

## At a Glance

### H.R 2741, Coast Guard Authorization Act of 2023

As ordered reported by the House Committee on Transportation and Infrastructure on April 26, 2023

By Fiscal Year, Millions of Dollars	2023	2023-2028	2023-2033
Direct Spending (Outlays)	0	*	*
Revenues	0	*	*
Increase or Decrease (-) in the Deficit	0	*	*
<b>Spending Subject to Appropriation (Outlays)</b>	<b>0</b>	<b>27,205</b>	<b>28,665</b>
Increases <i>net direct spending</i> in any of the four consecutive 10-year periods beginning in 2034?	*	Statutory pay-as-you-go procedures apply?	Yes
Increases <i>on-budget deficits</i> in any of the four consecutive 10-year periods beginning in 2034?	No	<b>Mandate Effects</b>	
		Contains intergovernmental mandate?	Yes, Under Threshold
		Contains private-sector mandate?	Yes, Under Threshold

\* = between -\$500,000 and \$500,000.

#### The bill would

- Reauthorize and amend programs administered by the Coast Guard
- Amend various requirements for obtaining the Merchant Mariner Credential
- Accelerate spending to respond to oil spills
- Impose new civil and criminal penalties on vessel operators
- Impose intergovernmental and private-sector mandates by expanding the Coast Guard's authority to regulate the security of vessels and facilities and requiring certain vessel operators to comply with registration, notification, and inspection requirements.

#### Estimated budgetary effects would mainly stem from

- Authorizing appropriations for Coast Guard programs for fiscal years 2024 and 2025
- Collecting fees from applicants for the Merchant Mariner Credential
- Accelerating spending available without further appropriation for responding to oil spills
- Increasing collections of civil and criminal penalties

**Detailed estimate begins on the next page.**

See also

[CBO's Cost Estimates Explained](#), [CBO Describes Its Cost-Estimating Process](#), [Glossary](#)



## Bill Summary

H.R. 2741 would reauthorize and amend programs administered by the Coast Guard for fiscal years 2024 and 2025. The bill also would amend the requirements for obtaining the Merchant Mariner Credential (MMC), accelerate spending for activities in response to oil spills, and impose new civil and criminal penalties on vessel operators for certain violations.

## Estimated Federal Cost

The estimated budgetary effect of H.R. 2741 is shown in Table 1. The costs of the legislation largely fall within budget functions 050 (national defense), 300 (natural resources and environment), 400 (transportation), 450 (community and regional development), and 750 (administration of justice).

**Table 1.**  
**Estimated Budgetary Effects of H.R. 2741**

	By Fiscal Year, Millions of Dollars											2023-2028	2023-2033
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033		
Estimated Authorization <sup>a</sup>	0	14,243	14,781	*	*	*	*	*	*	*	*	29,024	29,024
Estimated Outlays	0	8,275	11,569	4,056	1,868	1,437	904	365	122	52	17	27,205	28,665

\* = between zero and \$500,000.

Enacting H.R. 2741 would affect direct spending and increase revenues. CBO estimates that the net decrease in the deficit would total less than \$500,000 over the 2023-2033 period.

a. H.R. 2741 also would authorize the appropriation of about \$1.1 billion in 2024 for Coast Guard retired pay. That amount is not included in the table because retired pay is an appropriated entitlement. Spending is governed by underlying provisions in law that would not be affected by the bill.

## Basis of Estimate

For this estimate, CBO assumes that H.R. 2741 will be enacted near the end of fiscal year 2023, that the authorized amounts will be provided as specified in the bill, and that outlays will follow historical spending patterns.

## Spending Subject to Appropriation

H.R. 2741 would authorize the appropriation of \$29.0 billion over the 2023-2028 period. Assuming appropriation of the authorized amounts, CBO estimates that implementing the bill would cost \$27.2 billion over the same period and \$1.5 billion after 2028. CBO also estimates that about \$400 million would not be spent.



**Table 2.**  
**Estimated Increases in Spending Subject to Appropriation Under H.R. 2741**

	By Fiscal Year, Millions of Dollars						2023-2028
	2023	2024	2025	2026	2027	2028	
Operations and Support							
Authorization	0	10,750	11,288	0	0	0	22,038
Estimated Outlays	0	8,063	10,724	2,585	333	113	21,818
Procurement, Construction, and Improvements							
Authorization	0	3,478	3,478	0	0	0	6,956
Estimated Outlays	0	209	835	1,461	1,530	1,322	5,357
Research and Development							
Authorization	0	15	15	0	0	0	30
Estimated Outlays	0	3	10	10	5	2	30
Other Activities							
Estimated Authorization	0	*	*	*	*	*	*
Estimated Outlays	0	*	*	*	*	*	*
Total Changes							
Estimated Authorization	0	14,243	14,781	*	*	*	29,024
Estimated Outlays	0	8,275	11,569	4,056	1,868	1,437	27,205

\* = between zero and \$500,000.

