also would increase direct spending from criminal penalties, which are deposited in the Crime Victims Fund and spent in subsequent years. However, CBO expects that any net effects associated with collecting and spending such penalties would not be significant in any year.

Title III of S. 3406 is similar to two other bills for which CBO has prepared cost estimates. On July 5, 2012, CBO transmitted a cost estimate for S. 1039, the Sergei Magnitsky Rule of Law Accountability Act of 2012, as reported by the Senate Committee on Foreign Relations on June 26, 2012. That bill is identical to title III of S. 3406, and our cost estimates are the same. On June 29, 2012, CBO transmitted a cost estimate for H.R. 4405, the Sergei Magnitsky Rule of Law Accountability Act of 2012, as ordered reported by the House Committee on Foreign Affairs on June 7, 2012. Because the provisions of H.R. 4405 would apply only to human rights violations in the Russian Federation, our estimate of costs under that bill is lower.

The CBO staff contacts for this estimate are Sunita D'Monte, Matthew Pickford, and Susan Willie. This estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.