CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

July 17, 2006

H.R. 5018
American Fisheries Management and Marine Life Enhancement Act

As ordered reported by the House Committee on Resources on April 4, 2006

SUMMARY

H.R. 5018 would amend the Magnuson-Stevens Act (MSA) and authorize appropriations for MSA fisheries programs carried out by the National Oceanic and Atmospheric Administration (NOAA). CBO estimates that appropriation of the amounts authorized by the bill would cost $228 million in fiscal year 2007 and about $1.8 billion over the 2007-2011 period.

Several provisions of H.R. 5018 also would increase collections of civil penalties, regulatory fees, and nonfederal contributions. Because NOAA would have authority to spend most of those additional collections, CBO estimates that enacting these provisions would have an insignificant net impact on the federal budget.

H.R. 5018 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA); the bill would benefit state, local, or tribal governments, and any costs would be incurred voluntarily.

H.R. 5018 would impose private-sector mandates as defined in UMRA. It would require certain commercial and recreational fishers in the United States to participate in data collection programs. It also would require individuals to pay quota origination and transfer fees for participation in a fishery under the limited access privilege program (LAPP), as well as authorize the Secretary to collect observer fees in all U.S. fisheries. It would prohibit the sale of recreationally caught fish, and it would prohibit the use of retired fishing vessels. It would restrict local fishers off of Navassa Island by making them subject to the regulations of the Magnuson-Stevens Act. Based on information from industry and government sources, CBO estimates the direct cost of complying with those mandates would fall below the annual threshold for private-sector mandates established in UMRA ($128 million in 2006, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 5018 is shown in the following table. The costs of this legislation fall within budget function 300 (natural resources and environment).

	By Fiscal Year, in Millions of Dollars					
	2006	2007	2008	2009	2010	2011
CHANGES IN SPENDING SUBJECT TO APPROPRIATION [a, b]						
MSA Spending Under Current Law						
Budget Authority [c]	335	0	0	0	0	0
Estimated Outlays	322	115	46	14	7	6
Proposed Changes:						
MSA Reauthorization						
Authorization Level	0	339	366	395	428	462
Estimated Outlays	0	220	312	371	408	445
Recreational Fishing Survey						
Authorization Level	0	5	5	5	5	5
Estimated Outlays	0	3	4	5	5	5
Socioeconomic Data Collection						
Authorization Level	0	2	2	2	2	2
Estimated Outlays	0	2	2	2	2	2
Grants to Minimize Bycatch						
Authorization Level	0	10	10	10	10	10
Estimated Outlays	0	3	7	10	10	10
Total Changes						
Authorization Level	0	356	383	412	445	479
Estimated Outlays	0	228	325	388	425	462
MSA Spending Under H.R. 5018						
Authorization Level [c]	335	356	383	412	445	479
Estimated Outlays	322	343	371	402	432	468

NOTE: MSA = Magnuson-Stevens Act.

a. Enacting H.R. 5018 would result in small changes in revenues and related direct spending. CBO estimates that the changes would be less than $500,000 annually and would offset each other in most fiscal years.

b. H.R. 5018 would also change the classification of about $7 million a year in revenues by directing that such amounts be recorded in the budget as offsetting collections. Following scorekeeping rule 13, such reclassifications in legislation are not counted for purposes of Congressional scorekeeping.

c. The 2006 level is the amount appropriated for that year for programs carried out under the MSA.

BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 5018 will be enacted by the end of fiscal year 2006 and that the amounts authorized by the bill will be appropriated for each year. Estimated outlays are based on historical spending patterns for NOAA fisheries programs.

Spending Subject to Appropriation

H.R. 5018 would authorize annual appropriations of between $356 million and $479 million over the 2007-2011 period for MSA programs. CBO estimates that appropriation of these amounts would cost $228 million in 2007 and $1.8 billion over the 2007-2011 period.

Of the amounts specified for each year, between $339 million and $462 million would be authorized to carry out the MSA as amended by H.R. 5018. These amounts would fund conservation and management programs of the MSA as well as new programs or requirements to be carried out by NOAA. Major new activities would include:

- Financial assistance to fishermen, charter operators, and related businesses for losses resulting from coastal disasters,
- A research program to identify and collect information on marine ecosystems, and
- An independent peer review of NOAA's assessments of regional fishery stocks.

