



CONGRESSIONAL BUDGET OFFICE  
COST ESTIMATE

June 4, 2002

**S. 2329**

**Ship, Seafarer, and Container Security Act**

*As ordered reported by the Senate Committee on Commerce, Science, and Transportation  
on May 17, 2002*

S. 2329 would address security issues relating to vessels entering U.S. ports. CBO estimates that implementing the legislation would cost about \$1 million over fiscal years 2003 and 2004. The bill would not affect direct spending or receipts; therefore, pay-as-you-go procedures would not apply.

S. 2329 would require certain types of vessels operating in U.S. waters to install automatic identification systems (transponders) by December 31, 2004. The bill also would require the Secretary of Transportation to negotiate international agreements that provide greater security regarding seafarer identification, ship registration, and the integrity of cargo containers.

Finally, section 6 of the bill would require the U.S. Coast Guard to establish a system for evaluating potential threats to national security from vessels in U.S. waters and a system of security zones for U.S. ports and waters. The bill would allow the Coast Guard to make grants for research and development of security methods and would authorize the appropriation of \$1 million in 2003 for that purpose. The Coast Guard would be required to report to the Congress on activities carried out under this section.

CBO estimates that implementing the grant program would cost the federal government \$1 million over fiscal years 2003 and 2004, assuming appropriation of the authorized amount. Other provisions of the bill would have no significant effect on the federal budget because the Department of Transportation (DOT) is already carrying out the negotiations and other activities (such as developing security zones) necessary to implement them.

Under current law, a phased-in program for installing transponders on vessels would begin in 2004 and end in 2008. The requirement to accelerate the date by which transponders must be installed would be both an intergovernmental and private-sector mandate as defined by UMRA because vessel owners include both public and private-sector entities. According to

DOT, the cost of a transponder ranges from \$5,000 to \$12,000. The Secretary would determine which vessels would have to be equipped with a transponder after the bill is enacted.

CBO estimates that the costs to install transponders on the small number of vessels owned by state and local governments would not exceed the threshold for intergovernmental mandates established in UMRA (\$58 million in 2002, adjusted annually for inflation). Because DOT would decide which types of privately owned vessels would be affected, CBO cannot determine whether the costs of the mandate would exceed the threshold for private-sector mandates established by UMRA (\$115 million in 2002, adjusted annually for inflation).

On April 11, 2002, CBO transmitted a cost estimate for H.R. 3983, the Maritime Transportation Antiterrorism Act of 2002, as ordered reported by the House Committee on Transportation and Infrastructure on March 20, 2002. S. 2329 and H.R. 3983 contain similar provisions requiring certain vessels to carry automatic identification systems. CBO estimates that neither version of the transponder requirement would result in any significant cost to the government because the Coast Guard is already implementing this requirement. CBO could not estimate the cost of this mandate in either bill. The House bill includes additional mandates that encompass a broader range of security measures.

The CBO staff contacts for this estimate are Deborah Reis (for federal costs), Susan Sieg Tompkins (for the state and local impact), and Cecil McPherson (for the private-sector impact). This estimate was approved by Robert A. Sunshine, Assistant Director for Budget Analysis.