



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

May 9, 2006

S. 2459

GreenLane Maritime Cargo Security Act

*As reported by the Senate Committee on Homeland Security
and Governmental Affairs on May 5, 2006*

SUMMARY

CBO estimates that S. 2459 would authorize the appropriation of \$5.2 billion over the 2007-2012 period for Department of Homeland Security (DHS) programs to improve the security of U.S. ports. The bill would specifically authorize the appropriation of \$835 million a year over the 2007-2012 period for port security programs. In addition, S. 2459 would require DHS, not later than December 31, 2007, to examine all containers entered through the busiest 22 U.S. seaports for radiation emissions.

Assuming appropriation of the necessary amounts, CBO estimates that implementing S. 2459 would cost \$3.4 billion over the 2007-2011 period and additional spending of nearly \$1.8 billion after 2011. Enacting the bill could affect direct spending and receipts, but we estimate that any such effects would not be significant.

S. 2459 contains an intergovernmental mandate as defined in the Unfunded Mandates Reform Act (UMRA), but CBO estimates that the costs to intergovernmental entities, including public ports, likely would total less than \$10 million annually, and would not exceed the threshold established in UMRA (\$64 million in 2006, adjusted for inflation).

S. 2459 would require the Secretary of the Department of Homeland Security to establish, by regulation, certain standards and procedures for securing all containers bound for the United States. Because those regulations have not been established, CBO cannot determine what new private-sector mandates would be imposed, if any. Therefore, CBO cannot determine whether the aggregate direct cost of complying with the private-sector mandates that may be imposed by the bill would exceed the annual threshold (\$128 million in 2006, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 2459 is shown in the following table. The costs of this legislation fall within budget functions 150 (international affairs), 400 (transportation), 450 (community and regional development), and 750 (administration of justice).

| | By Fiscal Year, in Millions of Dollars | | | | | |
|--|--|------|------|------|------|------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| SPENDING SUBJECT TO APPROPRIATION | | | | | | |
| Spending Under Current Law for Programs | | | | | | |
| Authorized by S. 2459 | | | | | | |
| Budget Authority ^a | 318 | 0 | 0 | 0 | 0 | 0 |
| Estimated Outlays | 255 | 69 | 19 | 0 | 0 | 0 |
| Proposed Changes: | | | | | | |
| DHS Programs to Improve Port Security | | | | | | |
| Authorization Level | 0 | 835 | 835 | 835 | 835 | 835 |
| Estimated Outlays | 0 | 311 | 539 | 742 | 835 | 835 |
| Radiation Detection Program | | | | | | |
| Estimated Authorization Level | 0 | 140 | 10 | 10 | 10 | 10 |
| Estimated Outlays | 0 | 112 | 36 | 10 | 10 | 10 |
| Other DHS Programs | | | | | | |
| Estimated Authorization Level | 0 | 1 | 0 | 0 | 0 | 0 |
| Estimated Outlays | 0 | 1 | 0 | 0 | 0 | 0 |
| Total Changes | | | | | | |
| Estimated Authorization Level | 0 | 976 | 845 | 845 | 845 | 845 |
| Estimated Outlays | 0 | 423 | 575 | 752 | 845 | 845 |
| Spending Under S. 2459 | | | | | | |
| Estimated Authorization Level ^a | 318 | 976 | 845 | 845 | 845 | 845 |
| Estimated Outlays | 255 | 492 | 594 | 752 | 845 | 845 |
| <p>a. The 2006 level is the amount appropriated for that year for most programs authorized by S. 2459. These programs include the container security initiative, the customs-trade partnership against terrorism, and the radiation detection program. The total does not include any funding for maritime security command centers because this information is not available.</p> | | | | | | |

BASIS OF ESTIMATE

For this estimate, CBO assumes that the bill will be enacted before the end of 2006. CBO estimates that implementing S. 2459 would cost about \$3.4 billion over the 2007-2011 period, assuming appropriation of the authorized and estimated amounts. Enacting the bill could increase both direct spending and receipts, but CBO estimates that any such effects would not be significant in any year.

Spending Subject to Appropriation

For this estimate, CBO assumes that the amounts authorized or estimated to be necessary will be appropriated for each year. Estimated outlays are based on historical spending patterns for existing or similar programs.

DHS Programs to Improve Port Security. S. 2459 would authorize the appropriation of:

- \$5 million for each of fiscal years 2007 through 2012 for DHS to identify high-risk containers moving through international commerce;
- \$5 million for each of fiscal years 2007 through 2012 to fund the Office of Cargo Security Policy in DHS and to cover costs incurred by the Department of State to advise DHS regarding international issues involving cargo security;
- \$175 million for each of fiscal years 2007 through 2012 for the container security initiative, a DHS program to examine containers at foreign ports before they are shipped to the United States;
- \$75 million for each of fiscal years 2007 through 2012 for DHS to form partnerships with importers and other entities to improve security at U.S. ports;
- \$50 million for each of fiscal years 2007 through 2012 for DHS to form partnerships with importers to speed the flow of goods through international commerce;
- \$100 million for each of fiscal years 2007 through 2012 for DHS to establish or expand security command centers at selected seaports;
- \$25 million for each of fiscal years 2007 through 2012 for a DHS program that would provide grants to improve cargo inspection at U.S. ports; and
- \$400 million for each of fiscal years 2007 through 2012 for DHS to make grants to improve the security of U.S. ports.