In addition, the bill would authorize the appropriation of $17 million a year for three new programs:

- $5 million for a survey on recreational fishing,
- $2 million for fisheries councils to collect socioeconomic data on fishing communities, and
- $10 million for grants to nonfederal entities to develop fishing gear to minimize unintentional catches of other species, including seabirds.

Revenues and Direct Spending

Limited Access Privilege Programs Fees. Section 7 of the bill would amend the statute governing fees collected under NOAA's limited access privilege programs. Those programs are used by NOAA to manage regulated fisheries by dividing shares of the annual allowable catch among commercial fishermen. Under current law, fees collected under LAPP are considered revenues and are spent without further appropriation to administer the programs.

Section 7 would require NOAA to collect additional fees from fishermen who hold individual fishing quotas (IFQs) under any LAPP established after the bill's enactment. The new fees would be equal to 1 percent of the value of a fisherman's annual quota. The 1 percent fee would be imposed when a quota is initially issued under the LAPP and again if that quota is transferred to another entity. Amounts collected from the new fees would be credited against the agency's appropriation and could be spent to implement the LAPP for the affected fishery.

CBO estimates that NOAA would collect less than $500,000 annually under section 7. Because these amounts would be available without further appropriation, we estimate that the net budgetary effect of this provision would be negligible in any fiscal year.

Also, section 7 would eliminate the existing IFQ fee that is collected from Alaska communities that are allocated quotas under the community development quota program. CBO estimates that the loss of that revenue would have a negligible impact on the budget.

Finally, section 7 would change the budgetary classification of the current annual fee on holders of IFQs. That fee is equal to 3 percent of the ex-vessel value of the annual catch. About $7 million a year in revenues is collected from this fee. Under the legislation, those amounts would become offsetting collections. The resulting decrease in revenues is not counted for purposes of Congressional consideration, however, pursuant to scorekeeping rule 13, which states that reclassifications are not counted for purposes of enforcing the budget resolution (see House Report 105-217, the conference report on the Balanced Budget Act of 1997, page 1011). Annual collections of this fee would continue to be available without further appropriation action.

Fishery Observer Fees. Section 9 would authorize NOAA to establish a funding system to recover the costs of stationing observers on board fishing vessels to collect data and enforce fishery management plans. The bill would establish a fishery observer fund, which could be credited with IFQ fees, private contributions, any fees that NOAA might impose under this section, and any interest earned on the fund's balances. Amounts in the fund would be available, subject to appropriation, to cover the costs of operating the observer program.

CBO expects that the general and permissive authority provided by section 9 would not result in the collection of any significant fees over the next several years because NOAA would not be required to charge new fees. CBO further expects that NOAA would not deposit any IFQ fees into the new fund because such amounts are already available to be spent without further appropriation but would require appropriation if deposited into the fund. CBO also expects that private foundations and other nonfederal entities would be unlikely to contribute significant amounts to the fund because spending those amounts would require future appropriation actions.

Civil Penalties. Section 12 would increase federal revenues by expanding the number of actions prohibited under the MSA that are subject to civil penalties. CBO estimates that any additional collections would total less than $500,000 a year. Because most amounts collected from such penalties would be retained by NOAA and spent without further appropriation, we estimate that this provision of the bill would have no significant impact on the federal budget.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

H.R. 5018 contains no intergovernmental mandates as defined in UMRA and would impose no costs on state, local, or tribal governments. The funds authorized by the bill would benefit states that implement fish conservation and management initiatives. Any costs they might incur would result from complying with conditions for receiving federal assistance.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

H.R. 5018 would impose private-sector mandates as defined in UMRA. It would:

- Require certain commercial and recreational fishers in the United States to participate in data collection programs;

- Require individuals to pay quota origination and transfer fees for participation in a fishery under the Limited Access Privilege program, as well as authorize the Secretary to collect observer fees in all U.S. fisheries;

- Prohibit the sale of recreationally caught fish, and prohibit the use of retired fishing vessels; and

- Restrict local fishers off of Navassa Island by promulgating the regulations of the Magnuson-Stevens Act upon their fishing activities.

