



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

May 14, 2015

### **H.R. 1987** **Coast Guard Authorization Act of 2015**

*As ordered reported by the House Committee on Transportation and Infrastructure  
on April 30, 2015*

#### **SUMMARY**

H.R. 1987 would authorize appropriations totaling \$17.5 billion, primarily for ongoing operations of the United States Coast Guard (USCG) and the Federal Maritime Commission (FMC) over the 2016-2017 period. The bill would amend laws that govern the activities of USCG, FMC, and the Maritime Administration within the Department of Transportation. Assuming appropriation of the specified amounts, CBO estimates that implementing the legislation would cost \$16.6 billion over the 2016-2020 period.

H.R. 1987 would expand the authority of USCG to cancel federal debts to include those who incurred debt as an officer on active duty in the Coast Guard. Based on information provided by USCG, CBO estimates that enacting this provision would reduce offsetting receipts that are treated as increases in direct spending by less than \$500,000 over the 2016-2025 period. (The loss of offsetting receipts are treated as increases in direct spending.) Because enacting this legislation would increase direct spending, pay-as-you-go procedures apply; however, the effect on direct spending would be insignificant in each year and over the 2016-2025 period. Enacting H.R. 1987 would not affect revenues.

H.R. 1987 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA).

H.R. 1987 would impose private-sector mandates, as defined in UMRA, on sponsors of marine events and manufacturers of small boats. Based on information from USCG and industry experts, CBO estimates that the cost of the mandates would fall below the annual threshold in UMRA for private-sector mandates (\$154 million in 2015, adjusted for inflation).

## ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 1987 is shown in the following table. The costs of this legislation fall within budget functions 050 (national defense) and 400 (transportation).

	By Fiscal Year, in Millions of Dollars					2016-2020
	2016	2017	2018	2019	2020	
<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	5,761	7,225	2,098	984	520	16,588
Federal Maritime Commission						
Authorization Level	25	25	0	0	0	49
Estimated Outlays	23	24	2	0	0	49
Total						
Authorization Level	8,729	8,729	0	0	0	17,458
Estimated Outlays	5,784	7,249	2,100	984	520	16,637

Note: Details may not sum to totals because of rounding.

## BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 1987 will be enacted near the end of fiscal year 2015 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.

### United States Coast Guard

H.R. 1987 would authorize the appropriation of \$8.7 billion for ongoing USCG activities for each of fiscal years 2016 and 2017. In 2015 the USCG received an appropriation of \$8.4 billion. Specifically, the bill would authorize the appropriation of \$17.4 billion for USCG operations including about \$14 billion for operations and maintenance, \$3.1 billion for capital acquisitions, \$280 million for reserve training, \$40 million for research programs, and \$33 million for environmental compliance. Among the new USCG responsibilities in the bill, H.R. 1987 would direct USCG to:

- Submit various reports to the Congress, including a 20-year acquisition plan, an implementation plan for using software to manage boat maintenance, and a manpower requirements plan;
- Establish a pilot program to assess USCG communications during response activities;
- Authorize the conveyance of property in California and Alaska at fair market value; and
- Recover the costs of providing safety zones around private marine events that are permitted or authorized by the Coast Guard.

Assuming appropriation of the amounts specified in the bill, CBO estimates that implementing the USCG provisions of H.R. 1987 would cost \$16.6 billion over the 2016-2020 period. Based on information from the USCG, CBO expects that the property conveyances authorized in H.R. 1987 would have no significant effect on the budget.

### **Federal Maritime Commission**

H.R. 1987 would authorize the appropriation of nearly \$25 million, annually for 2016 and 2017 for the operations of the FMC. The agency received an appropriation of \$26 million in 2015. The FMC regulates shipping activities in the United States. CBO estimates that implementing those provisions would cost \$49 million over the 2016-2020 period, assuming appropriation of the authorized amounts.

### **PAY-AS-YOU-GO CONSIDERATIONS:**

Enacting H.R. 1987 would reduce offsetting receipts (which are treated as increases in direct spending). The legislation would authorize the USCG to cancel debt owed to the federal government that was incurred by an officer of the Coast Guard while on active duty. Under current law, USCG may waive the debt incurred by enlisted members of the Coast Guard, and the legislation would expand the eligible group to include officers. Those debts primarily arise from administrative overpayments. CBO estimates that the effect of this provision on direct spending would be insignificant in any year and over the 2016-2025 period.

### **ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS**

H.R. 1987 contains no intergovernmental mandates as defined in UMRA and would benefit state and local governments by, among other things, authorizing the conveyance of

land, at fair market value, to Marin County, California, and by clarifying that federal law does not preempt state regulation of fishing permits under certain conditions.

## **ESTIMATED IMPACT ON THE PRIVATE-SECTOR**

H.R. 1987 would impose private-sector mandates as defined in UMRA. Based on information from USCG and industry experts, CBO estimates that the aggregate annual cost of the mandates would fall below the annual threshold in UMRA for private-sector mandates (\$154 million in 2015, adjusted for inflation).

The bill would require sponsors of marine events requiring a permit or USCG authorization to pay the USCG for the cost of providing a safety zone for such an event. Based on information from USCG, CBO expects that the requirement would apply to a limited number of sponsors annually.

The bill also would impose a mandate on manufacturers of small boats by requiring those manufacturers to use updated engine weights when conducting stability and floatation tests. According to information from industry experts, most small boats sold in the United States already use the updated engine weights.

### **ESTIMATE PREPARED BY:**

Federal Costs: Martin von Gnechten  
Impact on State, Local, and Tribal Governments: Melissa Merrell  
Impact on the Private Sector: Amy Petz

### **ESTIMATE APPROVED BY:**

H. Samuel Papenfuss  
Deputy Assistant Director for Budget Analysis