



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 10, 2005

H.R. 889

Coast Guard and Maritime Transportation Act of 2005

*As ordered reported by the House Committee on Transportation and Infrastructure
on May 18, 2005*

SUMMARY

H.R. 889 would authorize the appropriation of about \$7.7 billion for discretionary activities of the U.S. Coast Guard (USCG) for fiscal year 2006. CBO estimates that appropriation of the authorized amounts would result in outlays of \$4.8 billion in fiscal year 2006 and \$7.5 billion over the 2006-2010 period. (About \$200 million would be spent after 2010.) CBO expects that enacting H.R. 889 would increase offsetting receipts collected from Coast Guard inspection and certification fees by less than \$500,000 a year. (Such collections are a credit against direct spending.) Enacting this legislation would not affect revenues.

H.R. 889 contains an intergovernmental mandate as defined in the Unfunded Mandates Reform Act (UMRA), but CBO estimates that the costs to state, local, and tribal governments would be insignificant. The bill contains no new private-sector mandates as defined in UMRA.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary effects of H.R. 889 are summarized in the following table. The costs of this legislation fall within budget functions 300 (natural resources and environment) and 400 (transportation). The amount authorized by the bill for USCG retirement is not included in the table because such pay is an entitlement under current law and is not subject to appropriation.

	By Fiscal Year, in Millions of Dollars					
	2005	2006	2007	2008	2009	2010
SPENDING SUBJECT TO APPROPRIATION						
USCG Spending Under Current Law						
Budget Authority/Authorization Level ^a	6,515	29	0	0	0	0
Estimated Outlays	6,104	1,932	765	318	133	56
Proposed Changes						
Authorization Level	0	7,658	0	0	0	0
Estimated Outlays	0	4,763	1,414	715	403	200
USCG Spending Under H.R. 889						
Authorization Level	6,515	7,687	0	0	0	0
Estimated Outlays	6,104	6,695	2,179	1,033	536	256

a. The 2005 level is the amount appropriated for that year. The \$29 million shown for 2006 is the amount already authorized to be appropriated from the Oil Spill Liability Trust Fund for Coast Guard operating expenses and research.

BASIS OF ESTIMATE

Spending Subject to Appropriation

The total authorization level shown in the table for 2006 is the sum of all amounts stated in the bill for USCG discretionary accounts, excluding \$29 million to be derived from the Oil Spill Liability Trust Fund (OSLTF). (This amount, which consists of \$24.5 million for operating expenses and \$3.5 million for research, is already authorized under existing law.) Estimated outlays are based on historical spending patterns for the Coast Guard.

H.R. 889 would authorize the appropriation of about \$5.7 billion for USCG operations, including \$119 million for reserve training and \$12 million for environmental compliance. The bill also would authorize about \$2 billion for capital acquisitions and other multiyear projects, including \$24 million for research activities and \$36 million for bridge alterations. Finally, the bill would authorize \$4 million for a pilot program for long-range tracking of vessels using satellites and \$625,000 for a study on how marine casualty investigations are carried out. Of the amounts authorized, \$48.5 million would be derived from the OSLTF, but \$29 million of that amount is already authorized to be appropriated from the trust fund by the Oil Pollution Act of 1990.

The bill would authorize the appropriation of about \$1 billion for Coast Guard retirement benefits in 2006, but that amount is excluded from this estimate because such benefits are considered an entitlement under current law and are not subject to appropriation. Thus, the authorization has no additional budgetary impact.

Direct Spending

H.R. 889 would expand the coverage of USCG regulatory authority to include certain ferries that do not charge passenger fees. Under existing law, these ferries are not regulated by the agency because they are not considered to be commercial vessels. CBO expects that implementing this change would require the Coast Guard to certify and inspect about 25 ferries. Assuming that the agency charges its standard published fees for these services, we estimate that offsetting receipts (net of collection costs) would increase by less than \$200,000 a year.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

Subjecting ferries that do not charge passengers a fee to Coast Guard regulation would constitute an intergovernmental mandate as defined in UMRA. The approximately 25 ferries that state and local entities now operate (without charge) would be subject to inspections by the Coast Guard and various reporting requirements. The Coast Guard also has the authority to charge fees for these inspections, although it is unclear if it would extend those fees to public entities. In any case, CBO estimates that the total costs to state, local, and tribal governments would not be significant and would not exceed the threshold established in UMRA (\$62 million in 2005, adjusted annually for inflation).

Provisions in several other sections would effect individual state and local governments. Any costs incurred would be minimal and voluntary.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

This bill contains no new private-sector mandates as defined in UMRA.

ESTIMATE PREPARED BY:

Federal Costs: Deborah Reis

Impact on State, Local, and Tribal Governments: Sarah Puro

Impact on the Private Sector: Craig Cammarata

ESTIMATE APPROVED BY:

Peter H. Fontaine

Deputy Assistant Director for Budget Analysis