CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

December 20, 2013

S. 1683
Naval Vessel Transfer Act of 2013

As reported by the Senate Committee on Foreign Relations on November 14, 2013

S. 1683 would authorize the President to sell four naval vessels to Taiwan. CBO estimates that those sales would increase offsetting receipts (thus, reducing direct spending) by $40 million over the 2014-2023 period. Other provisions of the bill would authorize the President to enter into cooperative arrangements with certain countries in Southwest Asia and would require the President to adhere to additional reporting requirements. CBO estimates that those provisions would increase discretionary spending by about $2 million over the 2014-2018 period, assuming availability of the necessary funds. Because enacting the bill would affect direct spending, pay-as-you-go procedures apply. Enacting the bill would not affect revenues.

Section 102 would authorize the sale of naval vessels. That authority would expire three years after the bill is enacted. Based on information from the Navy, CBO estimates that all four vessels would be sold over that period, for about $10 million each. Those funds would be deposited in the Treasury as offsetting receipts. The bill also specifies vessels that may be transferred to certain nations by grant. Under the bill, any additional costs related to authorized sales or transfers, including costs for refurbishing the vessels, would be paid by the recipient countries. Such amounts are typically paid directly to the private shipyards that do the work.

Section 206 would authorize the Department of Defense (DoD) to allow foreign military and civilian personnel to participate, without charge, in integrated air and missile defense programs at a U.S. training facility in the United Arab Emirates. That authority would expire in 2016. DoD has not provided details on how it would use that authority and whether it would seek contributions in lieu of charging the participating countries. Based on information about the facility's annual budget and existing programs and assuming appropriation of the necessary amounts, CBO estimates that implementing the training would have discretionary costs of about $2 million over the 2014-2018 period.

Finally, the bill contains several reporting requirements that CBO estimates would cost less than $500,000 each year, assuming the availability of appropriated funds. Section 201 would require the President to notify the Congress 30 days before shipments of certain defense articles if requested to do so by the Chairman or Ranking Member of certain Congressional committees. The Department of State has indicated that it already provides requested notifications on an ad-hoc basis; CBO estimates that providing similar notifications under the bill would have insignificant discretionary costs. (However, if the department would be required to provide notifications more broadly and routinely, costs could increase.)

S. 1683 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, or tribal governments.

The CBO staff contacts for this estimate are Raymond J. Hall (for naval vessel sales) and Sunita D’Monte (for all other provisions). This estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.