



March 2, 2016

Honorable Mike Enzi  
Chairman  
Committee on the Budget  
United States Senate  
Washington, DC 20510

*Re: Cost estimate for S. 2579, the Drinking Water Safety and Infrastructure Act, as introduced in the Senate on February 24, 2016.*

Dear Mr. Chairman:

As you requested, the Congressional Budget Office (CBO) has reviewed S. 2579, the Drinking Water Safety and Infrastructure Act, as introduced on February 24, 2016. CBO's estimate of the direct spending and revenue effects of enacting the bill is included in the enclosed tables. S. 2579 is similar to Senate amendment 3323 to H.R. 4470 and the estimated budgetary impacts are the same.

S. 2579 would appropriate \$170 million for the Environmental Protection Agency (EPA) to provide grants to eligible states and to make loans under the Water Infrastructure Finance and Innovation Program to eligible entities for water infrastructure projects. The bill also would appropriate \$50 million for a lead exposure registry and three children's health programs related to lead exposure. Finally, beginning in fiscal year 2021, S. 2579 would prohibit further spending by the Department of Energy of certain balances available to cover the subsidy costs of loans issued through the Advanced Technology Vehicle Manufacturing (ATVM) Loan Program.

CBO and staff of the Joint Committee on Taxation (JCT) estimate that over the 2016-2026 period enacting S. 2579 would:

- Increase direct spending for water infrastructure and outreach activities related to lead exposure by \$220 million;
- Reduce direct spending for the ATVM program by \$300 million;

- Increase the issuance of tax-exempt bonds by states to partly match the federal loans for water infrastructure projects provided by S. 2579, thereby reducing federal revenues by \$37 million; and
- Decrease budget deficits by \$43 million (see Table 1).

Some provisions in S. 2579 would affect federal spending that is subject to appropriation; however, CBO has not completed an estimate of those costs.

Because enacting the bill would affect direct spending and revenues, pay-as-you-go procedures apply (see Table 2). The law that established pay-as-you-go procedures excludes from such calculations any budgetary effects designated as an emergency requirement. Consequently the reduction in ATVM spending under S. 2579 is not included when estimating the pay-as-you-go cost of the legislation, and CBO estimates that for pay-as-you-go purposes, S. 2579 would increase budget deficits by \$257 million over the 2016-2026 period.

Enacting the legislation would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2027.

S. 2579 would impose an intergovernmental and private-sector mandate as defined in the Unfunded Mandates Reform Act (UMRA) on owners and operators of public water systems. The bill would require those owners and operators to notify the public when measurements of lead in drinking water exceed safe levels prescribed by federal regulations under the Safe Drinking Water Act. Based on information from EPA about current notification practices with regard to lead and other contaminants, CBO estimates that the aggregate cost of the mandates would fall below the annual thresholds established in UMRA for intergovernmental and private-sector mandates (\$77 million and \$154 million in 2016, respectively, adjusted annually for inflation). The bill also would benefit state and local governments by authorizing federal grants and loans for water infrastructure projects.

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I hope this information is useful to you. If you need additional details, we would be pleased to provide them. The CBO staff contacts are Jon Sperl and Megan Carroll (for federal costs) and Amy Petz (for mandate costs).

Sincerely,

A handwritten signature in black ink, appearing to read "Keith Hall". The signature is fluid and cursive, with the first name "Keith" and last name "Hall" clearly distinguishable.

