



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

May 11, 2001

H.R. 1098 **Maritime Policy Improvement Act of 2001**

*As ordered reported by the Senate Committee on Commerce, Science, and Transportation
on May 3, 2001*

H.R. 1098 would authorize appropriations for a merchant marine memorial and would modify the regulatory status of certain vessels. Assuming appropriation of the specified amounts, CBO estimates that implementing this bill would cost \$500,000 in fiscal year 2002. Provisions regarding the designation of the vessel COASTAL VENTURE could result in a reduction in federal tax revenues, but we estimate that any such reduction would be negligible. Because the bill would affect receipts, pay-as-you-go procedures would apply.

H.R. 1098 would authorize the appropriation of \$500,000 for 2002 to the Secretary of Transportation to make matching grants to the American Merchant Marine Veterans Memorial Committee, Inc. The committee would use the grants to construct an addition to the American Merchant Marine Memorial Wall of Honor in San Pedro, California. Assuming appropriation of the authorized amount, CBO estimates that the Department of Transportation's Maritime Administration would spend \$500,000 in fiscal year 2002 to provide the matching grant to the committee.

Section 3 would deem the vessel COASTAL VENTURE to be a U.S. flagship qualified for employment in coastal trade, enabling its owner to establish a capital construction account for the purposes of constructing, acquiring, leasing, or paying off the indebtedness of the ship. Because such deposits and their earnings are tax-deferred and withdrawals of these funds are tax-exempt if used for qualifying purposes, corporate income tax revenues could be affected. As a result, pay-as-you-go procedures would apply. Given the historical use of these accounts and the addition of only one vessel, CBO estimates that this provision would have a negligible effect on revenues.

Other provisions of H.R. 1098 would have no effect on the federal budget. Most of these provisions would allow certain ships to receive certificates of documentation or waivers from various federal regulations.

H.R. 1098 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments. The act would authorize the appropriation of \$500,000 in fiscal year 2002 for a grant to construct an addition to the American Merchant Marine Wall of Honor. The federal share of the project would be 50 percent; any costs incurred by state or local governments for the project would be voluntary.

The CBO staff contacts for this estimate are Deborah Reis (for federal spending), and Carolyn Lynch (for revenues) . The estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.