Based on information from industry and government sources, CBO estimates the direct cost of complying with those mandates would fall below the annual threshold for private-sector mandates established in UMRA ($128 million in 2006, adjusted annually for inflation).

Data Collection Programs

Section 4 would require the Secretary to establish a program to improve the quality and accuracy of recreational fishing data collection programs. The program would increase the number of intercepts of fishers to estimate catch, use surveys that target fishers registered at the state level to collect participation and effort data, and require collection and analysis of vessel trip report data from for-hire vessels including party, head, and charter fishing vessels. The bill would prohibit the Secretary from collecting fees for the purpose of data collection, though costs may be incurred by thousands of individuals and charter fishing companies to comply with the program. Section 4 also would authorize the Secretary to require a vessel monitoring system similar to electronic monitoring technology on vessels participating in certain fisheries. These types of technologies are currently required for participation in some fisheries. Based on information from government sources, CBO estimates that the cost of these provisions would not be large.

Fees

Section 7 would amend the statute governing fees collected under the limited access privilege program. The new fees would be equal to 1 percent of the value of a fisherman's annual quota. The 1 percent fee would be imposed when a quota is initially issued under the LAPP and again if that quota is transferred to another entity.

In addition, section 9 would authorize the Secretary of Commerce to collect observer fees from operators of fishing vessels in all U.S. fisheries. The fees would be used to help pay for the cost of stationing observers on board fishing vessels and fish processors, as well as the cost of managing data collected by the observers.

Based on information from government sources, CBO estimates the direct cost to the private sector of these fees would be small.

Prohibitions

Section 12 would prohibit the sale or purchase of any fish caught in recreational fishing. According to government sources, most fisheries under U.S. jurisdiction have laws prohibiting the sale of fish caught by recreational fishers. The prohibition would affect certain fisheries in U.S. territories that do not have laws that prohibit the sale of recreationally caught fish.

Section 12 also would prohibit the use of any fishing vessel to engage in fishing in any part of the world after the Secretary of Commerce has made a payment to the owner to permanently retire that vessel. Currently, retired vessels may not be used in the fishery for which they were licensed when the owner agreed to retire their vessel. Some vessel owners, though, have sold their vessels to entities in other fisheries or to foreign fishing firms.

Based on information from government sources, CBO estimates that cost of these prohibitions to the private sector would not be large.

Regulation of Fisheries Adjacent to Navassa Island

Section 5 would restrict local fishers off of Navassa Island by making them subject to the regulations of the Magnuson-Stevens Act. Navassa Island is an uninhabited, unincorporated territory of the United States that lies off the West coast of Haiti. Most of the fishing off the small island is done by local, subsistence fishers from Haiti who are not currently regulated under the Act. If regulated under the Act, all individuals who fish in the waters off the island would be subject to the fishery management plan established for the Caribbean region. Because this provision would affect so few people, CBO estimates that the cost of this provision would be small.

PREVIOUS CBO ESTIMATE

On May 6, 2006, CBO transmitted a cost estimate for S. 2012, the Magnuson-Stevens Fishery Conservation and Managment Reauthorization Act of 2005, as reported by the Senate Committee on Commerce, Science, and Transportation on April 4, 2006. S. 2012 and H.R. 5018 would both reauthorize fisheries programs carried out by NOAA, but S. 2012 would cover programs covered by fisheries acts other than the MSA. Moreover, the bills would require NOAA to carry out different grant programs and studies. The CBO cost estimates reflect these differences.

Both S. 2012 and H.R. 5018 would restrict local fishers off Navassa Island by making them subject to the regulations of the Magnuson-Stevens Act. The bills also would increase data collection by the Secretary on recreational fishing, though S. 2012 would require certain recreational fishers in the United States to register in a federal recreational fishery registry. S. 2012 would require commercial fishing operations to submit to the Secretary of Commerce certain confidential and proprietary information. S. 2012 also would reauthorize an existing mandate on owners of vessels that fish for Dungeness crab by allowing the states of Washington, Oregon, and California to issue permits for Dungeness crab and to collect permit fees. Based on information from industry and government sources, CBO estimated the direct cost of complying with these mandates would fall below the annual threshold for private-sector mandates established in UMRA.

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