



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

June 15, 2011

H.R. 908
**Full Implementation of the Chemical Facility
 Anti-Terrorism Standards Act**

*As ordered reported by the House Committee on Energy and Commerce
 on May 26, 2011*

H.R. 908 would extend through fiscal year 2018 the Department of Homeland Security’s (DHS’s) authority to regulate security at certain chemical facilities in the United States. Under this authority, which under current law is set to expire in October, DHS runs the Chemical Facility Anti-Terrorism Standards (CFATS) program. Under CFATS, DHS collects and reviews information from chemical facilities in the United States to determine which facilities present a security risk. 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.

H.R. 908 would authorize \$90 million annually for CFATS over the 2012-2018 period. That amount is equal to the \$90 million provided in 2011 for the program. CBO estimates that implementing this legislation would cost \$361 million over the 2012-2016 period and about \$260 million in subsequent years, assuming the appropriation of the specified amounts.

	By Fiscal Year, in Millions of Dollars					2012-2016
	2012	2013	2014	2015	2016	
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Authorization Level	90	90	90	90	90	450
Estimated Outlays	32	64	87	89	89	361

H.R. 908 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 minimal and the effect on revenues would be insignificant. Enacting the bill would not affect direct spending.

H.R. 908 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. Requirements on those owners and operators to assess the vulnerability of their facilities and to prepare and implement security plans would be mandates. The bill also would extend mandates that require owners and operators of such facilities to maintain records, periodically submit reviews of the adequacy of the vulnerability assessments or facility security plans, and allow DHS access to their property for inspections and verifications. In addition, owners and operators would have to continue to conduct background checks on employees who have access to restricted areas, and provide training to employees. Based on information from DHS and industry sources, CBO estimates that the aggregate 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 (\$71 million and \$142 million, respectively, in 2011, adjusted annually for inflation).

The CBO staff contacts for this estimate are Jason Wheelock (for the 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.