



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

December 4, 2015

### **H.R. 1321** **Microbead-Free Waters Act of 2015**

*As ordered reported by the House Committee on Energy and Commerce  
on November 18, 2015*

H.R. 1321 would amend the Federal Food, Drug, and Cosmetic Act to prohibit the manufacture, sale, or distribution of cosmetics containing plastic microbeads. CBO estimates that implementing H.R. 1321 would have no significant cost to the federal government. Enacting the bill would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply. CBO estimates that enacting H.R. 1321 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2026.

The prohibition in the bill would impose an intergovernmental and private sector mandate as defined in the Unfunded Mandates Reform Act (UMRA). The mandate would affect distributors, sellers, and manufacturers of cosmetic products containing plastic microbeads. In addition, the bill would impose a separate intergovernmental mandate by preempting state laws.

CBO estimates that the cost of the mandate on distributors and sellers, including some public entities, would be minimal, if any, because the bill would provide those sellers with one year to sell any existing stock. Affected public entities would include a small number of pharmacies operating in public hospitals and some university-affiliated retail stores. While the legislation also would preempt several states' laws, it would impose no duty on states that would result in additional spending or a loss of revenues. Taken together, CBO estimates that the aggregate costs, if any, of the intergovernmental mandates would fall well below the threshold established in UMRA for such mandates (\$77 million in 2015, adjusted annually for inflation).

Currently, many manufacturers of cosmetics have committed to removing microbeads from their products either on a voluntary basis or to comply with prohibitions enacted by states and localities. During the next few years, CBO expects that the incremental cost for those manufacturers to comply with the mandate in the bill would be minimal, if any. However, other manufacturers may need to reformulate their products or remove them from the market to comply with the mandate. Based on information from industry sources, CBO estimates that the cost of reformulating a cosmetic could total several million dollars

and that the potential loss of income from removing a cosmetic from the market might be larger. Because the larger manufacturers of cosmetics have already announced plans to remove microbeads, CBO expects that only a small portion of the industry would need to take additional action to comply with the mandate. Further, some manufacturers also would experience savings because the bill would establish a uniform national standard that would preempt state and local laws, some of which are more stringent or have earlier deadlines than required under the bill. Consequently, CBO estimates that the net cost of the mandate would probably fall below the annual threshold established in UMRA for private-sector mandates (\$154 million, adjusted annually for inflation).

The CBO staff contacts for this estimate are Ellen Werble (for federal costs), J'nell Blanco Suchy (for intergovernmental mandates), and Amy Petz (for private-sector mandates). The estimate was approved by Holly Harvey, Deputy Assistant Director for Budget Analysis.