



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

August 30, 2018

### S. 2764 Sustainable Shark Fisheries and Trade Act of 2018

*As ordered reported by the Senate Committee on Commerce, Science, and Transportation  
on May 22, 2018*

#### **SUMMARY**

S. 2764 would amend the High Seas Driftnet Fishing Moratorium Protection Act to require nations that export shark products to the United States to obtain certification from the Department of Commerce to show that they practice shark conservation and prohibit shark finning. The bill also would require the National Oceanic and Atmospheric Administration (NOAA) to add rays and skates to its Seafood Import Monitoring Program.

CBO estimates that implementing S. 2764 would cost \$5 million over the 2019-2023 period, assuming appropriation of the authorized amounts. Enacting the bill could affect direct spending and revenues; therefore, pay-as-you-go procedures apply. However, CBO estimates that any such changes would have a negligible net effect on the deficit.

CBO estimates that enacting S. 2764 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2029.

S. 2764 would impose private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). CBO estimates that the cost would be below the threshold for private-sector mandates established in UMRA (\$160 million in 2018, adjusted annually for inflation). The bill does not contain any intergovernmental mandates as defined in UMRA.

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

The estimated budgetary effect of S. 2764 is shown in the following table. The costs of the legislation fall within budget function 300 (natural resources and environment).

	By Fiscal Year, in Millions of Dollars						2019-2023
	2018	2019	2020	2021	2022	2023	
<b>INCREASES IN SPENDING SUBJECT TO APPROPRIATION</b>							
Authorization Level	0	1	1	1	1	1	5
Estimated Outlays	0	1	1	1	1	1	5

## BASIS OF ESTIMATE

For this estimate, CBO assumes that S. 2764 will be enacted near the end of fiscal year 2018 and that the authorized amounts will be appropriated each year.

Under S. 2764 NOAA would establish and implement a shark conservation and trade fairness certification program. The bill would require the Secretary of Commerce to certify that any nation that exports shark products to the United States has adopted regulatory programs to conserve sharks and prohibits shark finning in ways that are comparable to those measures in the United States. The bill would require NOAA to issue regulations to implement the certification program. S. 2764 also would direct NOAA to add rays and skates to its Seafood Import Monitoring Program.

Although S. 2764 would specifically authorize a total of almost \$2 million over the 2019-2023 period, CBO expects that fully developing and implementing the certified program—including rulemaking, coordinating with industry, adopting a reporting and monitoring system, and overseeing additional enforcement at major ports of entry—would cost more than the authorized amounts. Using information from NOAA, CBO estimates that fully implementing S. 2764 would cost about \$5 million over the 2019-2023 period. Those costs would cover salaries, benefits, training, and travel for three new employees and about \$500,000 worth of equipment and its maintenance.

## UNCERTAINTY

Whether any additional amounts would be subsequently appropriated to NOAA if S. 2764 were enacted is unknown. The bill would authorize the appropriation of specific amounts for each year through 2024. The authorized amount in each year is less than \$500,000. Based on historical spending patterns for similar activities, CBO estimates that providing the amounts specifically authorized would cost \$2 million over the 2019-2023 period.

## **PAY-AS-YOU-GO CONSIDERATIONS**

S. 2764 could increase revenues from civil and criminal penalties resulting from importers' violations of permitting and recordkeeping requirements. Such penalties are recorded as revenues, deposited into the Crime Victims Fund, and later spent without further appropriation action. CBO expects that any additional revenues would not be significant in any year and would be offset by subsequent direct spending; therefore, CBO estimates that the net effect on the deficit would be negligible.

## **INCREASE IN LONG-TERM DIRECT SPENDING AND DEFICITS**

CBO estimates that enacting S. 2764 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2029.

## **MANDATES**

S. 2764 would impose private-sector mandates as defined in UMRA. The bill would prohibit domestic companies from importing shark products from foreign fisheries that do not meet the bill's certification requirements. U.S. imports are a very small portion of the \$1 billion global market for shark products; in 2017, the International Trade Commission reported that the value of such imports was less than \$1 million. The cost of the mandate imposed by the prohibition would be forgone revenue from lower sales and potentially higher costs to purchase shark products at domestic prices.

S. 2764 also would add rays and skates to NOAA's Seafood Import Monitoring Program, which requires importers of listed fish or fish products to track and report certain information. The cost of the mandate would cover updating and maintaining the software used to collect and report such data.

CBO estimates that the combined cost of the two mandates would be well below the threshold established by UMRA for private-sector mandates (\$160 million in 2018, adjusted annually for inflation).

The bill does not contain any intergovernmental mandates as defined in UMRA.

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