



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

September 10, 2014

H.R. 4007
Protecting and Securing Chemical Facilities from Terrorist
Attacks Act of 2014

*As ordered reported by the Senate Committee on Homeland Security
and Governmental Affairs on July 30, 2014*

H.R. 4007 would extend the Department of Homeland Security’s (DHS’s) authority to regulate security at certain chemical facilities in the United States. Under the Chemical Facility Anti-Terrorism Standards (CFATS) program, DHS collects and reviews information from chemical facilities in the United States to determine which facilities present security risks. Facilities determined to present a high level of security risk are then required to develop a Site Security Plan (SSP). DHS in turn conducts inspections to validate the adequacy of a facility’s SSP and their compliance with it. The program is set to end on October 4, 2014.

H.R. 4007 would authorize CFATS for an additional four years and would create an expedited review procedure for facilities in the lower risk tiers of the CFATS program. Based on amounts requested for the CFATS in fiscal year 2015 as well as information from DHS, CBO estimates that continued implementation of CFATS would require appropriations of \$87 million in 2015 and slightly higher amounts in fiscal years 2016 through 2018 after accounting for the effects of inflation. Assuming appropriation of the estimated amounts, CBO estimates that implementing H.R. 4007 would result in outlays of \$349 million over the 2015-2019 period.

	By Fiscal Year, in Millions of Dollars					2015-2019
	2015	2016	2017	2018	2019	
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Estimated Authorization Level	87	89	92	95	0	363
Estimated Outlays	45	78	100	103	23	349

Enacting H.R. 4007 could result in the collection of additional civil penalties, which are recorded as revenues and deposited in the Treasury; therefore, pay-as-you-go procedures apply. However, CBO estimates that such collections would be insignificant. Enacting the bill would not affect direct spending.

H.R. 4007 would extend intergovernmental and private-sector mandates, as defined in the Unfunded Mandates Reform Act (UMRA), on owners and operators of public and private facilities where certain chemicals are present. Current law requires owners and operators to assess the vulnerability of their facilities to a terrorist incident and to prepare and implement facility security plans. This bill would extend, for four years, the authority of DHS to regulate those facilities through minimum standards designed to protect facilities from acts of terrorism and other security risks. The requirement to meet those standards would be a mandate on public and private entities.

The bill would impose an additional mandate on public and private employers by prohibiting them from discharging or discriminating against employees who report security problems at a covered chemical facility.

Information from DHS indicates that owners and operators of chemical facilities already meet the existing security standards and that they would only need to make small changes to administrative procedures to comply with the new whistleblower protections for their employees. Therefore, CBO estimates that the aggregate additional costs of complying with the mandates would be small and would fall below the annual thresholds established in UMRA for intergovernmental and private-sector mandates (\$76 million and \$152 million, respectively, in 2014, adjusted annually for inflation).

On May 30, 2014, CBO transmitted a cost estimate for H.R. 4007 as ordered reported by the House Committee on Homeland Security on April 30, 2014. The difference in CBO's estimates reflects differences in the two versions of the bill. The version reported by the House Committee on Homeland Security would permanently authorize CFATS and would authorize the appropriation of \$87 million for each of fiscal years 2015 through 2017. The Senate version of H.R. 4007 would extend CFATS for four years and would not specify an authorization level for any fiscal year. Based on those differences, CBO estimates that implementing this version of the bill would cost approximately \$80 million less than the House version over the 2015-2019 period, assuming the appropriation of the estimated amounts.

The CBO staff contacts for this estimate are Jason Wheelock (for federal costs), Melissa Merrell (for the intergovernmental impact), and Paige Piper/Bach (for the private-sector impact). The estimate was approved by Theresa Gullo, Deputy Assistant Director for Budget Analysis.