



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 28, 2005

### **S. 1265**

### **Diesel Emissions Reduction Act of 2005**

*As ordered reported by the Senate Committee on Environment and Public Works  
on July 20, 2005*

#### **SUMMARY**

S. 1265 would authorize the appropriation of \$200 million for each of fiscal years 2007 through 2011 to the Environmental Protection Agency (EPA) to support grants and loans to states and other organizations working to reduce emissions from diesel engines. Under the bill, EPA would establish a technology transfer program including nonfinancial incentives to promote the use of technologies that reduce diesel emissions. The bill also would require EPA to work with the Department of Commerce to inform foreign countries of the potential of technology used or developed to reduce emissions in the United States. CBO estimates that those outreach activities would cost \$2 million annually.

CBO estimates that implementing this legislation would cost \$660 million over the next five years, assuming appropriation of the necessary amounts. Enacting S. 1265 would not affect direct spending or revenues. S. 1265 contains no intergovernmental or private-sector mandates as defined by the Unfunded Mandates Reform Act (UMRA). The bill would benefit local and tribal governments within the state of Alaska; any costs they incur would result from complying with conditions for receiving federal assistance.

#### **ESTIMATED COST TO THE FEDERAL GOVERNMENT**

CBO estimates that implementing the bill would cost \$660 million over the 2006-2010 period, assuming appropriation of the amounts authorized for each year. Those estimated outlays are based on historical patterns for similar activities. The estimated budgetary impact of S. 1265 is shown in the following table. The costs of this legislation fall within budget functions 300 (natural resources and environment) and 370 (commerce and housing credit).

	By Fiscal Year, in Millions of Dollars				
	2006	2007	2008	2009	2010
<b>CHANGES IN SPENDING SUBJECT TO APPROPRIATION</b>					
Grants and Loans to Support Reductions in Diesel Emissions					
Authorization Level	0	200	200	200	200
Estimated Outlays	0	100	160	190	200
Outreach Activities					
Estimated Authorization Level	2	2	2	2	2
Estimated Outlays	2	2	2	2	2
Total Changes					
Estimated Authorization Level	2	202	202	202	202
Estimated Outlays	2	102	162	192	202

## **INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

S. 1265 contains no intergovernmental or private-sector mandates as defined by UMRA. The bill would authorize the appropriation of \$1 billion for grants and loans to promote the reduction of diesel emissions. States would be eligible to receive a percentage of those funds for their use in the administration of programs that are designed to achieve significant reductions in diesel emissions. Any costs incurred by state, local, or tribal governments would result from complying with conditions for receiving federal assistance.

### **ESTIMATE PREPARED BY:**

Federal Costs: Susanne S. Mehlman

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

Impact on the Private Sector: Selena Caldera

### **ESTIMATE APPROVED BY:**

Peter H. Fontaine

Deputy Assistant Director for Budget Analysis