



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

November 17, 2015

H.R. 3242 **Child Nicotine Poisoning Prevention Act of 2015**

*As ordered reported by the House Committee on Energy and Commerce
on September 30, 2015*

H.R. 3242 would direct the Consumer Product Safety Commission (CPSC) to develop regulations requiring special packaging for liquid nicotine containers. CBO estimates that implementing the bill would cost about \$1 million over the 2016-2020 period, assuming the availability of appropriated funds. Enacting the legislation would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply. CBO estimates that enacting H.R. 3242 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2026.

Under the bill, the CPSC would require liquid nicotine containers to be packaged in a way that would make it difficult for children younger than five years to open or to obtain a harmful amount of the enclosed substance. Based on information from the agency, CBO estimates that the cost of developing the regulation and conducting compliance testing would total about \$1 million over the next five years.

H.R. 3242 contains an intergovernmental mandate as defined in Unfunded Mandates Reform Act (UMRA) because it would preempt some state laws that are inconsistent with regulations adopted by the CPSC governing child-resistant packaging for containers holding liquid nicotine. The preemption would have a limited effect on state laws because the majority of those laws conform to the standards outlined in the bill. While the mandate would limit the application of those state laws, it would impose no duty on states that would result in additional spending or a loss of revenues. Consequently, CBO estimates that the cost of the mandate, if any, would fall well below the threshold established in UMRA for intergovernmental mandates (\$77 million in 2015, adjusted annually for inflation).

The legislation would impose a private-sector mandate, as defined in UMRA, on manufacturers of consumer products containing liquid nicotine. The bill would require those manufacturers to use special packaging for such products to make them child resistant. The cost of this mandate would be the incremental cost of using packaging that would comply with the standard established by the CPSC. Based on data from representatives of affected manufacturers about the number of products sold annually and

information from the CPSC about the cost of special packaging per unit for similar products, CBO estimates that the cost of the mandate would fall below the annual threshold established in UMRA for private-sector mandates (\$154 million in 2015, adjusted annually for inflation).

On March 26, 2015, CBO transmitted a cost estimate for S. 142, the Child Nicotine Poisoning Prevention Act of 2015. The two bills are similar and CBO's estimates of the budgetary effects are the same.

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