



**CONGRESSIONAL BUDGET OFFICE  
COST ESTIMATE**

June 23, 2009

**H.R. 2652  
Maritime Safety Act of 2009**

*As ordered reported by the House Committee on Transportation and Infrastructure  
on June 4, 2009*

**SUMMARY**

H.R. 2652 would amend various statutes governing marine safety programs carried out by the U.S. Coast Guard and would authorize appropriations for new grants and studies on safety topics. Assuming appropriation of the amounts specifically authorized or estimated to be necessary, CBO estimates that implementing the legislation would cost about \$40 million over the 2010-2014 period. Enacting H.R. 2652 could reduce offsetting receipts from commercial fees charged by the Coast Guard, but CBO estimates that any such reductions would be minimal and would be partially offset by reductions in direct spending. Enacting H.R. 2652 could increase revenues by establishing civil fines for violations of certain Coast Guard regulations, but CBO estimates that any such increase would be minimal.

H.R. 2652 contains intergovernmental and private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) because it would preempt state laws and impose new requirements that affect certain public and private vessels and others in the maritime industry. The aggregate costs to public and private entities of complying with those mandates are uncertain and would depend, in part, on future regulations. Consequently, CBO cannot determine whether those costs would exceed the annual threshold established in UMRA for private-sector mandates (\$139 million in 2009, adjusted annually for inflation). CBO estimates, however, that those costs would not exceed the annual threshold established in UMRA for intergovernmental mandates (\$69 million in 2009, adjusted annually for inflation) because of the small number of public entities involved.

## ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 2652 is shown in the following table. The costs of this legislation fall within budget function 400 (transportation).

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	By Fiscal Year, in Millions of Dollars					2009-
	2010	2011	2012	2013	2014	2014
<b>CHANGES IN SPENDING SUBJECT TO APPROPRIATION</b>						
Specified Amounts for Grants and Studies						
Authorization Level	7	6	6	6	6	31
Estimated Outlays	5	6	7	7	6	31
Estimated Amounts for Studies and Rulemakings						
Estimated Authorization Level	1	2	2	2	2	9
Estimated Outlays	1	2	2	2	2	9
Total Spending Under H.R. 2652						
Estimated Authorization Level	8	8	8	8	8	40
Estimated Outlays	6	8	9	9	8	40

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Note: Enacting H.R. 2652 also could result in small increases in revenues from civil penalties and reductions in offsetting receipts from commercial fees, but CBO estimates that those changes would be insignificant.

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## BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 2652 will be enacted in fiscal year 2009 and that the amounts specifically authorized by the legislation or estimated to be necessary will be appropriated for each year. Estimated outlays are based on historical spending patterns for similar programs.

### Spending Subject to Appropriation

**Specified Authorization Levels.** Section 4 of the bill would authorize the appropriation of \$3 million annually (through 2014) for each of two programs to fund grants to state, local, or other nonfederal entities. The grants would be awarded by the Coast Guard for research and training on fishing safety. In addition, sections 3 and 23 would authorize a total of \$1.15 million for studies on cold-weather survival training and on the use of blended fuels by marine vessels. Assuming appropriation of the specified amounts, CBO

estimates that implementing the authorized grant programs and studies would cost \$31 million over the 2010-2014 period.

**Estimated Authorizations.** Several provisions of the legislation would require the Coast Guard to promulgate new rules and regulations addressing marine safety issues, including recordkeeping, safety equipment, and spill protection for vessels that carry over 600 cubic meters of fuel oil. In addition, the bill would require the Coast Guard to enforce new regulations and prepare various annual and one-time reports. Finally, the bill would extend the life of several advisory committees, some of which receive financial support from the Coast Guard. Based on information provided by the agency, CBO estimates that carrying out the required studies and rulemakings and supporting advisory committees would cost about \$9 million over the 2010-2014 period.

### **Direct Spending**

Section 16 would authorize the Coast Guard to extend for one year certain expiring marine licenses, certificates of registry, and merchant mariner documents. Because the extension could delay the collection of fees charged for renewal of such documents, enacting this provision could reduce offsetting receipts (an offset against direct spending) over the next year or two. Some of those receipts may be spent without further appropriation, however, to cover collection expenses. CBO estimates that the net effect on direct spending from enacting this provision would be small in each of fiscal years 2010 and 2011.

