



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

September 17, 2008

S. 150
Protecting Pregnant Women and Children
From Perchlorate Act of 2008

*As ordered reported by the Senate Committee on Environment and Public Works
on July 31, 2008*

S. 150 would require the Environmental Protection Agency (EPA), no later than 90 days after the bill's enactment, to issue a health advisory for perchlorate in drinking water that fully protects susceptible populations, including pregnant women, infants, and children. (Perchlorate is a chemical used in rocket fuel.) EPA also would be required under this legislation to establish a final regulation governing the amount of perchlorate that is permissible in drinking water.

Based on information from EPA, CBO estimates that enacting S. 150 would cost about \$4 million over the 2009-2011 period, subject to the availability of appropriations. That funding would be used to support about 10 additional personnel as well as contractor costs to meet the requirements of this legislation.

Enacting the legislation would not affect direct spending or revenues.

By requiring EPA to establish and enforce a drinking water regulation for perchlorate, S. 150 would impose an intergovernmental and private-sector mandate as defined in the Unfunded Mandates Reform Act (UMRA). The mandate would require operators of public water systems to monitor for the presence of perchlorate and to decrease its presence in water supplies. CBO cannot determine the nature or extent of possible regulations that would result from this bill and consequently cannot determine whether the costs of the mandate in the bill would exceed the intergovernmental threshold established in UMRA (\$68 million in 2008, adjusted annually for inflation). Because most of the water systems owned by private entities are small, CBO estimates that in any one year the costs to comply with the mandate would fall below the threshold established for private-sector entities (\$136 million in 2008, adjusted annually for inflation).

The total cost of the intergovernmental mandate would depend on the level of perchlorate allowed by the regulation, which would affect the number of water systems that need to comply and the resulting monitoring and construction costs faced by operators of those systems. Over 40,000 public systems would be subject to new monitoring requirements once EPA establishes a regulation. Those monitoring costs could total about \$5 million annually in the first three years the regulation would be effective, but those costs could decrease significantly in subsequent years.

Total construction costs to install equipment or build new treatment facilities could be significant but would vary substantially depending on the number and size of water systems that would need to treat for perchlorate. Annual costs for construction also would depend on how long EPA allows for such activities. Based on discussions with industry sources and information from states and EPA officials, CBO expects that total construction costs could range from less than \$30 million to more than \$80 million annually over a 3-5 year period once the regulation is effective. The annual costs would depend in part on how long operators would be given to complete construction.

The CBO staff contacts for this estimate are Susanne S. Mehlman (for federal costs), Burke Doherty (for the state and local impact), and Amy Petz (for the private-sector impact). This estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.