



**CONGRESSIONAL BUDGET OFFICE  
COST ESTIMATE**

March 6, 2014

**H.R. 4005  
Howard Coble Coast Guard and Maritime Transportation Act of 2014**

*As ordered reported by the House Committee on Transportation and Infrastructure  
on February 11, 2014*

**SUMMARY**

H.R. 4005 would amend laws that govern the activities of the United States Coast Guard (USCG), the Maritime Administration (MARAD) within the Department of Transportation, and the Federal Maritime Commission (FMC). The bill also would authorize appropriations totaling about \$17.5 billion, primarily for ongoing USCG operations over the 2015-2016 period, and would increase the amount of food aid required to be shipped on vessels registered in the United States. Assuming appropriation of the specified and necessary amounts, CBO estimates that implementing the legislation would cost \$16.8 billion over the 2015-2019 period.

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

H.R. 4005 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA).

**ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated budgetary impact of H.R. 4005 is shown in the following table. The costs of this legislation fall within budget function 400 (Transportation).

	By Fiscal Year, in Millions of Dollars					2015- 2019
	2015	2016	2017	2018	2019	
<b>CHANGES IN SPENDING SUBJECT TO APPROPRIATION</b>						
United States Coast Guard						
Authorization Level	8,704	8,704	0	0	0	17,408
Estimated Outlays	5,551	7,367	2,309	842	588	16,657
Minimum Tonnage for Certain Exports						
Estimated Authorization Level	11	11	11	11	11	55
Estimated Outlays	3	9	10	11	11	44
Seafarers Fund						
Estimated Authorization Level	2	2	2	2	2	10
Estimated Outlays	2	2	2	2	2	10
Maritime Administration						
Estimated Authorization Level	10	10	0	0	0	20
Estimated Outlays	3	6	6	4	1	20
Federal Maritime Commission						
Authorization Level	25	25	0	0	0	50
Estimated Outlays	20	20	10	0	0	50
Total						
Estimated Authorization Level	8,752	8,752	13	13	13	17,543
Estimated Outlays	5,579	7,404	2,337	859	602	16,781

## **BASIS OF ESTIMATE**

For this estimate, CBO assumes that H.R. 4005 will be enacted in fiscal year 2014 and that the amounts authorized by the bill will be appropriated for each year. Estimated outlays are based on historical spending patterns for authorized activities. CBO estimates that appropriating the specified and estimated amounts would cost \$16.8 billion over the 2015-2019 period.

### **United States Coast Guard**

H.R. 4005 would authorize appropriations for ongoing USCG activities for 2015 and 2016. Specifically, the bill would authorize the appropriation of about \$17.4 billion for USCG operations (including about \$14 billion for operations and maintenance, \$3.1 billion for capital acquisitions, \$274 million for reserve training, \$40 million for research programs, and \$34 million for environmental compliance). The bill also would extend the Coast

Guard's authority to expedite the hiring of certain personnel in areas where there are staffing shortages and would require the USCG to be the recipient of any payments the U.S. receives from other nations in order to participate in an annual international ice patrol. However, based on information from the USCG, CBO expects that the Department of State will probably not bill foreign nations for ice patrol services because they have historically not done so. Assuming appropriation of the amounts specified in the bill, and no offsetting collections from foreign nations for ice patrol services, CBO estimates that implementing those provisions of H.R. 4005 would cost \$16.7 billion over the 2015-2019 period.

### **Minimum Tonnage for Certain Exports**

Section 318 would increase, from 50 percent to 75 percent, the portion of Government-generated cargo that must be transported on privately owned, U.S.-flag commercial vessels. This provision would primarily affect the Food for Peace program, which provides donated commodities to foreign countries for emergency and non-emergency food needs. The provision also would affect the McGovern-Dole program, which provides international food assistance for school feeding programs and maternal, infant, and child nutrition programs.

Historically, shipping rates on U.S.-flag vessels have been higher than that of their foreign counterparts by roughly 30 percent, according to data from the Department of Agriculture. In 2013, the Food for Peace program shipped about 1.2 million metric tons of commodities. CBO estimates those shipments cost \$145 per metric ton on U.S. ships and \$111 per metric ton on foreign ships in 2014. Using that difference and projections of foreign food aid, CBO estimates that increasing the cargo preference mandate would cost \$44 million over the 2015-2019 period, assuming appropriation of the necessary amounts.

### **Seafarers Fund**

Section 310 would establish a fund to support certain seamen who are required to remain in the United States as witnesses in judicial proceedings and who are not financially supported by the owner of their vessel or who were abandoned by their vessel. The fund also could be used to repay certain vessel owners who supported seamen required to be material witnesses. The bill would authorize the appropriation of up to \$2 million, a year for such costs, and CBO estimates that implementing the provision would cost \$10 million over the 2015-2019 period.

## **MARAD Authorizations**

H.R. 4005 would reauthorize a grant program through 2016 that provides assistance to certain small domestic shipyards. That program has received appropriations of \$10 million per year for the last several years. Based on those amounts, CBO estimates that implementing the provision would cost \$20 million, subject to appropriation of the necessary amounts. The bill also would grant MARAD the authority to donate historical artifacts and documents to non-profit organizations or to local governments. Under current law, such artifacts and documents are provided as a long-term loan. CBO estimates that implementing that provision would have no budgetary impact.

## **Federal Maritime Commission**

H.R. 4005 would authorize the appropriation of \$25 million, annually for 2015 and 2016 for the operations of the FMC. The FMC regulates shipping activities in the United States. CBO estimates that enacting those provisions would cost \$50 million over the 2015-2019 period, assuming appropriation of the authorized amounts.

**PAY-AS-YOU-GO CONSIDERATIONS:** None.

## **INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

H.R. 4005 contains no intergovernmental or private-sector mandates as defined in UMRA and would benefit state, local, or tribal governments by, among other things, limiting expenses related to servicemember benefits; authorizing cooperative agreements with state, local, and tribal governments; authorizing grants; and clarifying that federal law does not preempt state regulation of fishing permits under certain conditions.

## **ESTIMATE PREPARED BY:**

Federal Costs: Sarah Puro and Ann Futrell  
Impact on State, Local, and Tribal Governments: Michael Hirsch  
Impact on the Private Sector: Amy Petz

## **ESTIMATE APPROVED BY:**

Theresa Gullo  
Deputy Assistant Director for Budget Analysis