



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

January 28, 2010

### **S. 2859**

### **Coral Reef Conservation Amendments Act of 2009**

*As ordered reported by the Senate Committee on Commerce, Science,  
and Transportation on December 17, 2009*

#### **SUMMARY**

S. 2859 would reauthorize a National Oceanic and Atmospheric Administration (NOAA) program to protect coral reefs. Assuming appropriation of the authorized amounts, CBO estimates that implementing the bill would increase discretionary spending by \$194 million over the 2010-2015 period and \$14 million after 2015. Enacting S. 2859 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, S. 2859 would impose intergovernmental and private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). CBO estimates that the costs of complying with those mandates would fall below the annual thresholds established in UMRA (\$70 million for intergovernmental mandates and \$141 million for private-sector mandates in 2010, adjusted annually for inflation).

#### **ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated budgetary impact of S. 2859 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						2010-
	2010	2011	2012	2013	2014	2015	2015
<b>CHANGES IN SPENDING SUBJECT TO APPROPRIATION</b>							
NOAA Coral Reef Conservation Program							
Authorization Level <sup>a</sup>	4	36	38	40	40	0	158
Estimated Outlays	2	17	28	36	39	24	146
International Coral Reef Conservation Program							
Authorization Level	8	8	8	8	8	0	40
Estimated Outlays	4	6	8	8	8	4	38
Community Planning Grants							
Estimated Authorization Level	2	2	2	2	2	0	10
Estimated Outlays	1	2	2	2	2	1	10
Study of U.S. Market for Coral Products							
Authorization Level	*	0	0	0	0	0	*
Estimated Outlays	*	*	*	0	0	0	*
Total Changes							
Estimated Authorization Level	14	46	48	50	50	0	208
Estimated Outlays	7	25	38	46	49	29	194

Note: NOAA = National Oceanic and Atmospheric Administration; \* = less than \$500,000.

a. NOAA's Coral Reef Conservation program has already received an appropriation of \$30 million for 2010.

## BASIS OF ESTIMATE

For this estimate, CBO assumes that S. 2859 will be enacted in 2010 and that the authorized amounts will be appropriated for each fiscal year (including supplemental appropriations for 2010). Estimated Outlays are based on historical spending patterns for similar programs.

## **Spending Subject to Appropriation**

CBO estimates that S. 2859 would authorize appropriations totaling \$208 million over the 2010-2014 period for federal activities and grants to protect coral reefs. The authorization includes up to \$40 million annually for NOAA's current domestic program and \$8 million annually for new international programs. By comparison, NOAA received an appropriation of \$30 million in 2010 for the coral reef conservation program.

The bill also would authorize the appropriation of \$10 million over the 2010-2014 period for NOAA's community planning grants to states. CBO expects that the \$10 million would be appropriated and spent roughly evenly over the five-year period. In addition, the bill would authorize the appropriation of \$100,000 to study the U.S. market for coral products. CBO expects that those funds would be appropriated in fiscal year 2010 and would be spent over the 2010-2012 period.

Finally, S. 2859 would authorize NOAA to impose fees for permits to collect coral and to spend those fees for expenses related to administering the permit program, but only to the extent that such funding would be provided in future appropriation acts. Based on information from NOAA regarding the number of permits the agency would expect to issue, CBO estimates that new offsetting collections from permit fees and associated spending would be negligible.

## **Revenues and Direct Spending**

Enacting S. 2859 could increase both revenues and direct spending. CBO estimates that those changes would be small in any one year and would largely offset each other over the 2010-2020 period.

S. 2859 would prohibit certain actions that damage or destroy coral reefs. The bill would extend legal protection to reefs in all U.S. waters (under current law, only reefs in national marine sanctuaries or national parks are protected), establish enforcement mechanisms such as penalties and asset forfeitures, and make violators liable for damages 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 penalties, damages, and cost reimbursements from those who damage reefs in other U.S. waters would increase revenues by \$1 million to \$2 million over the 2010-2020 period.

Amounts collected under S. 2859 from civil penalties and other monetary collections would be deposited into the Damage Assessment Restoration Revolving Fund. The Secretary of the Treasury would be required to invest amounts in the fund in interest-bearing obligations of the United States. Amounts in the fund would be available without further appropriation to NOAA for activities such as repairing and restoring damaged

reefs. Any criminal penalties would be deposited in and spent from the Crime Victims Fund. Based on information from NOAA, CBO estimates that the collection and expenditure of fines, penalties, and interest earned on those amounts under the bill would have no significant net impact on the budget in any year.

## **INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

S. 2859 contains intergovernmental and private-sector mandates as defined in UMRA, but CBO estimates that the costs of those mandates would fall below the annual thresholds established in UMRA (\$70 million for intergovernmental mandates and \$141 million for private-sector mandates in 2010, 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 coral reefs located within national marine sanctuaries, receive such protection. Based on information from NOAA, CBO estimates that the cost of the mandate would not be significant.

S. 2859 also would authorize the Secretary of Commerce to issue permits for activities that could affect coral reefs. If the Secretary establishes a permit program that requires entities, such as researchers at universities and other institutions (public and private), to obtain a permit to conduct research or other activities, 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.

## **PREVIOUS CBO ESTIMATE**

On May 11, 2009, CBO transmitted a cost estimate for H.R. 860, the Coral Reef Conservation Act Reauthorization and Enhancement Amendments of 2009, as ordered reported by the House Committee on Natural Resources on April 22, 2009. Both H.R. 860 and S. 2859 would amend and reauthorize the Coral Reef Conservation Act of 2000, but H.R. 860 would authorize appropriations totaling \$214 million over the 2010-2014 period, including \$40 million for Department of the Interior programs related to coral reef preservation. The CBO cost estimates reflect that difference.

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