



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 29, 2010

S. 3614 **Oil Spill Response Act**

*As ordered reported by the Senate Committee on Commerce, Science,
and Transportation on July 22, 2010*

SUMMARY

S. 3614 would authorize the appropriation of funds to train personnel responsible for responding to oil spills and other releases of hazardous substances into marine environments. Assuming appropriation of the necessary amounts, CBO estimates that implementing the bill would cost \$53 million over the 2011-2015 period and about \$12 million annually after 2015. Enacting S. 3614 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

The bill contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA).

By establishing new requirements for organizations that respond to oil spills and operators of facilities regulated by the United States Coast Guard (USCG), S. 3614 would impose private-sector mandates as defined in UMRA. Based on information from the USCG, CBO estimates that the aggregate cost of those mandates would fall below the annual threshold established in UMRA for private-sector mandates (\$141 million in 2010, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 3614 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					2011- 2015
	2011	2012	2013	2014	2015	
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Estimated Authorization Level	8	12	12	12	12	56
Estimated Outlays	6	11	12	12	12	53

BASIS OF ESTIMATE

For this estimate, CBO assumes that S. 3614 will be enacted in 2010 and that the amounts estimated to be necessary will be appropriated for each year. Estimated authorization levels are based on information provided by the USCG, and estimated outlays are based on historical spending rates for USCG programs.

Section 2 of the legislation would require the USCG to establish a Maritime Center of Expertise for Maritime Oil Spill and Hazardous Substance Release Response. The center would serve as the primary federal facility to train USCG personnel, state and local first responders, and academic and private-sector response groups. CBO estimates that the cost of implementing section 2 for fiscal year 2011 would include about \$2 million to establish the new center plus \$6 million to staff and operate it for about one-half of that year. We estimate that annual costs to fund the center and related grant programs would be about \$12 million beginning in fiscal year 2012. We estimate that implementing other provisions of the legislation would have no significant effect on the Coast Guard's annual budget because the agency already carries out programs that are similar to those required by such provisions.

PAY-AS-YOU-GO CONSIDERATIONS: None.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

S. 3614 contains no intergovernmental mandates as defined in UMRA. The bill would authorize grants to institutions of higher education for research and development programs relating to oil spills. Any costs to those institutions would be incurred voluntarily as a condition of federal assistance.

ESTIMATED IMPACT ON THE PRIVATE-SECTOR

By establishing new requirements for organizations that respond to oil spills and operators of facilities regulated by the USCG, S. 3614 would impose private-sector mandates as defined in UMRA. Specifically, the bill would require certain organizations to be certified by the USCG and inspected at least once a year, and to report any loss of response equipment. In addition, those entities would be required to maintain and submit a current list of their oil-spill response equipment. According to the USCG, most oil-spill response organizations currently participate in its voluntary certification and inspection program. Therefore, CBO estimates that the incremental cost to comply with the mandates in the bill would fall below the annual threshold established in UMRA for private-sector mandates (\$141 million in 2010, adjusted annually for inflation).

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