



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

August 21, 2012

S. 710 **Hazardous Waste Electronic Manifest Establishment Act**

*As ordered reported by the House Committee on Energy and Commerce
on August 1, 2012*

SUMMARY

S. 710 would direct the Environmental Protection Agency (EPA) to establish an electronic manifest system to track the handling of hazardous waste. This legislation would authorize the appropriation of \$6 million over the 2013-2015 period for EPA to establish the system. In addition, subject to provisions in future appropriations acts, this legislation would authorize EPA to collect user fees to offset the cost of developing, operating, and maintaining the system.

Under current law, individuals who handle hazardous waste must prepare a paper manifest that completely documents how hazardous waste is disposed of from the time it is generated through treatment, storage, and disposal. Under S. 710, generators and transporters of hazardous waste and the owners and operators of facilities that treat, store, or dispose of hazardous waste could elect to use the proposed electronic manifest system or the existing paper system.

Subject to appropriation of the necessary amounts, CBO estimates that over the 2013-2017 period, EPA would spend about \$15 million to create the electronic manifest system. We also estimate that EPA would collect user fees totaling \$12 million over that same period. Thus, CBO estimates that implementing this legislation would have a net cost of \$3 million over the 2013-2017 period. Pay-as-you-go procedures do not apply to S. 710 because the legislation would not affect direct spending or revenues.

S. 710 would impose intergovernmental and private-sector mandates, as defined in the Unfunded Mandates Reform Act (UMRA), on facilities that handle hazardous waste. CBO estimates that the cost of the mandates would fall below the annual thresholds established in UMRA (\$73 million for intergovernmental mandates and \$146 million for private-sector mandates in 2012, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 710 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 | | | | | 2013-2017 |
|---|--|------|------|------|------|-----------|
| | 2013 | 2014 | 2015 | 2016 | 2017 | |
| CHANGES IN SPENDING SUBJECT TO APPROPRIATION | | | | | | |
| Gross Spending | | | | | | |
| Estimated Authorization Level | 3 | 3 | 3 | 3 | 3 | 15 |
| Estimated Outlays | 3 | 3 | 3 | 3 | 3 | 15 |
| Fees | | | | | | |
| Estimated Authorization Level | 0 | 0 | 0 | -6 | -6 | -12 |
| Estimated Outlays | 0 | 0 | 0 | -6 | -6 | -12 |
| Net Spending | | | | | | |
| Estimated Authorization Level | 3 | 3 | 3 | -3 | -3 | 3 |
| Estimated Outlays | 3 | 3 | 3 | -3 | -3 | 3 |

BASIS OF ESTIMATE

For this estimate, CBO assumes that S. 710 will be enacted near the beginning of fiscal year 2013, that the necessary amounts to implement this legislation will be appropriated for each year, and the authority to collect fees will be provided.

Gross Spending

S. 710 would authorize the appropriation of \$6 million over the 2013-2015 period for EPA to establish an electronic manifest system to track the handling of hazardous waste. That amount would cover contract costs to develop the manifest system. Based on information from EPA, CBO estimates that EPA would require additional appropriations of \$3 million over the 2013-2015 period to oversee the system's development. EPA's administrative expenses include outreach; regulatory development; system and security planning, procurement, and project management. After 2015, we estimate that EPA would spend about \$3 million annually to operate and maintain the system. Thus, CBO estimates that implementing this legislation would have a gross cost of \$15 million over the 2013-2017 period, assuming appropriation of the specified and estimated amounts.

Fees

Under S. 710, EPA would be authorized, subject to provisions in future appropriations acts, to collect fees to offset the cost of establishing, operating, and maintaining the new system. Based on information from EPA, CBO expects that the agency would not collect fees before the new system is in use, beginning in 2016. CBO estimates that EPA would collect \$6 million in each of 2016, 2017, and 2018 to recover its operating costs in those years and the initial amounts spent to develop the system over the 2012-2015 period. We expect that the agency would reduce fees once the system development costs were recouped.

Based on information from EPA, CBO estimates that about 114,000 users would obtain electronic manifests in 2016, with participation reaching 227,000 users in subsequent years. We estimate that, under this legislation, EPA would collect annual fees from those participants totaling \$12 million over the 2013-2017 period. After 2018, CBO estimates that fees would be reduced to match the annual operating and maintenance costs associated with the tracking system.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 710 contains intergovernmental and private-sector mandates, as defined in UMRA, on facilities that handle hazardous waste. CBO estimates that the cost of the mandates would fall below the annual thresholds established in UMRA (\$73 million for intergovernmental mandates and \$146 million for private-sector mandates in 2012, adjusted annually for inflation).

Mandates

The act would require waste management facilities that receive hazardous waste generated in or shipped through other states to submit copies of shipment manifests to EPA. The act also would authorize EPA to require those facilities and any hazardous waste management facilities that use a paper system to submit a copy of the manifest to the electronic system established under the act. The affected facilities would primarily be private entities but could include municipal and county landfills. Because the cost to complete a manifest and to submit a paper copy to the electronic system would be minimal, CBO estimates that the cost to comply with the mandates would be small.

The act also would authorize EPA to establish fees for users of the electronic manifest system, which could include those facilities that are required to submit a copy of a paper manifest. CBO estimates that such fees would total \$6 million or less annually beginning in fiscal year 2016.

Other Impacts

CBO expects that users of the electronic manifest system created by the act could save money in comparison to using a paper system. Users include generators, transporters, and recipients of hazardous waste, as well as state agencies that collect copies of manifests.

PREVIOUS CBO COST ESTIMATE

On May 6, 2011, CBO transmitted a cost estimate for S. 710, the Hazardous Waste Electronic Manifest Establishment Act, as ordered reported by the Senate Committee on Environment and Public Works on April 15, 2011. Both versions of S. 710 would require that EPA establish an electronic manifest system to track hazardous waste, but the funding mechanisms for the systems provided in each are different. The two CBO cost estimates reflect those differences.

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