



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

March 18, 2016

S. 2609

A bill to amend the Agricultural Marketing Act of 1946 to require the Secretary of Agriculture to establish a national voluntary labeling standard for bioengineered foods, and for other purposes

As ordered reported by the Senate Committee on Agriculture, Nutrition, and Forestry, on March 1, 2016

S. 2609 would establish a voluntary labeling standard for bioengineered food. The bill defines bioengineered as food containing genetic material that has been modified through certain techniques and for which the modification could not otherwise be obtained through conventional breeding or found in nature. The standard would be developed and administered by the U.S. Department of Agriculture (USDA). The bill would require that the standard prohibit any express or implied claim concerning the safety or quality of a food product based solely on the extent to which it contains bioengineered material.

S. 2609 also would prohibit any state or political subdivision from establishing any bioengineered food label that is not identical to the national standard developed by USDA and would prohibit any state or local government from requiring food labels that identify either the presence or absence of bioengineered material.

Based on information from USDA regarding similar labeling programs, CBO estimates that implementing S. 2609 would cost around \$1 million over the 2017-2018 period to develop and publish regulations for a voluntary label; such spending would be subject to the availability of appropriated funds.

Because S. 2609 would not affect direct spending or revenues, pay-as-you-go procedures do not apply. CBO estimates that enacting S. 2609 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2027.

Because it would preempt state laws that regulate labels of genetically engineered or bioengineered food or seed products, S. 2609 contains intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA). Only three states currently have laws that would regulate food labeling on genetically engineered food products. Pending laws in Connecticut and Maine are contingent on adoption by other states, and a Vermont law would take effect on July 1, 2016. The mandate would limit the application of such state laws, but it would impose no duty on states that would result in any significant 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 2016, adjusted annually for inflation).

The bill would impose a private-sector mandate as defined in UMRA on manufacturers of bioengineered food or food produced with bioengineering. The bill would require manufacturers that label food as bioengineered to comply with the national standard and associated regulations. The cost of the mandate would include the cost of modifying any labels on food to ensure consistency with the standard. That cost would depend on the number of manufacturers that elect to label their food and the regulations to be issued by USDA. Some manufacturers also would realize savings because the bill would preempt state laws that regulate labels of such food products. Based on information from industry sources, CBO estimates that the net cost of the mandate would fall below the annual threshold established in UMRA for private-sector mandates (\$154 million in 2016, adjusted annually for inflation).

The CBO staff contacts for this estimate are Jim Langley (for federal costs), J'nell Blanco Suchy (for state and local mandates), and Amy Petz (for private-sector mandates). The estimate was approved by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.