



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

May 11, 2009

H.R. 860 **Coral Reef Conservation Act Reauthorization** **and Enhancement Amendments of 2009**

As ordered reported by the House Committee on Natural Resources on April 22, 2009

SUMMARY

H.R. 860 would authorize the appropriation of \$214 million over the 2010-2014 period to the National Oceanic and Atmospheric Administration (NOAA) and the Department of the Interior (DOI) for programs and research on conserving coral reefs. Assuming appropriation of the authorized amounts, CBO estimates that carrying out those activities would cost \$200 million through 2014. (An additional \$14 million would be spent after 2014.) Enacting H.R. 860 could increase revenues and associated direct spending, but we estimate that such changes would have no significant net impact in any year.

By establishing new protections for coral reefs, H.R. 860 would impose intergovernmental and private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). CBO estimates that the annual costs of complying with those mandates would fall below the annual thresholds established in UMRA (\$69 million for intergovernmental mandates and \$139 million for private-sector mandates in 2009, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 860 is shown in the following table. The costs of this legislation fall within budget function 300 (natural resources and environment).

	By Fiscal Year, in Millions of Dollars					2009- 2014
	2010	2011	2012	2013	2014	
CHANGES IN SPENDING SUBJECT TO APPROPRIATION^a						
NOAA Coral Reef Conservation Program						
Authorization Level	30	32	34	35	35	166
Estimated Outlays	20	27	32	34	34	147
International Coral Reef Conservation Program						
Authorization Level	10	10	10	10	0	40
Estimated Outlays	12	11	11	10	1	45
Community Planning Grants						
Estimated Authorization Level	1	2	2	2	1	8
Estimated Outlays	1	2	2	2	1	8
Total Changes						
Estimated Authorization Level	41	44	46	47	36	214
Estimated Outlays	33	40	45	46	36	200

a. The table does not include any amounts for possible permit fees and associated spending, both of which would require future Congressional action. Such amounts are expected to be minor and to offset each other in any year.

BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 860 will be enacted near the end of fiscal year 2009 and that the authorized amounts will be appropriated for each year. Estimated outlays are based on historical spending patterns for similar programs.

The amounts specifically authorized to be appropriated by H.R. 860 include between \$30 million and \$35 million annually through 2014 for NOAA's current programs and \$10 million annually through 2013 for new DOI programs. (By comparison, NOAA received an appropriation of \$29 million in 2009 for the coral reef conservation program. The Department of the Interior, primarily the U.S. Fish and Wildlife Service, also received appropriations of several million dollars for coral reef programs in 2009.)

The bill also would authorize the appropriation of \$8 million over the 2010-2014 period for community planning grants to states for coral reef research. CBO assumes that this authorization would be provided and spent roughly evenly over the five-year period.

Finally, the bill would authorize NOAA to impose fees on permits to collect coral and to use such collections for research purposes, but only to the extent that such collections and spending are provided for in future appropriations Acts. CBO estimates that new offsetting collections from permit fees and associated spending would be negligible.

Revenues and Direct Spending

Enacting H.R. 860 could increase both revenues and direct spending, but CBO estimates that any such changes would largely offset each other over the 2010-2014 period.

H.R. 860 would expand the protections afforded to coral reefs located in a national marine sanctuary or national parks to coral reefs in all U.S. waters. The bill would establish enforcement mechanisms such as penalties and asset forfeitures, and would make violators liable for damages to coral reefs and the costs of federal responses to accidents that harm coral. Based on information provided by NOAA on recent accidents that damaged coral reefs in national marine sanctuaries, CBO estimates that collecting additional penalties, damages, and cost reimbursements would increase revenues by about \$1 million over the 2010-2014 period and by \$2 million over the 2010-2019 period.

Amounts collected under H.R. 860 from civil penalties and other monetary collections would be available without further appropriation to DOI or NOAA (depending on the location of the damaged coral reef) for activities such as repairing and restoring damaged reefs. Criminal penalties would be deposited in and spent from the Crime Victims Fund. As a result, the collection and expenditure of fines and penalties under the bill would have no significant net impact in any year.

ESTIMATED INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 860 contains intergovernmental and private-sector mandates as defined in UMRA, but CBO estimates that the annual costs of those mandates would fall below the annual thresholds established in UMRA (\$69 million for intergovernmental mandates and \$139 million for private-sector mandates in 2009, adjusted annually for inflation).

The bill would impose a private-sector mandate by making it unlawful for any person to destroy, cause the loss of, or injure any coral reef that is subject to the jurisdiction of the United States. In addition, persons that damage coral reefs would be liable for the restoration and response costs. Currently, only those coral reefs protected under separate legal authorities, such as those located within national marine sanctuaries, receive such protection. Based on information from NOAA, CBO estimates that the cost of complying with this mandate would not be significant.

H.R. 860 also would authorize NOAA to issue permits for research activities that could affect coral reefs. If NOAA established a permit program that requires researchers, such as those at universities and other institutions (public and private), to obtain a permit to conduct research, that requirement would be an intergovernmental and private-sector mandate. CBO expects that few activities would likely be subject to the new permitting requirements and that the costs associated with obtaining a permit would be low.

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