Keith Hall

Director

Enclosure

cc: Honorable Bernie Sanders  
Ranking Member

Honorable Debbie Stabenow

**TABLE 1. EFFECTS ON DIRECT SPENDING AND REVENUES UNDER S. 2579, AS INTRODUCED IN THE SENATE IN FEBRUARY 24, 2016**

|   | By Fiscal Year, in Millions of Dollars |      |      |      |      |      |      |      |      |      |      |      | 2016- | 2016- |
|---|--|------|------|------|------|------|------|------|------|------|------|------|-------|-------|
|   | 2016                                   | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2021 | 2026  |       |
| <b>CHANGES IN DIRECT SPENDING</b>   |  |      |      |      |      |      |      |      |      |      |      |      |       |       |
| SRF Capitalization Grants   |  |      |      |      |      |      |      |      |      |      |      |      |       |       |
| Estimated Budget Authority  | 50                                     | 50   | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 100  | 100   |       |
| Estimated Outlays   | 10                                     | 50   | 40   | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 100  | 100   |       |
| WIFIA Loan Credit Subsidy   |  |      |      |      |      |      |      |      |      |      |      |      |       |       |
| Budget Authority  | 70                                     | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 70   | 70    |       |
| Estimated Outlays   | 0                                      | 6    | 13   | 6    | 7    | 7    | 7    | 8    | 8    | 8    | 0    | 39   | 70    |       |
| Lead Exposure Registry  |  |      |      |      |      |      |      |      |      |      |      |      |       |       |
| Estimated Budget Authority  | 2                                      | 8    | 5    | 4    | 1    | 0    | 0    | 0    | 0    | 0    | 0    | 20   | 20    |       |
| Estimated Outlays   | 2                                      | 8    | 5    | 4    | 1    | 0    | 0    | 0    | 0    | 0    | 0    | 20   | 20    |       |
| Childhood Lead Poisoning Prevention Program   |  |      |      |      |      |      |      |      |      |      |      |      |       |       |
| Estimated Budget Authority  | 0                                      | 5    | 5    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 10   | 10    |       |
| Estimated Outlays   | 0                                      | 5    | 4    | 1    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 10   | 10    |       |
| Healthy Homes Program   |  |      |      |      |      |      |      |      |      |      |      |      |       |       |
| Estimated Budget Authority  | 0                                      | 5    | 5    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 10   | 10    |       |
| Estimated Outlays   | 0                                      | 5    | 4    | 1    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 10   | 10    |       |
| Healthy Start Program   |  |      |      |      |      |      |      |      |      |      |      |      |       |       |
| Estimated Budget Authority  | 0                                      | 5    | 5    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 10   | 10    |       |
| Estimated Outlays   | 0                                      | 5    | 4    | 1    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 10   | 10    |       |
| Advanced Technology Vehicle Manufacturing Program <sup>a</sup>                                  |  |      |      |      |      |      |      |      |      |      |      |      |       |       |
| Estimated Budget Authority  | 0                                      | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0    | 0     |       |
| Estimated Outlays   | 0                                      | 0    | 0    | 0    | 0    | -50  | -50  | -50  | -50  | -50  | -50  | -50  | -300  |       |
| Total Changes   |  |      |      |      |      |      |      |      |      |      |      |      |       |       |
| Estimated Budget Authority  | 122                                    | 73   | 20   | 4    | 1    | 0    | 0    | 0    | 0    | 0    | 0    | 220  | 220   |       |
| Estimated Outlays   | 12                                     | 79   | 70   | 13   | 8    | -43  | -43  | -42  | -42  | -42  | -50  | 139  | -80   |       |
| <b>CHANGES IN REVENUES</b>  |  |      |      |      |      |      |      |      |      |      |      |      |       |       |
| Estimated Revenues <sup>b</sup>   | 0                                      | *    | -1   | -2   | -3   | -3   | -4   | -5   | -6   | -6   | -7   | -9   | -37   |       |
| <b>NET INCREASE OR DECREASE (-) IN THE DEFICIT FROM CHANGES IN DIRECT SPENDING AND REVENUES</b> |  |      |      |      |      |      |      |      |      |      |      |      |       |       |
| Impact on Deficit   | 12                                     | 79   | 71   | 15   | 11   | -40  | -39  | -37  | -36  | -36  | -43  | 148  | -43   |       |

Sources: Congressional Budget Office and staff of the Joint Committee on Taxation.

Notes: SRF = State Revolving Fund; WIFIA = Water Infrastructure Finance and Innovation Act; \* = between \$0 and -\$500,000.

a. The legislation would prohibit the Department of Energy from obligating certain balances of subsidy budget authority that were originally designated as an emergency requirement under Public Law 110-329, the Consolidated Security, Disaster Assistance, and Continuing Appropriations Act, 2009.

b. Negative numbers indicate a reduction in revenues.

**TABLE 2. CBO ESTIMATE OF THE STATUTORY PAY-AS-YOU-GO EFFECTS FOR S. 2579, AS INTRODUCED IN THE SENATE ON FEBRUARY 24, 2016**

|   | By Fiscal Year, in Millions of Dollars |           |           |           |           |           |           |           |           |           |          |            | 2016-      | 2016- |
|---|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|----------|------------|------------|-------|
|   | 2016                                   | 2017      | 2018      | 2019      | 2020      | 2021      | 2022      | 2023      | 2024      | 2025      | 2026     | 2021       | 2026       |       |
| <b>NET INCREASE OR DECREASE (-) IN THE DEFICIT</b>                    |  |           |           |           |           |           |           |           |           |           |          |            |            |       |
| Total Changes   | 12                                     | 79        | 71        | 15        | 11        | -40       | -39       | -37       | -36       | -36       | -43      | 148        | -43        |       |
| Less:   |  |           |           |           |           |           |           |           |           |           |          |            |            |       |
| Changes in Spending Designated as Emergency Requirements <sup>a</sup> | 0                                      | 0         | 0         | 0         | 0         | -50       | -50       | -50       | -50       | -50       | -50      | -50        | -300       |       |
| <b>Statutory Pay-As-You-Go Impact</b>                                 | <b>12</b>                              | <b>79</b> | <b>71</b> | <b>15</b> | <b>11</b> | <b>10</b> | <b>11</b> | <b>13</b> | <b>14</b> | <b>14</b> | <b>7</b> | <b>198</b> | <b>257</b> |       |
| <b>Memorandum:</b>  |  |           |           |           |           |           |           |           |           |           |          |            |            |       |
| Changes in Outlays  | 12                                     | 79        | 70        | 13        | 8         | 7         | 7         | 8         | 8         | 8         | 0        | 189        | 220        |       |
| Changes in Revenues   | 0                                      | 0         | -1        | -2        | -3        | -3        | -4        | -5        | -6        | -6        | -7       | -9         | -37        |       |

Sources: Congressional Budget Office and staff of the Joint Committee on Taxation.

a. Section 8 of S. 2579 would prohibit the Department of Energy from obligating balances of subsidy budget authority for the ATVM loan program that were originally designated as an emergency requirement under Public Law 110-329, the Consolidated Security, Disaster Assistance, and Continuing Appropriations Act, 2009.