CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

March 5, 2001

H.R. 727

A bill to amend the Consumer Products Safety Act to provide that low-speed electric bicycles are consumer products subject to such act

As ordered reported by the House Committee on Energy and Commerce on February 28, 2001

SUMMARY

This bill would assign to the Consumer Product Safety Commission (CPSC) jurisdiction for regulating the safety of low-power electric bicycles. Low-power electric bicycles are defined by the bill as bicycles or tricycles with an electric motor of less than one horsepower or 750 watts and a maximum speed of 20 mph on a level surface. The bill would also preempt state laws affecting such vehicles which are more stringent than the Federal Consumer Products Safety Act. The bill would not affect direct spending or receipts; therefore, pay-as-you-go procedures would not apply. CBO estimates that implementing and enforcing new regulations under the bill would cost less than $500,000 a year, subject to the availability of appropriated funds.

H.R. 727 contains an intergovernmental mandate as defined in the Unfunded Mandates Reform Act (UMRA) because it would preempt any state law or regulation that has more stringent requirements for the regulation of low-speed electric bicycles than those required under the bill. Although data are limited, CBO estimates that complying with these mandates would not exceed the threshold established by the act ($55 million in 2000, adjusted annually for inflation). The bill would not impose any private-sector mandates as defined in UMRA.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

Currently the National Highway Traffic Safety Administration (NHTSA) regulates "motor-driven cycles," which are defined as motorcycles and mopeds with less than five horsepower. By assigning jurisdiction of low-power electric bicycles to the CPSC, H.R. 727 may allow NHTSA to expend fewer resources on regulating a relatively low-risk transportation vehicle, but NHTSA would still be responsible for enforcing safety regulations for motor-driven cycles that have gasoline engines, that are capable of speeds greater than 20 mph, or that have more than one horsepower. Additional costs to the federal government would occur should the CPSC decide that, to assure consumer safety, low-power electric bicycles require new regulations. CBO estimates that discretionary costs for implementing potential new safety regulations would be less than $500,000 a year. The costs of this legislation fall within budget function 550 (health).

PAY-AS-YOU-GO CONSIDERATIONS: None.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

H.R. 727 contains an intergovernmental mandate as defined in UMRA. The bill would expressly preempt state laws and regulations governing low-speed electric bicycles that contain more stringent requirements than those established by the Consumer Product Safety Commission. Because states vary significantly in their regulation of consumer products and information about the operation of such programs is limited, CBO cannot determine with certainty the effect of this bill on state budgets. However, because the state statutes we reviewed largely regulate the use of low-speed bicycles in traffic, not the standards by which they are produced, CBO estimates that any costs to the states, primarily lost revenue from fines, would likely be minimal and would not exceed the threshold established by UMRA ($55 million in 2000, adjusted annually for inflation).

ESTIMATED IMPACT ON THE PRIVATE SECTOR

The bill would authorize the CPSC to expand the existing regulations for bicycles to include new regulations for low-speed electric bicycles. Industry experts stated that, should the CPSC decide to regulate low-speed bicycles in the same category as bicycles, those requirements would be less burdensome for manufacturers than existing requirements under NHTSA. Thus, CBO expects that the bill would impose no new private-sector mandates.

ESTIMATE PREPARED BY:

Federal Costs: Charles L. Betley
Impact on State, Local, and Tribal Governments: Shelley Finlayson
Impact on the Private Sector: Jean Talarico

ESTIMATE APPROVED BY:

Peter H. Fontaine
Deputy Assistant Director for Budget Analysis