



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

October 22, 2014

S. 2094

Vessel Incidental Discharge Act

*As ordered reported by the Senate Committee on Commerce, Science, and Transportation
on July 23, 2014*

S. 2094 would amend the environmental standards for some water that is discharged from ships and permanently exempt certain smaller vessels from those standards. Under current law, the United States Coast Guard (USCG) and the Environmental Protection Agency (EPA) set and enforce those standards.

S. 2094 would change the procedures for how the United States regulates water discharged from certain vessels. The legislation would increase the administrative responsibilities of USCG to implement certain laws that govern water discharged from ships and require that USCG complete those responsibilities in consultation with EPA. Under current law, most of those responsibilities are administered by EPA under the Clean Water Act.

Under the bill, EPA would no longer issue water discharge permits to vessels. However, based on information from EPA, CBO estimates that any cost savings to the agency would be negligible because it would still have other responsibilities under the Clean Water Act. Based on information from the USCG, CBO estimates that the Coast Guard would gradually add 15 staff members over the next couple of years at a cost of \$5 million over the 2015-2019 period, assuming appropriation of the necessary amounts. Those additional staff would conduct enforcement actions and review any proposals from states for more stringent water discharge standards.

Enacting S. 2094 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

S. 2094 contains intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA). The bill would preempt state and local laws relating to water discharges from vessels by establishing a national uniform standard and set of best management practices. CBO estimates that this preemption would not impose costs on state and local governments. Although it would limit the applications of state and local regulations, the bill would impose no duty on state or local governments that would result in additional spending or a loss of revenues.

The bill also would impose a private-sector mandate, as defined in UMRA, on manufacturers and importers of certain water treatment technology. Those entities would be prohibited from selling such technology unless it has been certified by the USCG or certified by a foreign entity and deemed to meet equivalent levels of performance and safety. The cost of the mandate would be the cost of obtaining certification and any net loss of income from forgone sales. Under current law, manufacturers of water treatment technology already need to obtain USCG certification because owners of vessels that use such technology are required to install USCG-certified technology by a certain date. If the certification process under the bill is very similar to the certification process conducted under current law, the incremental cost of complying with the mandate would be small. However, the incremental cost of the mandate could be higher. On balance, CBO expects the cost of the private-sector mandate would probably be less than the annual threshold established in UMRA (\$152 million in 2014, adjusted annually for inflation).

The CBO staff contacts for this estimate are Sarah Puro (for federal costs), Jon Sperl (for the state and local impact), and Amy Petz (for the private-sector impact). The estimate was approved by Theresa Gullo, Deputy Assistant for Budget Analysis.