

H.R. 404, Driftnet Modernization and Bycatch Reduction Act

As ordered reported by the House Committee on Natural Resources on November 17, 2021

By Fiscal Year, Millions of Dollars	2023	2023-2027	2023-2032
Direct Spending (Outlays)	0	0	0
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	0	0	0
Spending Subject to Appropriation (Outlays)	1	3	not estimated
Statutory pay-as-you-go procedures apply?	No	Mandate Effects	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2033?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	Yes, Under Threshold

H.R. 404 would require the National Oceanic and Atmospheric Administration (NOAA) to conduct a transition program to facilitate the phaseout of large-scale driftnet fishing. The bill would authorize NOAA to provide grants to operators of driftnet fishing vessels with federal permits. Those grants would cover the cost of permits, the forfeiture of existing fishing gear, and the acquisition of alternative new fishing gear. The bill also would allow NOAA to impose fees on charter vessels that harvest Pacific halibut in certain parts of the northern Pacific Ocean.

According to NOAA, 42 vessels currently have driftnet fishing permits. CBO expects that most but not all of those vessels would apply for the grants authorized by H.R. 404. Using information from NOAA about the expected costs to reimburse fishers for the forfeited fishing gear and to purchase alternate gear, CBO estimates that implementing the bill would cost \$3 million over the 2023-2027 period. Such spending would be subject to availability of appropriated funds.

H.R. 404 also would authorize NOAA to levy additional fees on certain charter vessels that harvest Pacific halibut, which would then be spent on halibut conservation and research, administrative costs for the Recreational Quota Entity program, and purchases of halibut quota shares from the International Pacific Halibut Commission. The collection of those fees (and associated spending) could only occur to the extent that authority is provided in appropriations acts beginning in fiscal year 2023.



CBO estimates that those fees would total about \$4 million annually and would be credited as discretionary offsetting collections. Assuming appropriation language consistent with collecting and spending those fees, CBO estimates that the net effect on discretionary spending from implementing that provision would be insignificant in every year.

H.R. 404 would impose private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) by limiting fishing practices in the U.S. West Coast Exclusive Economic Zone and imposing new fees on charter-fishing operators harvesting Pacific halibut off the coast of Alaska. CBO estimates that the aggregate cost of complying with the mandates would fall below the annual threshold established in UMRA (\$170 million, in 2021, adjusted annually for inflation).

The bill would limit the type of nets used in the drift gillnet fishery off the West Coast Exclusive Economic Zone. Current law only limits driftnet length. H.R. 404 would amend the definition of large-scale driftnet fishing to include nets with a mesh size of at least 14 inches. The new definition would effectively prohibit the use of large driftnets in the fishery. The cost of the mandate would be any revenue forgone by fishing operations whose catch decreases as a result of the new limitation. Using data from NOAA, CBO estimates that about 40 entities would be affected, and the loss of revenue would be small, about \$1 million annually.

The bill also would impose a new fee on operators of guided recreational fishing of Pacific halibut in the waters off Alaska. Using information from NOAA, CBO expects the aggregate cost of the fee would be small, about \$4 million annually.

H.R. 404 does not contain intergovernmental mandates as defined by UMRA.

The CBO staff contacts for this estimate are Robert Reese (for federal costs) and Lilia Ledezma (for mandates). The estimate was reviewed by H. Samuel Papenfuss, Deputy Director for Budget Analysis.