



**CONGRESSIONAL BUDGET OFFICE  
COST ESTIMATE**

March 28, 2007

**H.R. 518**  
**International Solid Waste Importation and Management Act of 2007**

*As ordered reported by the House Committee on Energy and Commerce  
on March 22, 2007*

**SUMMARY**

The Agreement Concerning the Transboundary Movement of Hazardous Waste between the United States and Canada, which was signed in 1986 and later amended in 1992, governs the trade in hazardous and municipal solid waste between the United States and Canada. Enacting H.R. 518 would authorize the Administrator of the Environmental Protection Agency (EPA) to perform certain functions under this agreement to determine whether to allow certain imports of hazardous or municipal solid waste from Canada. Under the legislation, EPA would be required to issue final regulations concerning imports and exports of hazardous and municipal solid waste within 24 months of the bill's enactment, and it would be responsible for implementing and enforcing those regulations. CBO estimates that implementing this legislation would cost about \$2 million in 2008 and about \$6 million over the 2008-2012 period, assuming appropriation of the necessary amounts.

Enacting H.R. 518 could increase revenues because the bill would provide for civil penalties for any past or current violations of its provisions. CBO expects that the amount of fines collected under this bill would not be significant.

H.R. 518 contains intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) because it would preempt the regulatory authority of state governments and impose requirements on some local governments that own solid waste facilities. Because the details of those requirements would depend on future federal regulations, CBO cannot determine whether local governments would lose income from waste disposal fees. Therefore, we cannot estimate the total costs of complying with those mandates or determine whether they would exceed the threshold for intergovernmental mandates (\$66 million in 2007 dollars, adjusted annually for inflation) established by UMRA.

H.R. 518 would impose private-sector mandates, as defined in UMRA, on certain companies involved in the importation, exportation, and disposal of solid waste. CBO cannot determine the cost of those mandates because the requirements established by the bill would depend on future regulatory action.

## ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of this legislation 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 |      |      |      |      |
|--|--|------|------|------|------|
|  | 2008                                   | 2009 | 2010 | 2011 | 2012 |
| <b>CHANGES IN SPENDING SUBJECT TO APPROPRIATION <sup>a</sup></b> |  |      |      |      |      |
| Additional EPA Personnel   |  |      |      |      |      |
| Estimated Authorization Level                                    | 1                                      | 1    | 1    | 1    | 1    |
| Estimated Outlays  | 1                                      | 1    | 1    | 1    | 1    |
| Contractor Costs   |  |      |      |      |      |
| Estimated Authorization Level                                    | 1                                      | *    | *    | *    | *    |
| Estimated Outlays  | 1                                      | *    | *    | *    | *    |
| Total Changes  |  |      |      |      |      |
| Estimated Authorization Level                                    | 2                                      | 1    | 1    | 1    | 1    |
| Estimated Outlays  | 2                                      | 1    | 1    | 1    | 1    |

NOTE: \* = less than \$500,000.

a. Enacting H.R. 518 also could increase federal revenues from the collection of civil penalties, but CBO estimates that additional collections would not be significant.

## BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 518 will be enacted by the end of fiscal year 2007 and that the necessary amounts will be appropriated for each fiscal year.

## **Spending Subject to Appropriation**

Based on information from EPA, CBO estimates that, in 2008, about \$1 million would be required for 10 staff members to promulgate regulations, and about \$1 million would be required for contractor services, such as conducting an economic impact analysis and providing training and outreach activities. In subsequent years, as EPA would begin to implement and enforce the regulations, CBO estimates that contractor costs would decline. We estimate that annual costs would be about \$1 million over the 2008-2012 period.

## **Revenues**

Enacting H.R. 518 could increase revenues because the bill would provide for civil penalties for any past or current violations of its provisions. Civil penalties are recorded in the budget as revenues. According to EPA, similar fines collected under current law total less than \$500,000 annually. Thus, CBO expects that the additional fines collected under this bill would not be significant.

## **ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS**

H.R. 518 would grant states the ability to enact laws or issue regulations to restrict the receipt and disposal within their borders of solid waste originating in another country. The bill would provide states with up to 24 months to take such action but would preempt them from implementing their own regulations if they fail to act within the required time period. Such a preemption is an intergovernmental mandate as defined in UMRA, but CBO expects it would impose no significant costs on state governments.

The bill also contains an intergovernmental mandate because it would impose new requirements on local waste facilities owned by municipalities that accept solid waste from foreign countries. EPA would promulgate the necessary regulations over the next two years. At this time, EPA cannot provide information about the direction the agency might take in designing those regulations, although it is possible that EPA would restrict the importation of municipal solid waste from foreign countries. Such restrictions would likely result in lost fees by municipal facilities that accept solid waste from foreign countries. CBO does not have the data to determine the amount of fees currently collected by those facilities or how much of those collections would be lost as a result of future EPA regulations. Thus, we cannot determine whether those losses would exceed the threshold for intergovernmental mandates (\$66 million in 2007, adjusted annually for inflation).

## **ESTIMATED IMPACT ON THE PRIVATE SECTOR**

H.R. 518 would impose private-sector mandates, as defined in UMRA, on certain companies involved in the importation, exportation, and disposal of solid waste. The bill would require the Environmental Protection Agency to issue regulations to implement and enforce the agreement with respect to the importation and exportation of solid waste within two years of enactment. While those regulations are being created and implemented by EPA, the bill would allow states to enact laws or issue regulations consistent with international trade obligations that limit the import and disposal of solid waste from foreign countries. Any future regulations created by EPA that affect private waste-management companies would constitute private-sector mandates under this bill. CBO cannot determine if the cost of the mandates would exceed the annual threshold established by UMRA (\$131 million in 2007, adjusted annually for inflation) because we have no basis for predicting what requirements would be imposed by such regulations.

### **ESTIMATE PREPARED BY:**

Federal Costs: Susanne S. Mehlman

Impact on State, Local, and Tribal Governments: Lisa Ramirez-Braun

Impact on the Private Sector: Craig Cammarata

### **ESTIMATE APPROVED BY:**

Peter H. Fontaine

Deputy Assistant Director for Budget Analysis