

At a Glance

S. 1439, Maritime Administration Authorization and Enhancement Act of 2019

As ordered reported by the Senate Committee on Commerce, Science, and Transportation on May 15, 2019.

By Fiscal Year, Millions of Dollars	2020	2020-2024	2020-2029
Direct Spending (Outlays)	*	1	2
Revenues	0	0	0
Increase in the Deficit	*	1	2
Spending Subject to Appropriation (Outlays)	43	757	not estimated
Statutory pay-as-you-go procedures apply?	Yes	Mandate Effects	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2030?	< \$5 billion	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No

The bill would

- Reauthorize and amend programs administered by the Maritime Administration (MARAD)
- Modify the federal reimbursement process for salvaging maritime cargo
- Codify requirements for a port operations and research grant program
- Establish the Strategic Seaport Readiness Infrastructure Development Fund
- Establish an interagency working group and increase international cooperation efforts to combat illegal, unreported, and unregulated fishing

Estimated budgetary effects would primarily stem from

- Authorizing appropriations for MARAD programs and related activities for fiscal year 2020

Areas of significant uncertainty include

- Identifying the likelihood of or extent to which the Department of Defense would contribute to the Strategic Seaport Fund
- Evaluating the feasibility of salvaging sunken warships and estimating the value of commodities that could be recovered

Detailed estimate begins on the next page.

Bill Summary

S. 1439 would authorize the appropriation of funds to operate programs administered by MARAD and to combat illegal, unreported, and unregulated fishing.

Title I, Maritime Administration

The Maritime Administration within the Department of Transportation oversees the Merchant Marine—the civilian mariners and fleet of U.S. vessels engaged primarily in waterborne commerce. S. 1439 would reauthorize programs administered by MARAD and related activities for fiscal year 2020. The bill would modify provisions governing several MARAD-related activities, including the United States Merchant Marine Academy, state maritime academies, marine salvage operations, the Military to Mariner program, port improvement grant programs, the maritime guaranteed loan program, and the Small Shipyard Grant Program. In addition, S. 1439 would require MARAD to establish a program to improve infrastructure at strategic seaports, which are designated to support the deployment of U.S. military forces. To finance program activities, the Strategic Seaport Readiness Infrastructure Development Fund (hereafter, Strategic Seaport Fund) would be established to receive transfers of amounts appropriated to the Department of Defense (DoD) and contributions from private entities.

Title II, Maritime SAFE Act

The Maritime SAFE Act would authorize the appropriation of funds to combat illegal, unreported, and unregulated (IUU) fishing. Under S. 1439, the Department of State, in collaboration with other agencies including the National Oceanic and Atmospheric Administration (NOAA), would be required to increase international assistance to enforce rules against IUU fishing. Federal agencies would be required to expand the role of technology and information sharing to reduce IUU fishing, and the legislation would establish an interagency working group to develop a strategic plan to curb IUU fishing.

Estimated Federal Cost

The estimated budgetary effect of S. 1439 is shown in Table 1. The costs of the legislation primarily fall within budget function 400 (transportation).

Basis of Estimate

For this estimate, CBO assumes that S. 1439 will be enacted in 2019. Outlay estimates for S. 1439 are based on historical spending patterns for similar activities. The estimate does not include \$300 million authorized to be appropriated in the bill for maintaining and preserving the Merchant Marine because the program is authorized at that level for 2020 under current law.

**Table 1.
Estimated Budgetary Effects of S. 1439**

	By Fiscal Year, Millions of Dollars										2020-2024	2020-2029	
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029			
Increases in Direct Spending													
Estimated Budget Authority	*	*	*	*	*	*	*	*	*	*	*	1	2
Estimated Outlays	*	*	*	*	*	*	*	*	*	*	*	1	2
Increases in Spending Subject to Appropriation													
Estimated Authorization ^a	469	5	97	97	97	n.e	n.e	n.e	n.e	n.e	n.e	765	n.e
Estimated Outlays	43	122	245	210	137	n.e	n.e	n.e	n.e	n.e	n.e	757	n.e

Components may not sum to totals because of rounding; n.e.= not estimated; * = between zero and \$500,000.

a. S. 1439 would authorize the appropriation of about \$1.2 billion in 2020 for activities of the Maritime Administration. However, CBO estimates that \$723 million is available for those activities on an annualized basis from funds made available under the continuing resolution (Public Law 116-59), which provided appropriations through November 21, 2019. Thus, the estimated authorization for 2020 is equal to the specified amount minus the annualized amount from the continuing resolution.

Direct Spending

S. 1439 would authorize MARAD to:

- Retain and spend reimbursements from foreign governments to cover foreign students’ tuition at the Merchant Marine Academy;
- Collect and spend funds resulting from the sale of commodities recovered from sunken vessels; and
- Waive fees for the renewal of certain Merchant Mariner credentials.

