



CONGRESSIONAL BUDGET OFFICE  
COST ESTIMATE

August 20, 2010

**S. 1816**  
**Chesapeake Clean Water and Ecosystem Restoration Act**

*As ordered reported by the Senate Committee on Environment and Public Works  
on June 30, 2010*

**SUMMARY**

S. 1816 would reauthorize the Chesapeake Bay program within the Environmental Protection Agency (EPA) and rename it the Chesapeake Basin program. The bill also would authorize the appropriation of \$2.3 billion over the 2011-2015 period for EPA and the Department of the Interior (DOI) to provide grants to states and nonprofit organizations to support a wide range of water quality projects and programs aimed at restoring and protecting the ecosystem of the Chesapeake basin.

The authorized funding also would be used by EPA to establish and operate trading programs for nitrogen, phosphorus, and sediment in the Chesapeake basin. The goal of the trading programs would be to reduce discharges of those pollutants into the bay. If sources of pollutants, such as farmers, reduce such discharges below targeted levels set by EPA, they could then sell surplus reductions (or “credits”) to other pollution sources, such as wastewater treatment plants. (Target levels for the agriculture sector will be set by EPA by December 31, 2010, under current law.) Participation in the proposed trading programs would be voluntary.

CBO estimates that implementing this legislation would cost about \$1.9 billion over the 2011-2015 period, assuming appropriation of the authorized amounts. Pay-as-you-go procedures do not apply to S. 1816 because the bill would not affect direct spending or revenues.

S. 1816 would impose intergovernmental and private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). CBO estimates that the cost of those mandates would fall well below the annual thresholds established in UMRA for intergovernmental and private-sector mandates (\$70 million and \$141 million in 2010, respectively, adjusted annually for inflation).

## ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of this legislation is summarized in Table 1. The costs of this legislation fall within budget function 300 (natural resources and environment).

**TABLE 1. ESTIMATED BUDGETARY EFFECTS OF S. 1816**

	By Fiscal Year, in Millions of Dollars					2011- 2015
	2011	2012	2013	2014	2015	
<b>CHANGES IN SPENDING SUBJECT TO APPROPRIATION</b>						
Authorization Level	451	451	451	451	451	2,255
Estimated Outlays	204	383	451	451	451	1,940

### BASIS OF ESTIMATE

For this estimate, CBO assumes that the bill will be enacted near the beginning of fiscal year 2011, that the full amounts authorized will be appropriated for each year, and that outlays will follow the historical patterns of spending for similar programs. Components of the estimated costs are described below.

This legislation would authorize appropriations totaling about \$2.3 billion over the next five years for EPA and DOI to support activities related to restoring and protecting the Chesapeake basin ecosystem. Amounts authorized to be appropriated for individual programs are shown in Table 2.

S. 1816 would authorize the appropriation of \$1.5 billion over the 2011-2015 period for EPA to provide grants to local governments to support projects and activities within the Chesapeake basin related to reducing or reusing stormwater discharges.

This legislation also would authorize the appropriation of \$520 million over the next five years for EPA to establish and support centers of excellence for water quality and agricultural policies and practices; monitor the quality of freshwater supplies; and provide grants to support various activities related to achieving goals established under the Chesapeake Bay Agreement. (That agreement, first established in 1983 between EPA and the bay-area states, identifies actions needed to protect the Chesapeake Bay ecosystem.) Also included in that amount is an authorization of \$20 million over the 2011-2015 period for EPA to establish and implement pollutant trading programs in the basin.

The remaining authorizations in the bill would total about \$225 million over the next five years. That funding would be used for various purposes, including administrative support for the Chesapeake Basin program office (\$100 million), a grant program for DOI to assist the states of Delaware, Maryland, and Virginia in eradicating or controlling the nutria population and restoring marshland damaged by nutria (\$20 million), a grant program for EPA to support the conversion of agricultural animal waste into heat, power or biofuels (\$30 million), and a grant program for EPA to support the water quality and habitat in the Chesapeake basin (\$75 million).

**TABLE 2. AMOUNTS AUTHORIZED TO BE APPROPRIATED FOR EPA PROGRAMS UNDER S. 1816**

	By Fiscal Year, in Millions of Dollars					2011-2015
	2011	2012	2013	2014	2015	
Storm Water Pollution Planning and Implementation Grants	302	302	302	302	302	1,510
Implementation, Monitoring, and Centers of Excellence Grants	104	104	104	104	104	520
Chesapeake Basin Program Office	20	20	20	20	20	100
Nutria Eradication Grants	4	4	4	4	4	20
Agricultural Animal Waste-to-Bioenergy Deployment Grants	6	6	6	6	6	30
Chesapeake Stewardship Grants	<u>15</u>	<u>15</u>	<u>15</u>	<u>15</u>	<u>15</u>	<u>75</u>
Total Authorization Level	451	451	451	451	451	2,255

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

S. 1816 would impose intergovernmental and private-sector mandates as defined in UMRA. The bill would require the states of Delaware, New York, and West Virginia to develop and implement plans for improving water quality and restoring living resources in the Chesapeake basin. Implementing those plans would impose requirements on public and private entities such as wastewater facilities and industrial plants that discharge water into the basin. Because those states already comply with the underlying requirements of the plans, CBO estimates that the cost of the mandates would fall well below the annual thresholds established in UMRA for intergovernmental and private-sector mandates (\$70 million and \$141 million in 2010, respectively, adjusted annually for inflation).

## **Other Impacts**

The bill would authorize a number of grant and assistance programs that would be available to state and local governments. In some cases, those programs would have matching or administrative requirements, but the costs of such requirements would be incurred voluntarily as conditions of participation.

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