**Coast Guard.** H.R. 2741 would authorize appropriations totaling \$14.2 billion in 2024 and \$14.8 billion in 2025 for ongoing activities. The total authorized amount includes the following:

- \$22.0 billion for operations and support, including activities to enforce compliance with environmental regulations;
- \$7.0 billion to procure, construct, and improve mission-related vessels, aircraft, facilities, and infrastructure; and
- \$30 million for research and development.

For fiscal year 2023, the Congress appropriated \$9.7 billion for operations and support; \$1.7 billion for procurement, construction, and improvements; and \$7 million for research and development.

**Other Activities.** H.R. 2741 also would affect spending subject to appropriation for agencies other than the Coast Guard. For example, section 204 would require the National Oceanic and Atmospheric Administration and the Federal Emergency Management Agency to assist the Coast Guard in developing tsunami evacuation plans, and sections 312 and 313 would require Customs and Border Protection to publish information on the activities of certain vessels. CBO estimates that the total cost to meet those requirements would not exceed \$500,000 over the 2023-2028 period.



## **Direct Spending**

CBO estimates that enacting several sections of H.R. 2741 would affect direct spending. Individually, each would increase or decrease direct spending by less than \$500,000 over the 2023-2033 period. CBO estimates that taken together, those provisions would have an insignificant effect on net direct spending over the same period, but CBO cannot determine whether the net change would be an increase or a decrease in direct spending.

**Merchant Mariner Credential.** Several sections of H.R. 2741 would amend the requirements for obtaining the MMC, which could change collections of application and examination fees. MMC fees are recorded in the budget as offsetting receipts (that is, as reductions in direct spending). CBO estimates that the resulting change in direct spending would not be significant in any year because few MMC applications are likely to be affected and fees for the credential are relatively small.

**Oil Spills.** Other provisions in H.R. 2741 could accelerate spending related to oil spills that is available without further appropriation. Those provisions would limit judicial review after an oil spill and clarify the types of data that may be used in adjudicating claims for damage. CBO estimates that enacting those provisions would not significantly affect net direct spending over the 2023-2033 period.

**Coast Guard Retired Pay.** H.R. 2741 also would authorize the appropriation of roughly \$1.1 billion in 2024 for Coast Guard retired pay, a mandatory account that receives an annual appropriation. That account is permanently authorized and governed by underlying provisions in law; therefore, the spending that would be authorized by the bill is already reflected in CBO's baseline. Because the bill would not affect any of the underlying provisions for retired pay, enacting that provision would have no effect on direct spending.

## **Revenues**

Sections 331, 343, and 346 would create new civil or criminal penalties for operating vessels negligently, for manufacturing or distributing controlled substances, and for violating various requirements for crews on vessels and rigs, respectively. Civil and criminal penalties are recorded in the budget as revenues. Criminal fines are deposited in the Crime Victims Fund and later spent without further appropriation. CBO estimates that the revenues and direct spending associated with those penalties would not be significant in any year because of the relatively small number of cases likely to be affected.

## **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. CBO estimates that enacting the bill would decrease the deficit by less than \$500,000 over the 2023-2033 period. Direct spending would change by an insignificant amount, and revenues would increase by less than \$500,000 in every year and over the 2023-2033 period.



## **Increase in Long-Term Net Direct Spending and Deficits**

CBO estimates that enacting H.R. 2741 would not significantly affect net direct spending in any of the four consecutive 10-year periods beginning in 2034, but CBO cannot determine whether those long-term effects would be increases or decreases in direct spending.

CBO estimates that enacting H.R. 2741 would not increase on-budget deficits in any of the four consecutive 10-year periods beginning in 2034.

## **Mandates**

H.R. 2741 would impose intergovernmental and private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). CBO estimates the costs to comply would not exceed the thresholds established in UMRA for intergovernmental and private-sector mandates (\$99 million and \$198 million in 2023, respectively, adjusted annually for inflation).

The bill would allow the Coast Guard to implement new regulations to protect vessels, bridges, and structures (such as port facilities) that operate in or adjacent to federal waters from cybersecurity and physical threats. Regulations under the bill would impose a mandate by expanding existing requirements on some publicly and privately owned facilities to ensure the security of computer and telecommunication systems and property.

The cost to comply with the mandate would depend on regulations to be published by the Coast Guard. Because high-risk facilities and other affected entities already are subject to extensive security-related regulations, CBO estimates that any new regulations under the bill would result in a small incremental increase in compliance costs.

H.R. 2741 would impose private-sector mandates on certain vessel operators by requiring them to register with the Coast Guard and to submit to additional inspections. CBO estimates that the cost of those mandates would be small.

The bill also would impose a private-sector mandate on U.S. entities with financial interests in foreign-flagged vessels that operate on the Outer Continental Shelf by requiring operators to file notifications with Customs and Border Protection. Because the required information is readily available, CBO estimates that the cost of the mandate would be small and only include the share of costs borne by U.S. entities.



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