CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

August 17, 2006

Maritime Administration Improvement Act of 2006

As ordered reported by the Senate Committee on Commerce, Science, and Transportation on July 19, 2006

SUMMARY

The Maritime Administration Improvement Act would amend various laws governing the activities of the Maritime Administration (MARAD). Several provisions of the bill would allow MARAD to spend, without further appropriation actions, certain collections from regulatory fees and legal damages. CBO estimates that enacting these provisions would increase direct spending by $5 million over the 2007-2011 period and by $10 million over the 2007-2016 period. We estimate that implementing other provisions would have no significant impact on the federal budget because they would not change MARAD's responsibilities under maritime laws.

The legislation contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary effects of the legislation are shown in the following table. The costs of this legislation fall within budget function 400 (transportation).

	By Fiscal Year, in Millions of Dollars									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
CHANGES IN DIRECT SPENDING										
Estimated Budget Authority	1	1	1	1	1	1	1	1	1	1
Estimated Outlays	1	1	1	1	1	1	1	1	1	1

a. Enacting the bill also would change the classification of about $1 million a year in revenues by directing that those collections be recorded in the budget as an offset to spending. Following scorekeeping rule 13, such reclassifications in legislation are not counted for purposes of Congressional scorekeeping.

BASIS OF ESTIMATE

Several provisions of the legislation would provide a total of about $1 million of new budget authority for MARAD each year by allowing the agency to spend, without further appropriation, certain amounts it currently collects and deposits in the U.S. Treasury as revenues.

Section 11 would allow MARAD to spend payments for damages received for accidents that involve vessels that it owns or manages. Based on recent judgments and settlements for damages collected as a result of such incidents, CBO estimates that this new authority would increase direct spending by an average of $500,000 a year.

Sections 9 and 10 would authorize the agency to spend, without further appropriations action, certain administrative and regulatory fees. Amounts collected each year from such fees, including up to $400,000 annually from licences on deepwater port applications and up to $50,000 annually on waivers of coastwise trade restrictions, would be spent by MARAD on related regulatory programs. Based on the level of historical collections, CBO estimates that enacting these provisions would increase annual direct spending by less than $500,000 a year.

The bill also would change the budgetary classification of those administrative and regulatory fees. Such collections are currently considered revenues but under the legislation would become offsetting receipts (an offset to direct spending). The resulting decrease in revenues and corresponding decrease in outlays are 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).

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

The legislation contains no intergovernmental or private-sector mandates as defined in UMRA. Section 14 would provide Hawaii with additional flexibility in spending federal funds. Other provisions of the bill would not affect the budgets of state, local, or tribal governments.

PREVIOUS CBO ESTIMATE

On November 15, 2005, CBO transmitted a cost estimate for the Maritime Administration Enhancement Act of 2005, as ordered reported by the Senate Committee on Commerce, Science, and Transportation on July 21, 2006. The 2005 bill would authorize appropriations for MARAD programs for 2006; the 2006 bill contains no authorizations. Also, the 2005 bill would exempt MARAD from paying ad valorem taxes on certain materials and repairs for vessels that it operates, while the 2006 bill would not. Other provisions of the two bills are similar, as are the CBO cost estimates.

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