



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 30, 2011

H.R. 2838 **Coast Guard and Maritime Transportation Act of 2011**

*As ordered reported by the House Committee on Transportation and Infrastructure
on September 8, 2011*

SUMMARY

H.R. 2838 would authorize appropriations for United States Coast Guard (USCG) activities through fiscal year 2014, Maritime Administration (MARAD) grants for certain short-distance shipping activities through fiscal year 2016, and Federal Maritime Commission (FMC) activities through fiscal year 2015. In total, the bill would authorize the appropriation of about \$25.8 billion for such activities, \$25.7 billion of it for ongoing USCG operations. CBO estimates that implementing the bill would cost about \$24.4 billion over the 2012-2016 period, assuming appropriation of the authorized amounts.

Pay-as-you-go procedures do not apply to this legislation because it would not affect direct spending or revenues.

The bill contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA).

H.R. 2838 would impose a private-sector mandate, as defined in UMRA, on owners and operators of offshore facilities used in the production of oil and gas. Based on information from the Department of the Interior and industry sources, CBO estimates that the aggregate cost of the mandate would probably exceed the annual threshold established in UMRA for private-sector mandates (\$142 million in 2011, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 2838 is shown in the following table. The costs of this legislation fall within budget function 400 (transportation).

	By Fiscal Year, in Millions of Dollars					2012- 2016
	2012	2013	2014	2015	2016	
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
United States Coast Guard Activities						
Authorization Level	8,473	8,578	8,676	0	0	25,727
Estimated Outlays	5,760	7,286	7,889	2,323	1,047	24,305
Grants for Short Sea Transportation						
Authorization Level	5	5	5	5	5	25
Estimated Outlays	3	5	5	5	5	23
Federal Maritime Commission						
Authorization Level	22	22	22	22	0	88
Estimated Outlays	15	20	22	22	4	83
Total Proposed Changes						
Authorization Level	8,500	8,605	8,703	27	5	25,840
Estimated Outlays	5,778	7,311	7,916	2,350	1,056	24,411

BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 2838 will be enacted before the end of 2011 and that the amounts authorized by the bill will be appropriated for each year. Estimated outlays are based on historical spending patterns for the authorized activities.

CBO estimates that appropriating the amounts authorized by the bill would result in discretionary spending of about \$24.4 billion over the 2012-2016 period. The cost estimate excludes \$25 million that would be derived from the Oil Spill Liability Trust Fund (OSLTF) for USCG operating and research expenses because that amount is already authorized under existing law.

United States Coast Guard Activities

H.R. 2838 would reauthorize funding for ongoing USCG activities over the 2012-2014 period. Specifically, the bill would authorize the appropriation of about \$20.8 billion for USCG operations (including \$414 million for reserve training, \$51 million for environmental compliance, about \$4.5 billion for capital acquisitions, and about \$60 million for research programs). Under provisions of the bill, the USCG would be allowed to use certain funds appropriated for operations for small construction projects. Under current law, such projects are only eligible to be funded out of the capital

acquisitions budget. The bill would also require the USCG to complete reports to the Congress regarding USCG housing and certain new USCG acquisitions.

Of the amounts authorized by the bill, \$45 million would be derived from the OSLTF. Assuming appropriation of the amounts specified in the bill, CBO estimates that implementing those provisions of H.R. 2838 would cost about \$24.4 billion over the 2012-2016 period.

Grants for Short Sea Transportation

H.R. 2838 would authorize the appropriation of \$5 million annually over the 2012-2017 period for MARAD to provide grants to facilitate the transportation of cargo and passengers in the inland waterways of the United States or for other short-distance shipping. Assuming appropriation of the authorized amounts, CBO estimates that those grants would cost \$23 million over the 2012-2016 period.

Federal Maritime Commission

H.R. 2838 would authorize the appropriation of \$88 million over the 2012-2015 period for the operations of the FMC. The FMC regulates shipping laws in the United States. CBO estimates that enacting those provisions would cost \$83 million over the 2012-2016 period, assuming appropriations of the authorized amounts.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

H.R. 2838 contains no intergovernmental mandates as defined by UMRA and would impose no costs on state, local, or tribal governments.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

H.R. 2838 contains a private-sector mandate as defined in UMRA. The bill would require operators to locate a standby vessel within 3 nautical miles of offshore oil and gas facilities when certain activities are being performed and within 12 nautical miles of facilities at all other times. The cost of that mandate would depend on several factors. The bill would allow operators to share one standby vessel among multiple facilities and to use standby vessels for other purposes. For operators that can use those measures, the cost of the mandate would tend to be lower. At the same time, the bill would authorize the Coast Guard to require standby vessels to be located closer than 3 or 12 nautical miles to offshore facilities if necessary to address delays caused by weather or other conditions. Reducing the minimum distance from facilities would increase the number of vessels necessary for compliance and increase the cost of the mandate for some operators.

Based on information from the Department of the Interior and industry sources, CBO estimates that the aggregate cost of the mandate would probably exceed the annual threshold established in UMRA for private-sector mandates (\$142 million in 2011, adjusted annually for inflation).

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