



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 26, 2008

S. 2699

Oil Spill Prevention Act of 2008

*As ordered reported by the Senate Committee on Commerce, Science, and Transportation
on May 15, 2008*

S. 2699 would address spills of fuel oil from vessels and other maritime safety issues. Based on information provided by the U.S. Coast Guard, CBO estimates that implementing S. 2699 would cost about \$1 million in 2009. We estimate that ongoing costs (to implement and enforce new standards) would total less than \$500,000 a year. Enacting S. 2699 would not affect revenues or direct spending.

Under S. 2699, all new vessels that have an aggregate capacity of at least 600 cubic meters of fuel oil would be required to be built with a double hull or an additional protective layer on their fuel tanks. The bill also would require the Coast Guard to conduct studies on marine casualties and on the need for tractor tugboats to escort vessels carrying large amounts of fuel.

Section 4 of the Unfunded Mandates Reform Act (UMRA) excludes from the application of that act any legislative provision that is necessary for the ratification or implementation of international treaty obligations. CBO has determined that section 2 of S. 2699 falls within that exclusion; therefore, we have not reviewed it for intergovernmental or private-sector mandates.

The remaining provisions of S. 2699 contain no intergovernmental mandates as defined in UMRA and would impose no costs on state, local, or tribal governments. One of those provisions, however, contains a private-sector mandate as defined in UMRA because it would require U.S. merchant mariners to comply with new medical standards. The bill would require the U.S. Coast Guard to establish medical standards that ensure that the physical condition of all merchant mariners (approximately 220,000 currently employed) is adequate for them to safely carry out their duties on board vessels. The standards would be based on a future study by the U.S. Coast Guard and consultation with the advisory committee established under the bill. According to industry experts, however, those standards would likely be more stringent than current regulations. Potential costs for merchant mariners to comply with the medical standards could be the cost of more frequent

physical examinations, additional medical tests, and any reduction in income that might result from losing one's job for not meeting the medical requirements. At this time, CBO has no basis for predicting the scope or stringency of the new standards that the bill would require. Because the cost to comply with those standards would depend on regulations to be developed by the U.S. Coast Guard, CBO cannot determine whether the cost of the mandate would exceed the annual threshold established in UMRA for private-sector mandates (\$136 million in 2008, adjusted annually for inflation).

The CBO staff contacts for this estimate are Deborah Reis (for federal costs) and Jacob Kuipers (for the private-sector impact). The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.