



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

November 13, 1997

S. 1259

Coast Guard Authorization Act for Fiscal Years 1998 and 1999

*As ordered reported by the Senate Committee on Commerce, Science, and Transportation
on October 8, 1997*

SUMMARY

S. 1259 would authorize appropriations for discretionary programs of the U.S. Coast Guard (USCG) for fiscal years 1998 and 1999. For both years, the bill would authorize about \$3.2 billion, including about \$2.7 billion for operating expenses, \$379 million for acquisition and other capital projects, \$19 million for research activities, \$26 million for bridge alterations, and \$21 million for environmental compliance. Of the amounts authorized for each year, \$48.5 million would be derived from the Oil Spill Liability Trust Fund (OSLTF).

S. 1259 contains no new intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act of 1995 (UMRA) and would impose no significant costs on state, local, or tribal governments.

Two provisions of the bill could increase federal revenues from civil penalties; therefore, pay-as-you-go procedures would apply. The budgetary effect of these provisions, however, would be negligible.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

Assuming appropriation of the entire amounts authorized for discretionary programs, funding for both 1998 and 1999 would be \$24 million (less than 1 percent) more than has been enacted for 1998. The estimated budgetary effects of the legislation are summarized in the following table.

	By Fiscal Year, in Millions of Dollars					
	1997	1998	1999	2000	2001	2002
SPENDING SUBJECT TO APPROPRIATION						
USCG Spending Under Current Law						
Estimated Authorization Level ^a	3,052	3,161	29	0	0	0
Estimated Outlays	2807	3,092	893	464	136	63
Proposed Changes						
Estimated Authorization Level	0	24	3,156	0	0	0
Estimated Outlays	0	20	2,251	444	344	81
USCG Spending Under S. 1259						
Estimated Authorization Level	3,052	3,185	3,185	0	0	0
Estimated Outlays	2,807	3,112	3,144	908	480	144

a. The 1997 and 1998 figures are the amounts appropriated for programs authorized by this bill. The \$29 million shown for 1999 is the amount already authorized by the Oil Pollution Act of 1990 for appropriations from the OSLTF.

The costs of this legislation fall within budget functions 300 (natural resources and environment) and 400 (transportation). Amounts provided in the bill for Coast Guard retirement have not been included in the above table because such pay is an entitlement under current law, requiring no annual authorization of appropriations.

BASIS OF ESTIMATE

For purposes of this estimate, CBO assumes that S. 1259 will be enacted during the first few months of calendar 1998, and that the full amounts authorized for USCG programs will be appropriated for each fiscal year.

The additional authorization of \$24 million for 1998 shown in the table represents the difference between the total stated in the bill for discretionary accounts and the amount already appropriated for such accounts to date. For 1999, the additional authorization level of \$3,156 million is as stated in the bill. That amount does not include \$28.5 million of the \$48.5 million to be derived from the OSLTF. (This amount, which consists of \$25 million for Coast Guard operations and \$3.5 million for research, is excluded because it is already authorized under existing law.) Outlays for all years are estimated on the basis of historical spending patterns for Coast Guard programs.

Section 201 of S. 1259 would increase future costs of Coast Guard operations and other discretionary programs, assuming appropriation of the necessary amounts, by removing the \$15,000 cap on severance payments for warrant officers. In total, CBO estimates the cost of this provision to be less than \$200,000 per year.

Several provisions of Title IV would direct the Coast Guard to convey without reimbursement certain real property to various units of local government or nonprofit organizations. Because none of these sites are likely to be sold under current Administration plans, their donation would have no effect on the federal budget.

Other provisions of S. 1259 are not expected to have any significant impact on the federal budget.

PAY-AS-YOU-GO CONSIDERATIONS

Section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. Two provisions of S. 1259 could affect receipts by increasing civil penalties, but CBO estimates that the amount of any new revenues would not be significant.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

S. 1259 contains no intergovernmental mandates as defined in UMRA; however, several provisions would affect state and local governments. CBO estimates that, on the whole, the bill's provisions, including those discussed above, would benefit state and local governments.

The bill's amendments to the federal Vessel Identification System could result in more vessel owners seeking state numbering and titling of their boats. These amendments would make state-titled vessels more likely to receive preferred mortgages. As a result, vessel owners who previously would have sought federal documentation would be more likely to seek state titles. CBO estimates that the impact of these changes on state budgets would be negligible. Furthermore, states generally charge fees for vessel services that cover the costs of administering this voluntary program.

Any additional costs associated with the property conveyances authorized in this bill would be incurred voluntarily by states.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

S. 1259 would extend from 3 miles to 12 miles the territorial sea of the United States for purposes of enforcing the Ports and Waterways Safety Act and portions of Title 46 of the United States Code (Shipping). Thus, S. 1259 would extend the geographical coverage of existing private-sector mandates, regarding marine safety, on owners or operators of vessels visiting U.S. ports. Based on information provided by the Coast Guard, CBO estimates that this bill should impose no additional costs on the private sector because the same number of ships would be affected as under current law.

PREVIOUS CBO ESTIMATE

On July 31, 1997, CBO prepared a cost estimate for H.R. 2204, the Coast Guard Authorization Act of 1997, as ordered reported by the House Committee on Transportation and Infrastructure on July 23, 1997. The estimate for H.R. 2204 reflected that bill's higher authorization levels for both fiscal years 1998 and 1999.

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