



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 6, 2013

S. 839

Coral Reef Conservation Amendments Act of 2013

*As ordered reported by the Senate Committee on Commerce, Science,
and Transportation on July 30, 2013*

SUMMARY

S. 839 would amend a National Oceanic and Atmospheric Administration (NOAA) program to protect coral reefs. Assuming appropriation of the authorized amounts, CBO estimates that implementing the legislation would cost \$217 million over the 2014-2018 period and \$9 million after 2018.

CBO also estimates that enacting S. 839 would increase direct spending by \$31 million over the 2014-2023 period and would increase revenues by \$2 million over that period; therefore, pay-as-you-go procedures apply.

By establishing new protections for coral reefs, S. 839 would impose intergovernmental and private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). CBO estimates that the costs of complying with those mandates would fall below the annual thresholds established in UMRA (\$75 million for intergovernmental mandates and \$150 million for private-sector mandates, in 2013, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 839 is shown in the following table. The costs of this legislation fall within budget function 300 (natural resources and environment).

	By Fiscal Year, in Billions of Dollars										2014-	2014-
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2018	2023
CHANGES IN SPENDING SUBJECT TO APPROPRIATION												
NOAA Coral Reef Conservation Program												
Authorization Level ^a	36	38	40	40	0	0	0	0	0	0	154	154
Estimated Outlays	23	32	38	40	14	6	1	0	0	0	147	154
International Coral Reef Conservation Program												
Authorization Level	8	8	8	8	0	0	0	0	0	0	32	32
Estimated Outlays	5	7	8	8	3	1	0	0	0	0	31	32
Community Planning Grants												
Authorization Level	10	10	10	10	0	0	0	0	0	0	40	40
Estimated Outlays	6	9	10	10	4	1	0	0	0	0	39	40
Study of U.S. Market for Coral Products												
Authorization Level	*	0	0	0	0	0	0	0	0	0	*	*
Estimated Outlays	*	*	*	0	0	0	0	0	0	0	*	*
Total Changes												
Authorization Level	54	56	58	58	0	0	0	0	0	0	226	226
Estimated Outlays	34	48	56	58	21	8	1	0	0	0	217	226
CHANGES IN DIRECT SPENDING^b												
Interest Earnings on DARRF												
Estimated Budget Authority	1	1	2	4	4	4	4	3	3	3	12	29
Estimated Outlays	1	1	2	4	4	4	4	3	3	3	12	29
Spending of Penalties												
Estimated Budget Authority	*	*	*	*	*	*	*	*	*	*	1	2
Estimated Outlays	*	*	*	*	*	*	*	*	*	*	1	2
Total Changes												
Estimated Authorization Level	1	1	2	4	4	4	4	4	4	3	13	31
Estimated Outlays	1	1	2	4	4	4	4	4	4	3	13	31

Notes: NOAA = National Oceanic and Atmospheric Administration.
DARRF = Damage Assessment and Restoration Revolving Fund.

* = less than \$500,000.

a. Of amounts appropriated to NOAA in fiscal year 2013, the agency allocated \$27 million to carry out this program.

b. In addition, CBO estimates that enacting S. 839 would increase revenues by \$2 million over the 2014-2023 period.

BASIS OF ESTIMATE

For this estimate, CBO assumes that S. 839 will be enacted near the end of 2013 and that the authorized and necessary amounts will be appropriated for each fiscal year. Estimated outlays are based on historical spending patterns for similar NOAA programs.

Spending Subject to Appropriation

S. 839 would authorize appropriations totaling \$226 million over the 2014-2017 period for federal activities and grants to protect coral reefs. The authorization includes specified amounts for 2014-2017 for NOAA's current domestic program and \$8 million annually for new international programs. The bill also would authorize the appropriation of \$10 million a year over the 2014-2017 period for NOAA's community planning grants to states. Finally, the bill would authorize the appropriation of \$100,000 in 2014 to study the U.S. market for coral products. In total, CBO estimates that implementing those programs would cost \$217 million over the 2014-2018 period and \$9 million after 2018.

Direct Spending and Revenues

CBO estimates that enacting S. 839 would increase direct spending by \$31 million over the 2014-2023 period and would increase revenues by \$2 million over that period.

S. 839 would require the Secretary of the Treasury to invest amounts in the Damage Assessment and Restoration Revolving Fund (including civil penalties) in interest-bearing obligations of the United States. Interest credited to amounts in the fund would be available without further appropriation to NOAA for activities such as repairing and restoring damaged coral reefs. Based on information regarding historical balances in the fund, CBO estimates that the expenditure of interest credited to the fund would increase direct spending by \$29 million over the 2014-2023 period.

S. 839 also would prohibit certain actions that damage or destroy coral reefs. The bill would extend legal protection to reefs in all U.S. waters (under current law, only reefs in national marine sanctuaries or national parks are protected), establish enforcement mechanisms such as penalties and asset forfeitures, and make violators liable for damages and the costs of federal responses to accidents that harm coral. Based on information provided by NOAA on recent accidents that damaged coral reefs in national marine sanctuaries, CBO estimates that collecting penalties, damages, and cost reimbursements from those who damage reefs in other U.S. waters would increase revenues by \$2 million over the 2014-2023 period. Because those amounts could be spent by NOAA and the Department of Justice without further appropriation, CBO also estimates that implementing those provisions would increase direct spending by \$2 million over the 10-year period.

PAY-AS-YOU-GO CONSIDERATIONS

The Statutory Pay-As-You-Go Act establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays and revenues that are subject to those pay-as-you-go procedures are shown in the following table.

CBO Estimate of Pay-As-You-Go Effects for S. 839, the Coral Reef Conservation Amendments Act of 2013, as ordered reported by the Senate Committee on Commerce, Science, and Transportation on July 30, 2013

	By Fiscal Year, in Millions of Dollars												
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2013-2018	2013-2023
NET INCREASE OR DECREASE (-) IN THE DEFICIT													
Statutory Pay-As-You-Go Impact	0	1	1	2	4	4	4	4	3	3	3	12	29

Memorandum:													
Changes in Outlays	0	1	1	2	4	4	4	4	4	4	3	13	31
Changes in Revenues	0	0	0	0	0	0	0	0	0	0	0	1	2

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 839 contains intergovernmental and private-sector mandates as defined in UMRA, but CBO estimates that the costs of those mandates would fall below the annual thresholds established in UMRA (\$75 million for intergovernmental mandates and \$150 million for private-sector mandates in 2013, respectively, adjusted annually for inflation).

S. 839 would authorize the Secretary of Commerce to issue permits for activities that could affect coral reefs. If the Secretary establishes a permit program that requires entities, such as researchers at universities and other institutions (public and private), to obtain a permit to conduct research or other activities, that requirement would be an intergovernmental and private-sector mandate. CBO expects that few activities would likely be subject to the new permitting requirements and that the costs associated with obtaining a permit would be low.

The bill also would impose a private-sector mandate by making it unlawful for any person to destroy, cause the loss of, or injure any coral reef that is subject to the jurisdiction of the United States. In addition, persons that damage coral reefs would be liable for the restoration of damages and the costs of federal responses to incidents that harm coral. Currently, only those coral reefs protected under separate legal authorities,

such as coral reefs located within national marine sanctuaries, receive such protection. Based on information from NOAA, CBO estimates that the cost of the mandate would not be substantial.

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