



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

June 5, 2008

S. 2997

Maritime Administration Act for Fiscal Year 2009

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

SUMMARY

S. 2997 would amend various laws governing the activities of the Maritime Administration (MARAD) and would authorize appropriations for that agency for fiscal year 2009. Assuming appropriation of the amounts authorized for 2009, CBO estimates that implementing S. 2997 would result in discretionary outlays of \$163 million over the 2009-2013 period. Enacting the bill also could change revenues (primarily from civil fines) and direct spending (for benefits to certain longshoremen), but we estimate that any such changes would be minimal.

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

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 2997 is shown in the following table. The costs of this legislation fall within budget function 400 (transportation).

	By Fiscal Year, in Millions of Dollars					2009- 2013
	2009	2010	2011	2012	2013	

CHANGES IN SPENDING SUBJECT TO APPROPRIATION

Authorization Level	163	0	0	0	0	163
Estimated Outlays	131	20	13	0	0	163

Notes: As discussed below, the authorization levels do not include amounts specifically authorized by the bill for programs that are already authorized under current law.

Enacting S. 2997 could result in changes in revenues and direct spending, but CBO estimates that such changes would be insignificant in any year.

BASIS OF ESTIMATE

For this estimate, CBO assumes that S. 2997 will be enacted near the end of fiscal year 2008 and that the amounts newly authorized by the bill will be appropriated for 2009. Estimated outlays are based on historical spending patterns for MARAD activities.

The authorization level shown in the table includes \$143 million for MARAD operations, \$18 million for the agency's program to dispose of obsolete vessels in the National Defense Reserve Fleet, and \$2 million for the U.S. Coast Guard to perform assessments of vessel traffic risk in Alaska. The bill also would authorize appropriations for other MARAD programs, including \$174 million for subsidies to U.S. flag vessels under the maritime security program, \$19.5 million for reimbursements to vessel owners for repairs made in U.S. shipyards, \$30 million for the cost of making maritime loan guarantees, and \$6 million for related administrative costs. Those amounts are not shown in the table, however, because they are already authorized under current law.

The bill would strengthen existing rules that govern cargo preference requirements, clarifying that all federally financed cargoes are subject to cargo preference laws (which require that certain percentages of government-sponsored freight be transported on U.S. flag vessels). Also, the bill would establish civil penalties for violations of such laws by shipping companies.

Enacting the bill could result in an increase in civil penalties collected by MARAD from violators of cargo preference laws, but CBO estimates that any such increases would be minimal. Based on information provided by MARAD and other federal agencies, we

estimate that other changes to the cargo preference law would have no significant impact on the federal budget because most federal agencies already comply with the law.

Finally, section 12 would expand an exemption in the Longshore and Harbor Workers' Compensation Act for individuals who manufacture, repair, or dismantle recreational vessels. Enacting this provision could reduce revenues (from fines and penalties on the shipbuilding industry) and direct spending (for compensation to individuals), but CBO estimates that such changes would be insignificant.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 2997 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no significant costs on state, local, or tribal governments.

PREVIOUS CBO ESTIMATES

CBO has transmitted several cost estimates for bills that contained authorizations for assessments of vessel traffic risk in Alaska, including S. 1892, the Coast Guard Authorization Act for Fiscal Year 2008, as ordered reported by the Senate Committee on Commerce, Science, and Transportation on August 2, 2007, and three versions of H.R. 2830, the Coast Guard Authorization Act of 2007, as ordered reported by the House Committee on Transportation and Infrastructure (June 28, 2007), the House Committee on the Homeland Security (September 25, 2007), and the House Committee on the Judiciary (October 30, 2007). All four versions of the legislation would authorize the appropriation of about \$2 million for each of fiscal years 2008 and 2009 for assessments of vessel traffic risk in Alaska. The cost estimate for S. 2997 only includes the 2009 authorization for the program because CBO assumes that the bill will not be enacted in time for the 2008 authorization to be appropriated.

On May 20, 2008, CBO transmitted a cost estimate for H.R. 5658, the National Defense Authorization Act for 2009, as ordered reported by the House Committee on Armed Services on May 16, 2008. H.R. 5658 also would authorize funding for MARAD for 2009 but at a lower level than S. 2997. The CBO cost estimates reflect that difference.

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