CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

February 3, 2012

S. 1952
Hazardous Materials Transportation Safety Improvement Act of 2011

As ordered reported by the Senate Committee on Commerce, Science, and Transportation on December 14, 2011

SUMMARY

S. 1952 would amend various laws that govern the activities of the Pipelines and Hazardous Materials Safety Administration (PHMSA). The bill also would authorize the appropriation of $85 million over the 2012-2013 period for safety activities related to the transportation of hazardous materials. However, because the amount authorized for 2012 has already been appropriated, CBO estimates that enacting the bill would cost $41 million over the 2013-2017 period, assuming the appropriation of that specified authorization for 2013.

Enacting the bill could result in the collection of additional civil penalties because it would increase the amount that PHMSA could impose for violations of hazardous materials safety regulations. Penalties are recorded as revenues and deposited in the U.S. Treasury. As a result, pay-as-you go procedures apply. However, CBO estimates that such collections would probably be small, and the effect on revenues would be insignificant. Enacting the bill would not affect direct spending.

S. 1952 would impose intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) on state, local, and tribal governments. CBO estimates that the cost of complying with those mandates would fall well below the annual threshold established in UMRA for intergovernmental mandates ($73 million in 2012, adjusted annually for inflation).

S. 1952 would impose private-sector mandates by requiring owners and operators of facilities where loading and unloading of hazardous materials take place to comply with safety procedures to be established by PHMSA. Based on information from PHMSA and industry sources, CBO estimates that the cost of those mandates would fall below the annual threshold established in UMRA for private-sector mandates ($146 million in 2012, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 1952 is shown in the following table. The costs of this legislation fall within budget function 400 (transportation).

	By Fiscal Year, in Millions of Dollars						
	2012	2013	2014	2015	2016	2017	2012-2017
CHANGES IN SPENDING SUBJECT TO APPROPRIATION							
Authorization Level	0	43	0	0	0	0	43
Estimated Outlays	0	30	9	2	0	0	41

BASIS OF ESTIMATE

S. 1952 would authorize the appropriation of $85 million over the 2012-2013 period for safety activities related to the transportation of hazardous materials. For 2012, $42 million has already been appropriated for this activity. The bill also would amend several laws that govern the activities of PHMSA, including requiring the agency to establish a training program for hazardous materials inspectors across different modes of transportation, update certain reports, and establish new regulations and rulemakings related to the transportation of hazardous materials. Based on historical spending for this program and because the amount authorized for 2012 has already been appropriated, CBO estimates that enacting the bill would cost $41 million over the 2012-2017 period, assuming the appropriation of that amount.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

S. 1952 would impose intergovernmental mandates as defined in UMRA on state, local, and tribal governments. CBO estimates that the cost of complying with those mandates would fall well below the annual threshold established in UMRA for intergovernmental mandates ($73 million in 2012, adjusted annually for inflation). The bill would:

- Require states to provide a report to the Secretary of Transportation about fees charged to motor carriers that transport hazardous materials. The bill also would require states to report information about highways designated for transporting hazardous materials. CBO estimates that the cost to states resulting from this mandate would be small.

- Preempt state, local, and tribal laws relating to the transportation of hazardous materials. While that preemption would limit the application of state law, CBO estimates that it would impose no duty on state, local, or tribal governments that would result in additional spending.

The bill would authorize grants to states and Indian tribes for emergency planning and training related to the transportation of hazardous materials. Any costs to those governments would be incurred voluntarily as conditions of federal assistance.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

S. 1952 contains private-sector mandates, as defined in UMRA. The bill would require owners and operators of facilities to comply with uniform procedures for safely loading and unloading hazardous materials on and off motor vehicles and rail cars with tanks. Currently, owners and operators must comply with several state, local, and federal regulations related to handling, loading, and unloading hazardous materials. According to some industry sources, having to comply with one national standard as compared to standards that vary by state could decrease compliance costs in some cases. In addition, PHMSA has already initiated a rulemaking to establish a standard for loading and unloading hazardous materials on and off motor vehicles with cargo tanks that would be similar to the standards required in the bill. Because much of the industry already complies with requirements that are similar to the bill's requirements, CBO estimates that the incremental cost for facilities to comply with the mandates in the bill would fall below the annual threshold established in UMRA for private-sector mandates ($146 million in 2012, adjusted annually for inflation).

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