CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

July 12, 2010

H.R. 5503
Securing Protections for the Injured from Limitations on Liability Act

As passed by the House of Representatives on July 1, 2010

H.R. 5503 would amend several laws related to private liability that apply to injury or death incurred by workers on ocean-going vessels or on certain other facilities located in the ocean. The act also would amend the bankruptcy code to require any purchaser of a bankrupt company to pay any obligations of the firm that stem from damages caused by an oil spill. CBO estimates that enacting the legislation would have no significant impact on the federal budget.

Enacting H.R. 5503 would not affect direct spending or revenues; therefore, pay-as-you-go procedures would not apply.

The act would expand both the Death on the High Seas Act (DOHSA) and the Jones Act to enable the surviving family members of a deceased worker to receive monetary compensation for nonmonetary damages as a result of the death of a relative on an ocean-going vessel or certain other facilities located in the ocean (such as oil-drilling rigs). H.R. 5503 also would extend the distance from shore that would make ships subject to the provisions of DOHSA, and it would repeal the Limitation of Liability Act, a law that limits the value of certain damages that can be charged to vessel owners. H.R. 5503 also would allow state attorneys general to bring suit for remedial action under the Class Action Fairness Act. Because those provisions would affect the liability of private firms, CBO estimates that enacting them would have no significant impact on the federal budget.

H.R. 5503 would amend the bankruptcy code to require any purchaser of a bankrupt company with obligations related to an oil spill to pay those obligations that are owed to victims of the oil spill. Based on information from the Administrative Office of the U.S. Courts (AOUSC), CBO estimates that this provision would have no significant impact on the federal budget.

H.R. 5503 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

By making unenforceable agreements that restrict individuals from disseminating information regarding the discharge of oil or other contaminants into waters off the shore of the United States, the act would impose a private-sector mandate as defined in UMRA. The legislation would limit the ability of parties connected with such spills to prevent their employees, or others with whom they have agreements, from providing information about matters related to a spill. CBO estimates that the aggregate direct cost of the mandate would fall below the annual threshold established in UMRA for the private sector ($141 million, in 2010, adjusted annually for inflation).

The CBO staff contacts for this estimate are Sarah Puro (for maritime issues), Martin von Gnechten (for bankruptcy), and Marin Randall (for the private-sector impact). The estimate was approved by Peter H. Fontaine, Assistant Director for Budget Analysis.