



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 22, 2006

S. 2803

Mine Improvement and New Emergency Response Act of 2006

*As cleared by the Congress on June 7, 2006,
and signed by the President on June 15, 2006*

SUMMARY

S. 2803, signed into law as Public Law 109-236, requires operators of underground coal mines to improve accident preparedness. The legislation requires mining companies to develop an emergency response plan specific to each mine they operate, and requires that every mine have at least two rescue teams located within one hour. This act also limits the legal liability of rescue team members and the companies that employ them. It increases both civil and criminal penalties for violations of federal mining safety standards and gives the Mine Safety and Health Administration (MSHA) the ability to temporarily close a mine that fails to pay the penalties or fines. In addition, the law requires several studies into ways to enhance mine safety, as well as the establishment of a new office within the National Institute for Occupational Safety and Health devoted to improving mine safety. Finally, the law establishes new scholarship and grant programs devoted to training individuals with respect to mine safety.

By increasing civil and criminal penalties, CBO estimates that Public Law 109-236 will increase federal revenues by \$1 million in 2006, by \$27 million over the 2006-2011 period, and by \$53 million through 2016. (Civil and criminal penalties are recorded by the federal budget as revenues.) Funds collected through increases in criminal penalties are deposited in the Crime Victims Fund and subsequently spent. CBO estimates that the law will increase direct spending by about \$5 million over the 2007-2011 period, and by \$10 million over the 2007-2016 period.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The following table summarizes the estimated effects of the act on revenues and direct spending.

	By Fiscal Year, in Millions of Dollars										
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Changes in revenues	1	5	5	5	5	5	5	5	5	5	5
Changes in outlays	0	*	1	1	1	1	1	1	1	1	1

Note: * = less than \$500,000.

Under prior law, civil penalties for mine safety violations were capped at \$60,000 per violation. This legislation raises that ceiling to \$220,000. It also increases minimum civil penalties for certain violations from \$60 to \$2,000. Further, the law raises criminal penalties from \$25,000 to \$250,000 for a first conviction and from \$50,000 to \$500,000 for successive violations.

CBO estimates that these changes will increase federal revenues by \$1 million in 2006, by \$27 million over the 2006-2011 period, and by \$53 million over the 2006-2016 period. Civil penalties are recorded in the federal budget as revenues. Criminal penalties are recorded in the budget as revenues, deposited in the Crime Victims Fund, and later spent. CBO estimates that the additional criminal penalties collected as a result of the law will increase direct spending from the Crime Victims Fund by about \$5 million over the 2007-2011 period, and about \$10 million through 2016.

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