

### At a Glance

## H.R. 402, Countering Russian and Other Overseas Kleptocracy Act

As ordered reported by the House Committee on Foreign Affairs on April 21, 2021

By Fiscal Year, Millions of Dollars	2021	2021-2026	2021-2031
Direct Spending (Outlays)	0	55	145
Revenues	0	90	180
Increase or Decrease (-) in the Deficit	0	-35	-35
Spending Subject to Appropriation (Outlays)	*	5	not estimated
Statutory pay-as-you-go procedures apply?	Yes	<b>Mandate Effects</b>	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2032?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No

\* = between zero and \$500,000.

#### The bill would

- Impose new penalties for certain criminal violations
- Authorize the Department of State to spend amounts collected from those penalties to reduce corruption by public officials in foreign countries
- Establish an interagency task force to coordinate federal efforts to help foreign countries reduce corruption

#### Estimated budgetary effects would mainly stem from

- Increases in revenues from penalties
- Spending to reduce corruption

#### Areas of significant uncertainty include

- Estimating the number of entities that would be charged additional penalties
- Anticipating the extent to which new penalties under the bill would reduce the collection of related, existing penalties

**Detailed estimate begins on the next page.**

### Bill Summary

H.R. 402 would impose new penalties and allow the Department of State to use those collections to reduce corruption by public officials in foreign countries. It also would require the Department of State to establish an interagency task force to coordinate all federal efforts to help foreign countries reduce corruption. CBO estimates that enacting H.R. 402 would increase revenues by \$180 million over the 2021-2031 period and direct spending by \$145 million over the same period. CBO further estimates that implementing the bill would cost a total of \$5 million over the 2021-2026 period, subject to the availability of appropriated funds.

### Estimated Federal Cost

The estimated budgetary effect of H.R. 402 is shown in Table 1. The costs of the legislation fall primarily within budget function 150 (international affairs).

<b>Table 1. Estimated Budgetary Effects of H.R. 402</b>													
<b>By Fiscal Year, Millions of Dollars</b>												2021-2026	2021-2031
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031		
<b>Increases in Direct Spending</b>													
Estimated Budget Authority	0	18	18	18	18	18	18	18	18	18	18	90	180
Estimated Outlays	0	1	4	14	18	18	18	18	18	18	18	55	145
<b>Increases in Revenues</b>													
Estimated Revenues	0	18	18	18	18	18	18	18	18	18	18	90	180
<b>Net Decrease (-) in the Deficit From Changes in Direct Spending and Revenues</b>													
Effect on the Deficit	0	-17	-14	-4	0	0	0	0	0	0	0	-35	-35
<b>Increases in Spending Subject to Appropriation</b>													
Estimated Authorization	*	1	1	1	1	1	n.e.	n.e.	n.e.	n.e.	n.e.	5	n.e.
Estimated Outlays	*	1	1	1	1	1	n.e.	n.e.	n.e.	n.e.	n.e.	5	n.e.

Components may not sum to totals because of rounding; n.e. = not estimated.  
\* = between zero and \$500,000.

## **Basis of Estimate**

For this estimate, CBO assumes that the bill will be enacted near the start of fiscal year 2022 and that new penalties would first be collected in 2022.

### **Direct Spending and Revenues**

H.R. 402 would impose new penalties and allow those collections to be spent to reduce corruption such as embezzlement, bribery, and extortion involving public officials in foreign countries. CBO estimates that enacting the bill would increase revenues by \$180 million and increase direct spending by \$145 million over the 2021-2031 period.

**Revenues from Penalties.** Section 5 would levy an additional penalty of \$5 million on any person or entity that is fined more than \$50 million under the Foreign Corrupt Practices Act or under certain sections of the Securities and Exchange Act of 1934. Those penalties would be recorded as revenues in the budget. Using information from the Department of Justice and the Securities and Exchange Commission, CBO estimates that an average of four such penalties would be imposed each year, increasing revenues by \$20 million annually. However, CBO expects that those collections would slightly reduce collections under current law from existing criminal penalties. In some cases, the sanctioned persons or entities would be unable to pay the full amount of all penalties imposed by the law; thus, imposing the new penalties would, in aggregate, slightly reduce other fines that would be collected under current law. (Most criminal fines are deposited in the Crime Victims Fund and later spent without further appropriation.) In total, imposing the new penalties would increase net revenues by \$18 million each year, CBO estimates.

**Direct Spending to Reduce Corruption.** Under the bill, the new penalties would be deposited into a new Anti-Corruption Action Fund. Those amounts—which CBO estimates would total \$20 million annually—would be available to the Department of State to help foreign countries reduce corruption. On the basis of information about similar activities undertaken by the department, CBO estimates that spending from the fund would total \$160 million over the 2021-2031 period.

CBO also estimates that reducing fines collected under current law (because some of those fined would be unable to pay in full) would reduce direct spending from the Crime Victims Fund by \$15 million over the 2021-2031 period.

On net, CBO estimates that enacting the bill would increase direct spending by \$145 million over the budget window.

### **Spending Subject to Appropriation**

H.R. 402 would require the Department of State to establish an interagency task force to coordinate and evaluate the federal government's efforts to help foreign countries reduce corruption. In addition, the bill would require the department to designate and train its

employees working overseas to coordinate federal efforts towards that goal. Finally, the bill would require the department to report to the Congress on its implementation of the bill and on the progress foreign countries have made towards reducing corruption.

On the basis of information about the cost of similar interagency efforts and reporting requirements, CBO estimates that implementing H.R. 402 would cost about \$1 million each year and total \$5 million over the 2021-2026 period; such spending would be subject to the availability of appropriated funds.

### 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 and revenues that are subject to those pay-as-you-go procedures are shown in Table 2.

**Table 2.**  
**CBO’s Estimate of the Statutory Pay-As-You-Go Effects of H.R. 402, the Countering Russian and Other Overseas Kleptocracy Act, as Ordered Reported by the House Committee on Foreign Affairs on April 21, 2021**

	By Fiscal Year, Millions of Dollars											2021-2026	2021-2031
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031		
	<b>Net Decrease (-) in the Deficit</b>												
Pay-As-You-Go Effect	0	-17	-14	-4	0	0	0	0	0	0	0	-35	-35
<b>Memorandum:</b>													
Changes in Outlays	0	1	4	14	18	18	18	18	18	18	18	55	145
Changes in Revenues	0	18	18	18	18	18	18	18	18	18	18	90	180

**Increase in Long-Term Deficits:** None.

**Mandates:** None.

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