CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

May 13, 2009

H.R. 1327
Iran Sanctions Enabling Act of 2009

As ordered reported by the House Committee on Financial Services on April 28, 2009

H.R. 1327 would authorize state and local governments to adopt or enforce measures to sell certain of their investments in Iran's energy sector—or prohibit buying such investments—without concern that they are interfering with the federal government's conduct of foreign affairs. Specifically, state and local governments could divest themselves of investments in any organization that has an investment in Iran's energy sector worth more than $20 million, any organization that provides specified equipment for transport of oil or liquefied natural gas from Iran, or any financial institution that for 45 days or more extends $20 million or more in credit to an organization that will use that credit to invest in Iran's energy sector.

The bill also would amend the Investment Company Act of 1940 to prohibit lawsuits against registered investment companies or their asset managers for breach of fiduciary responsibility solely on the basis that the investment company has divested from or avoided investing in Iran's energy sector.

Based on information from the Securities and Exchange Commission, CBO estimates that implementing the regulations necessary to carry out the bill's provisions would not have a significant effect on the federal budget. Enacting the bill would not affect direct spending or receipts. H.R. 1327 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

The CBO staff contact for this estimate is John Chin. This estimate was approved by Peter H. Fontaine, Assistant Director for Budget Analysis.