



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 29, 2015

S. 373

Vessel Incidental Discharge Act

*As ordered reported by the Senate Committee on Commerce, Science, and Transportation
on February 26, 2015*

S. 373 would amend the environmental standards for 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. 373 also would change the procedures for how the United States regulates water discharged from certain vessels. The legislation would increase the administrative responsibilities of the USCG to implement some of the laws that govern water discharged from ships and require that the USCG carry out those responsibilities in consultation with EPA. Under current law, most of those responsibilities are carried out 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 those activities constitute only a minor share of EPA's 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 two years, resulting in a cost of \$5 million over the 2016-2020 period, assuming appropriation of the necessary amounts. Those additional staff members would conduct enforcement actions and review any proposals from states for more stringent water discharge standards.

Enacting S. 373 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

S. 373 contains intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA). The bill would preempt state and local laws relating to discharges from vessels by establishing a national uniform standard and a set of best management practices, but CBO estimates that the 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.

S. 373 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 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 was similar to the certification process conducted under current law, the incremental cost of complying with the mandate would be small. Although the incremental cost of such compliance could be greater than that under current law, on balance, CBO expects the cost of the private-sector mandate would probably fall below the annual threshold established in UMRA (\$154 million in 2015, adjusted annually for inflation).

The CBO staff contacts for this estimate are Martin von Gnechten (for federal costs), Jon Sperl (for intergovernmental mandates), and Amy Petz (for private-sector mandates). The estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.