



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

July 14, 2005

S. 1280

Coast Guard Authorization Act of 2005

*As ordered reported by the Senate Committee on Commerce, Science,
and Transportation on June 23, 2005*

SUMMARY

S. 1280 would authorize appropriations for U.S. Coast Guard (USCG) activities for fiscal years 2006 and 2007. CBO estimates that appropriation of the authorized amounts would result in outlays of \$4.7 billion in fiscal year 2006 and \$14.6 billion over the 2006-2010 period. (About \$500 million of the authorized amounts would be spent after 2010.) Enacting S. 1280 would have no effect on direct spending. Because the bill would raise existing civil penalties for violations of the Maritime Transportation Security Act, its enactment could affect revenues, but we expect that any resulting increases would be less than \$500,000 annually.

S. 1280 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA). Any costs to state, local, and tribal governments would be incurred voluntarily.

S. 1280 would impose private-sector mandates, as defined in UMRA, on certain mortgage holders of vessels engaged in commerce in U.S. waters and on persons that transport certain mooring equipment from one point on the U.S. Outer Continental Shelf (OCS) to another such point. Based on information provided by government sources, CBO expects that the aggregate direct costs of complying with those mandates would be minimal and fall below the annual threshold established by UMRA for private-sector mandates (\$123 million in 2005, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary effects of S. 1280 are summarized in the following table. The costs of this legislation fall within budget functions 300 (natural resources and environment) and 400 (transportation).

	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	29	0	0	0
Estimated Outlays	6,104	1,932	786	324	135	56
Proposed Changes						
Authorization Level	0	7,293	7,767	4	0	0
Estimated Outlays	0	4,748	6,421	1,988	969	478
USCG Spending Under S. 1280						
Authorization Level	6,515	7,322	7,796	4	0	0
Estimated Outlays	6,104	6,680	7,207	2,312	1,104	534

a. The 2005 level is the amount appropriated for that year. The \$29 million shown for 2006 and 2007 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

For this estimate, CBO assumes that the amounts authorized will be appropriated for each year. The total authorization amounts shown in the table for each year are 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.

Spending Subject to Appropriation

For 2006, S. 1280 would authorize the appropriation of over \$5.7 billion for USCG operations (including \$119 million for reserve training and \$12 million for environmental compliance) and nearly \$1.5 billion for capital acquisitions and other multiyear projects (including \$24 million for research activities and \$36 million for bridge alterations). For 2007, the bill would authorize about \$6.2 billion for operations and nearly \$1.6 billion for capital and multiyear spending. Of those amounts, \$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.

S. 1280 also would authorize appropriations for specific USCG projects, including \$1 million in 2006 for a Web-based risk management data system, \$100 million in 2006 for the acquisition, maintenance, and operation of icebreakers, and \$4 million for each of fiscal years 2006 through 2008 for a pilot program for long-range tracking of vessels using satellites. In addition, the bill would authorize the appropriation of \$25 million for each of fiscal years 2006 and 2007 to the Department of Transportation (DOT) for expenses of the LORAN-C navigation system. DOT would use most of those amounts to reimburse the Coast Guard for navigation services provided to the Federal Aviation Administration and other transportation agencies. The Coast Guard operates the LORAN-C system using a combination of direct appropriations and reimbursements from funds appropriated to other agencies.

Finally, S. 1280 would authorize the appropriation of about \$1 billion for 2006 and \$1.1 billion for 2007 for Coast Guard retirement benefits, but those amounts are excluded from this estimate because such benefits are considered an entitlement under current law and are not subject to appropriation. Thus, the authorizations have no additional budgetary impact.

Revenues

S. 1280 would amend the Maritime Security Act to raise certain civil penalties that may be imposed for violations of port security laws or regulations. CBO estimates that the changes made to the act would increase federal revenues from civil penalties by less than \$500,000 annually.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

S. 1280 contains no intergovernmental mandates as defined in UMRA. Some provisions of title III would require the Coast Guard to consult with state and local law enforcement agencies, but any participation by those agencies would be voluntary.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

S. 1280 would impose private-sector mandates as defined in UMRA on certain mortgage holders of vessels engaged in commerce in U.S. waters and on persons that transport certain mooring equipment from one point on the Outer Continental Shelf to another such point. Based on information provided by government sources, CBO expects that the aggregate direct costs of complying with those mandates would be minimal and fall below the annual threshold established by UMRA for private-sector mandates (\$123 million in 2005, adjusted annually for inflation).

Section 206 would require mortgagees of documented vessels engaged in coastwise commercial trade and fishing to submit reports to the Secretary of Transportation. Such reports would provide information regarding the qualifications their vessels to engage in the coastwise trade and the fisheries in U.S. waters. Vessels must have a certificate of documentation from the Coast Guard to engage in commerce in U.S. waters. Currently, owners, masters, and charterers of documented vessels must submit reports regarding the qualifications of their vessels to engage in such activities—while mortgagees are not required to submit such reports. The reporting requirement in the bill would affect mortgagees that are affiliated with or have an office within the United States. According to the Coast Guard, the mortgagees would be required to submit operating documents upon the Secretary's request to comply with the mandate. Since mortgagees already have such documentation available to them, CBO estimates the cost to submit the information would be minimal.

Section 217 would require vessels that engage in the moving of mooring equipment from one point over or on the OCS to another such point in connection with exploring or developing resources on the OCS to be registered in the United States and have certificate of endorsement from the Coast Guard. Currently, most types of vessels transporting merchandise and personnel to and from the OCS must have a U.S. registry and be certified by the Coast Guard. The requirement in this section of the bill would be a mandate as defined in UMRA on any foreign-flagged vessels engaged in moving certain mooring equipment to or from the OCS that are affiliated with or have an office within the United States. According to the Coast Guard, few, if any, foreign-flagged vessels are engaged in such activities. Consequently, CBO estimates that the cost to comply with this mandate would be small.

PREVIOUS CBO ESTIMATE

On June 10, 2005, CBO transmitted a cost estimate for H.R. 889, the Coast Guard and Maritime Transportation Act of 2005, as ordered reported by the House Committee on Transportation and Infrastructure on May 18, 2005. The two bills contain different authorization levels and periods. In addition, H.R. 889 contains provisions that would affect direct spending. Finally, H.R. 889 contains an intergovernmental mandate (by requiring certain publically operated ferries to submit to USCG inspections, reporting requirements, and fees). S. 1280 does not contain those requirements or any other intergovernmental mandates as defined in UMRA.

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