Assuming appropriation of the authorized amounts, CBO estimates that implementing these programs would cost about \$3.3 billion over the 2007-2011 period and nearly \$1.8 billion after 2011.

Radiation Detection Program. S. 2459 would require DHS, not later than December 31, 2007, to examine all containers entered through the busiest 22 U.S. seaports for radiation emissions.

According to DHS, there are 223 radiation monitors currently deployed at 13 of the nation's 22 busiest seaports. With these monitors, DHS can screen almost 60 percent of arriving containers for radiological materials. Based on information from DHS, CBO estimates that the department would need to purchase 400 additional monitors to screen all arriving containers at the 22 busiest seaports. According to DHS, each additional device would cost about \$350,000. Thus, we estimate that implementing this provision would cost about \$140 million in fiscal year 2007.

In addition, we expect that there would be maintenance and replacement costs for those monitors in subsequent years of around \$10 million annually.

Other Programs. S. 2459 would direct DHS to establish standards for container security and to prepare reports relating to port security. Based on information from DHS, CBO estimates that it would cost about \$1 million in fiscal year 2007 and less than \$500,000 annually thereafter to implement these provisions.

Receipts and Direct Spending

H.R. 2459 would establish new criminal penalties for the improper use of certain U.S. international trade data. Thus, the federal government might collect additional fines if the bill is enacted. Collections of criminal fines are deposited in the Crime Victims Fund and later spent. CBO expects that any additional receipts and direct spending would not be significant.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

S. 2459 contains an intergovernmental mandate as defined in UMRA because it would require state and local entities (including law enforcement and port authorities) to participate in staffing command centers for maritime security. Based on information from industry and governmental sources, CBO estimates that the costs to intergovernmental entities of this

provision likely would total less than \$10 million annually, and would not exceed the threshold established in UMRA (\$64 million in 2006, adjusted annually for inflation).

Other provisions of the bill would authorize more than \$400 million annually, for fiscal years 2007 through 2012 to improve security and cargo inspection at United States ports. To the extent that state or local governments apply for and receive such grants, these provisions would provide benefits to those entities. Any costs resulting from complying with the conditions of the grants would be incurred voluntarily.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

S. 2459 would require the Secretary of the Department of Homeland Security to review and promulgate regulations regarding the security of the international supply chain. The provisions would require the Secretary to issue rules on minimum standards and procedures for securing containers in transit to an importer in the United States.

Within two years of issuing such regulations, all containers bound for the United States would be required to meet such standards and procedures. Those regulations could impose new mandates on shipping carriers and owners and operators of maritime terminal facilities. Because those regulations have not been established, CBO cannot determine what new private-sector mandates would be imposed, if any. Therefore, CBO cannot determine whether the aggregate direct cost of complying with the private-sector mandates that may be imposed by the bill would exceed the annual threshold (\$128 million in 2006, adjusted annually for inflation).

PREVIOUS CBO ESTIMATES

On April 28, 2006, CBO transmitted a cost estimate for H.R. 4954, the Security and Accountability For Every Port Act, as ordered reported by the House Committee on Homeland Security on April 26, 2006. CBO estimated that implementing H.R. 4954 would cost \$767 million in 2007 and \$7.4 billion over the 2007-2011 period, assuming appropriation of the necessary amounts. Differences between the bills are reflected in the two cost estimates. H.R. 4954 also would require state and local entities to participate in staffing command centers for maritime security. Unlike S. 2459, H.R. 4954 would require ports to resubmit security plans in certain circumstances and to hire a United States citizen for the position of chief security officer. The bill, much like S. 2459, would require the Secretary of DHS to review and issue certain regulations regarding the security of the international supply chain. Because those regulations have not been established, CBO cannot determine if additional mandates would be imposed. Therefore, CBO cannot determine whether the aggregate cost of complying with all of the private-sector mandates that may be

imposed by H.R. 4954 would exceed the annual threshold. The mandates statements reflect the differences.

On March 29, 2006, CBO transmitted a cost estimate for S. 1052, the Transportation Security Improvement Act of 2005, as reported by the Senate Committee on Commerce, Science, and Transportation on February 27, 2006. CBO estimated that implementing S. 1052 would cost over \$3 billion in 2007 and nearly \$12 billion over the 2007-2011 period, assuming appropriation of the necessary amounts. Differences between the bills are reflected in the two cost estimates. The bill contained a provision that would require importers who ship goods to the United States via cargo containers to provide entry data to Customs and Border Protection of DHS at least 24 hours prior to loading the containers. Because importers are currently providing the required entry data, CBO determined that the cost of complying with the mandate would be minimal.

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