CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

May 19, 2004

S. 2279
Maritime Transportation Security Act of 2004

As ordered reported by the Senate Committee on Commerce, Science, and Transportation on April 8, 2004

SUMMARY

S. 2279 would require the Departments of Transportation (DOT) and Homeland Security (DHS) to report on their progress in implementing the Maritime Transportation Security Act of 2002 (MTSA). The bill would amend the MTSA to clarify existing planning and reporting requirements. In addition, federal agencies would be required to complete new or more detailed studies of maritime security issues, review certain security plans, and correct deficiencies where identified.

Section 9 of the bill would authorize the appropriation of $35 million for each of fiscal years 2005 through 2009 for pilot programs that test newly developed security technologies. This section also would eliminate existing authorizations of $15 million annually for fiscal years 2003 through 2008 for research and development grants under the MTSA, resulting in a net increase in authorized funding of $20 million a year through 2008 and $35 million for 2009.

Assuming appropriation of the authorized amounts, CBO estimates that the federal government would spend about $5 million in fiscal year 2005 and $80 million over the 2005-2009 period to implement S. 2279. (About $35 million of the authorized amounts would be spent after 2009.) The costs of complying with other bill provisions would depend on the findings of future security evaluations. Any security enhancements that may be found to be necessary by such evaluations also could occur under current law.

The bill would authorize DHS to impose a new civil penalty for leaving merchandise unattended on loading piers that could increase federal revenues, but CBO estimates that any revenue from new penalty collections would be less than $500,000 annually. Enacting this legislation would not affect direct spending.

S. 2279 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments. The bill would benefit publicly owned ports and vessels, and any costs they incur would result from conditions of aid.

S. 2279 would impose a private-sector mandate as defined by UMRA on owners of vessels and U. S. and foreign seamen that are employed on vessels transporting nuclear materials in the navigable waters of the United States. CBO estimates that the cost of that private-sector mandate would not exceed the annual threshold established in UMRA ($120 million in 2004, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 2279 is shown in the following table. The costs of this legislation fall within budget function 400 (transportation).

	By Fiscal Year, in Millions of Dollars					
	2004	2005	2006	2007	2008	2009
SPENDING SUBJECT TO APPROPRIATION [a]						
Spending Under the MTSA for R&D Grants						
Authorization Level [b]	0	15	15	15	15	0
Estimated Outlays	0	4	10	14	15	15
Proposed Changes						
Authorization Level	0	20	20	20	20	35
Estimated Outlays	0	5	11	18	20	26
Spending Under S. 2279 for R&D Pilot Projects						
Authorization Level [b]	0	35	35	35	35	35
Estimated Outlays	0	9	21	32	35	35

a. No amounts are included in this estimate for a possible increase in the number of cargo inspections performed by DHS or for correcting other security deficiencies in existing federal maritime security operations. If such additional inspections or other security enhancements are found to be necessary, existing law would require that the same improvements be made.

b. The MTSA authorizes $15 million a year through 2008 for port security research and development grants. (S. 2279 would eliminate these authorizations.) No amounts were appropriated for MTSA research grants for 2004.

BASIS OF ESTIMATE

For this estimate, CBO assumes that S. 2799 will be enacted by the end of fiscal year 2004 and that the amounts authorized for grants for pilot projects will be appropriated for each year beginning in 2005. The proposed changes in authorization levels shown in the above table include $35 million authorized for the pilot projects, less $15 million for each of years 2005 through 2008 (which the legislation would eliminate). Outlays are estimated on the basis of spending for similar grant programs. CBO estimates that carrying out the various studies, progress reports, and assessments required by the bill would cost the DHS and other federal agencies less than $500,000 a year.

Section 4 would require the Inspector General (IG) of the DHS to evaluate the department's cargo inspection targeting system. The targeting system involves reviewing shipping documents and other information to identify high-risk cargoes, which are then inspected. This provision would give the department one year in which to double the number of physical inspections of containers of imported cargo at U.S. or foreign ports if the IG determines that the existing system is not sufficient for security purposes.

The CBO cost estimate for S. 2279 does not include any costs associated with increasing the number of container inspections under section 4 because it is uncertain how (or if) this provision would change the department's future plans and operations. CBO estimates that the costs of doubling the inspection program would be significant—about $50 million for training, acquisition of detection equipment, and other one-time activities and about $25 million a year for salaries and other operating expenses. We cannot predict, however, whether the IG will determine that the current program is inadequate or how many inspections the department will choose to perform in the future in the absence of this requirement. The number of container inspections has increased from about 170,000 containers in 2002 to nearly 490,000 in 2003 and an estimated 520,000 this year. Assuming appropriation of the necessary amounts in future years, CBO expects that this number would continue to grow, but possibly more slowly than may be required under the bill.

Section 10 would require DHS to evaluate security plans for nuclear facilities located near navigable waterways and to ensure that any identified deficiencies are corrected. The CBO cost estimate does not include any costs for carrying out this provision because the periodic review and updating of security programs for these facilities are already required under current law. Owners and operators of nuclear facilities (including those owned by the Tennessee Valley Authority) currently must maintain security plans as a condition of federal licensing. Other laws, including the MTSA, require the periodic review and (if necessary) revision of plans and programs for nuclear facility security.

This estimate is based on information provided by DHS and other federal agencies.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

S. 2279 contains no intergovernmental mandates as defined in UMRA and would impose no costs on state, local, or tribal governments. The bill would require DHS to report on the status of implementing the requirements for port and vessel security that are in current law.

Specifically, the bill would require DHS to update the Congress on its efforts to gather information on vessels operating on, or bound for, the waters of the United States. The original mandate for both public and private entities to submit vessel information to the federal government was created in the MTSA. The bill also would require DHS to report on and analyze its efforts to secure and screen imported cargo. The reporting requirements would impose no new mandates on ports, terminals, and vessels, some of which are owned by local, state, and regional authorities.

S. 2279 would amend current law to expand the scope and funding of the research and development program for port security. State and local governments, among other entities, would benefit from the additional $20 million authorized for each fiscal year to conduct pilot projects, to purchase and test technology, and to improve shipping containers, and tracking. Other sections of the bill also would benefit publicly owned ports and vessels. Any costs they incur would result from conditions of aid.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

S. 2279 would impose a private-sector mandate as defined by UMRA on certain owners of vessels and U.S. and foreign seamen. The bill would mandate that vessel owners require seamen transporting nuclear materials in the navigable waters of the United States to undergo criminal background checks. According to information from government representatives, most U.S. seamen undergo those background checks under current law, and the cost to the private sector for the additional checks would not be large. CBO estimates that the cost to comply with the mandate would not exceed the annual threshold established in UMRA ($120 million in 2004, adjusted annually for inflation).

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