## **INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

H.R. 2652 contains intergovernmental and private-sector mandates as defined in UMRA because it would impose new requirements that affect public and private vessels and others in the maritime industry. The bill also contains provisions that would preempt state and local laws. The aggregate costs of the mandates in the bill are uncertain because many of them would depend on regulations to be developed under the bill. Consequently, CBO cannot determine whether those costs would exceed the annual threshold established in UMRA for private-sector mandates (\$139 million in 2009, adjusted annually for inflation). CBO estimates, however, that those costs would not exceed the annual threshold established in UMRA for intergovernmental mandates (\$69 million in 2009, adjusted annually for inflation) because of the small number of public entities involved.

### **Mandates That Apply to Both Public and Private Entities**

**Safety Equipment and Management Requirements.** H.R. 2652 would require certain commercial and public vessels to carry approved survival craft that ensure that no part of

an individual is immersed in water. All survival craft would have to meet this standard by January 1, 2015. The costs to comply with this mandate would depend on how the Coast Guard would implement the new standard. However, based on information about the range in costs of survival crafts, CBO expects that the cost of replacing hundreds of survival craft on private vessels would likely be small relative to UMRA's threshold for the private sector. Further, because most public vessels do not use survival craft that immerse individuals in water, CBO estimates that additional costs to public entities would be minimal.

The bill also would require owners and operators of certain domestic passenger vessels to implement safety management procedures as determined by the Secretary of Homeland Security. According to the Coast Guard and industry sources, the costs to public and private entities could vary widely depending on the coverage and scope of those procedures. However, only a small number of public entities would be affected by those requirements. CBO cannot estimate the total cost of this mandate to private entities because it would depend on future regulations.

**Other Mandates on the Maritime Industry.** The bill also would impose new requirements on public entities and businesses in the maritime industry. For example, the bill would require owners and operators of public and commercial vessels to comply with new recordkeeping requirements and provide whistleblower protections for maritime employees. CBO estimates that the additional costs to comply with those mandates would be small because compliance likely would involve only small adjustments, if any, in current procedures.

### **Mandates That Apply to Public Entities Only**

The bill would preempt state and local laws that would be inconsistent or conflict with the new federal requirements. CBO estimates that the additional costs to comply with that mandate would be small because compliance likely would involve only a small adjustment in current procedures.

### **Mandates That Apply to Private Entities Only**

**Safety Requirements for Commercial Fishing Vessels.** H.R. 2652 would impose new safety requirements on owners and operators of commercial fishing vessels. The bill also would require the individuals in charge of commercial fishing vessels operating beyond three nautical miles of the U.S. coast to keep a record of equipment maintenance and to pass a safety training program and a refresher training once every five years. The cost of recordkeeping would be minimal. The new safety training program, however, would have to include training in collision prevention, personal survival, and emergency medical care. According to industry sources, similar training programs currently available cost between \$100 and \$500 per person. Those sources also indicate that thousands of U.S.

commercial fishing captains nationwide and others would have to comply with the training requirement. The bill also would establish a grant program to provide funding for training on commercial fishing safety.

The bill would establish safety equipment standards for certain commercial fishing vessels operating beyond three nautical miles of the coast. In addition, beginning in 2010, the bill would require that such vessels that are less than 50 feet in length be constructed in a manner that provides a level of safety equivalent to the minimum safety standards established by the Coast Guard that apply to recreational vessels. The cost to comply with those mandates would depend on the standards to be set by the Coast Guard.

**Safety Requirements for Other Vessels.** The bill would authorize the Coast Guard to establish standards for the use of emergency locator beacons on recreational vessels and for the installation and use of lifesaving devices on nonpropelled vessels such as barges. If the Coast Guard establishes either of those standards, it would impose a private-sector mandate. CBO cannot estimate the cost of complying with the mandate because it would depend on future regulations.

#### **Provision Excluded from UMRA Review**

UMRA excludes from the application of that act any legislative provision that is necessary for the ratification or implementation of international treaty obligations. CBO has determined that section 12 of H.R. 2652 falls within that exclusion; therefore, we have not reviewed it for intergovernmental or private-sector mandates.

#### **PREVIOUS CBO ESTIMATE**

On June 10, 2009, CBO transmitted a cost estimate for S. 685, the Oil Spill Prevention Act of 2009, as ordered reported by the Senate Committee on Commerce, Science, and Transportation on May 20, 2009. The Senate bill contains several provisions that are similar to those contained in H.R. 2652, including extensions on licensing of seamen and requirements for vessels carrying large amounts of fuel oil. The estimated costs of those provisions are the same.

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