Using information from MARAD and the Coast Guard, CBO estimates that none of those provisions would increase direct spending by more than \$500,000 per year. Over the 2020-2029 period, however, CBO estimates they would collectively increase direct spending by \$2 million.

Spending Subject to Appropriation

S. 1439 would authorize the appropriation of \$1.49 billion over the 2020-2024 period for the following activities:

- A grant program to improve the safety, efficiency, and reliability of ports;
- Support of the National Security Multi-Mission Vessel program;
- Activities of the Merchant Marine Academy;
- Operations and program support provided by MARAD’s headquarters;

- Financial and other support for state maritime academies;
- Assistance to small shipyards and maritime training programs;
- The loan guarantee program used to construct or modernize U.S. vessels and shipyards;
- The disposal of certain National Defense Reserve Fleet vessels; and
- Payments related to the Maritime Security Program.

In 2019, the Congress appropriated \$723 million for those activities. Because CBO scores continuing resolutions on an annualized basis, in 2020 CBO assumes that the same amount will be available under the current continuing resolution (Public Law 116-59). As a result, CBO estimates that title I would authorize an increase in spending subject to appropriation in 2020 of \$465 million, the difference between the authorized amount and the annualized amount provided under the continuing resolution (see Table 2).

Based on historical patterns of spending for similar activities, and assuming appropriation of the specified and estimated amounts, CBO estimates that implementing the provisions in title I would cost \$746 million over the 2020-2024 period. All but \$15 million of that cost would stem from amounts specifically authorized to be appropriated in S. 1439. Using information from NOAA, CBO estimates that provisions in title II to combat IUU fishing would cost \$11 million over the 2020-2024 period. In total, CBO estimates, the bill would cost \$757 million over the 2020-2024 period.

Table 2.
Estimated Increases in Spending Subject to Appropriation Under S. 1439

	By Fiscal Year, Millions of Dollars					2020-2024
	2020	2021	2022	2023	2024	
Title I, Maritime Administration						
Estimated Authorization ^a	465	3	95	95	95	753
Estimated Outlays	40	120	243	208	135	746
Title II, Maritime SAFE Act						
Estimated Authorization	4	2	2	2	2	12
Estimated Outlays	3	2	2	2	2	11
Total Changes						
Estimated Authorization	469	5	97	97	97	765
Estimated Outlays	43	122	245	210	137	757

a. S. 1439 would authorize the appropriation of about \$1.2 billion in 2020 for activities of the Maritime Administration. However, CBO estimates that \$723 million is available for those activities on an annualized basis from funds made available under the continuing resolution (Public Law 116-59), which provided appropriations through November 21, 2019. Thus, the estimated authorization for 2020 (\$465 million) is equal to the specified amount (\$1,188 million) minus the annualized amount (\$723 million) from the continuing resolution.

Uncertainty

It is not clear that DoD would contribute to the Strategic Seaport Fund authorized by S. 1439. Based on information from DoD, CBO expects that the department would not transfer funds to the proposed Strategic Seaport Fund unless authorized by the DoD appropriations act. Historically, DoD has significant amounts of unobligated appropriations that expire at the end of each fiscal year. If some of those amounts were transferred to the Strategic Seaport Fund, direct spending under S. 1439 would increase.

Additional uncertainty involves the cost-effectiveness and feasibility of recovering and selling cargo from sunken warships. If the federal government receives proceeds through the sale of recovered cargo, the transaction could lead to a decrease in direct spending. However, based on information from MARAD, CBO does not expect that sufficient technological progress will occur over the next decade to make the recovery process more cost-effective. If significant technological advancements or substantial increases in commodity prices occur in the next decade, however, the federal government’s incentive to participate in such recovery operations also could increase.

Pay-As-You-Go Considerations

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays that are subject to those pay-as-you-go procedures are shown in Table 3.

Table 3.
CBO’s Estimate of the Statutory Pay-As-You-Go Effects of S. 1439

	By Fiscal Year, Millions of Dollars										2020-2024	2020-2029	
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029			
	Net Increase in the Deficit												
Pay-As-You-Go Effect	0	0	0	0	0	0	0	0	0	0	0	1	2

Components may not sum to totals because of rounding.

Increase in Long-Term Deficits

CBO estimates that enacting S. 1439 would not increase on-budget deficits by more than \$5 billion in any of the four consecutive 10-year periods beginning in 2030.

Mandates: None

Previous CBO Estimate

On August 23, 2019 CBO transmitted a [cost estimate for S. 1790](#), the National Defense Authorization Act for Fiscal Year 2020, as passed by the Senate on June 27, 2019. S. 1790 would authorize appropriations for MARAD of \$1.7 billion over the 2020-2024 period. The cost estimates for those pieces of legislation are different because of differences in authorization amounts. The cost estimate for S. 1439 also reflects the enactment of the continuing resolution for 2020.

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