



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 26, 2005

H.R. 2491

International Solid Waste Importation and Management Act of 2005

*As ordered reported by the House Committee on Energy and Commerce
on June 29, 2005*

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. 2491 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 2006 and about \$6 million over the 2006-2010 period, assuming appropriation of the necessary amounts.

Enacting H.R. 2491 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. 2491 contains intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) because it would preempt the regulatory authority of some state governments and impose requirements on some local governments that own solid waste facilities. Because the details of those requirements would depend on future regulatory action, CBO cannot determine the degree to which they might cause local governments to lose income from waste disposal fees. Therefore, we cannot estimate the total costs of complying with those mandates or determine whether those costs would exceed the threshold for intergovernmental mandates (\$62 million in 2005, adjusted annually for inflation) established by UMRA.

H.R. 2491 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 it would hinge on future regulatory action about which information is not available.

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				
	2006	2007	2008	2009	2010
CHANGES IN SPENDING SUBJECT TO APPROPRIATION					
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.

BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 2491 will be enacted by the beginning of 2006 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 2006, 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 fewer staff-years would be required and that contractor costs also would decline. We estimate that annual costs would be about \$1 million over the 2007-2010 period.

Revenues

Enacting H.R. 2491 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 amount of fines collected under this bill would not be significant.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

H.R. 2491 would preempt a state's regulatory authority if that state does not develop its own regulations restricting the receipt and disposal within its borders of solid waste originating in another country. Such a preemption is an intergovernmental mandate as defined in UMRA, but CBO expects that it would impose no significant costs on state governments.

The bill also contains an intergovernmental mandate that 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. Although no information about the direction the EPA might take in designing those regulations is available at this time, it is possible that the regulations would restrict the importation of municipal solid waste from foreign countries, thus limiting municipalities' ability to collect fees for disposing of such waste. CBO has no basis for determining the degree to which those future regulations would affect the amount of fees collected, and thus we cannot determine whether the total cost of the mandates in the bill would exceed the threshold for intergovernmental mandates (\$62 million in 2005, adjusted annually for inflation).

ESTIMATED IMPACT ON THE PRIVATE SECTOR

The bill would require EPA to issue regulations to implement and enforce the Agreement Concerning the Transboundary Movement of Hazardous Waste between the United States and Canada within two years of enactment. Any future regulations promulgated by EPA that affect private waste management companies would constitute private-sector mandates under this bill. CBO cannot determine whether the cost of the mandates would exceed the annual threshold established by UMRA (\$123 million in 2005, adjusted annually for inflation) because we have no basis for predicting what requirements would be imposed by such regulations.

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