# CONGRESSIONAL BUDGET OFFICE
# COST ESTIMATE

July 16, 2015

# H.R. 1599
## Safe and Accurate Food Labeling Act of 2015

*As ordered reported by the House Committee on Agriculture on July 14, 2015*

H.R. 1599 would establish a program, to be administered by the U.S. Department of Agriculture (USDA), to certify genetically engineered food. The bill also would prohibit an unregulated plant that is genetically engineered from being introduced into interstate commerce for use in food unless it was certified to be safe by the Food and Drug Administration (FDA). USDA would be required to publish information about certain genetically engineered plants intended for use in food on a public website. Finally, the bill would establish labeling requirements for genetically engineered and natural foods.

## ESTIMATED COST TO THE FEDERAL GOVERNMENT

CBO estimates that implementing H.R. 1599 would cost a total of $4 million over the 2016-2020 period, subject to appropriation of the specified and necessary amounts. In addition, enacting the bill would increase both revenues and direct spending by about $1 million annually, therefore pay-as-you-go procedures apply. CBO estimates that the net effect on the deficit of those changes in revenues and direct spending over the 2015-2025 period would be insignificant.

## BASIS OF ESTIMATE

The bill would authorize the appropriation of $2 million for USDA to establish a program to certify whether a food product is genetically engineered. Anyone choosing to label food products accordingly would be subject to certain requirements to verify the label's accuracy and would be required to obtain a certification from USDA. Assuming appropriation of the authorized amounts, CBO estimates that USDA would spend $2 million over the next two years to initiate this certification program.

Once the program was established, USDA would be authorized to collect fees to cover the costs of operating it. Such fees would be available for spending by USDA without further appropriation. CBO expects that the certification program would be similar to USDA's National Organic Program (NOP). Based on information from USDA about that program,

CBO estimates that the Generic Engineering Certification program would collect and spend about $1 million per year beginning in 2016.

Based on historical spending for similar programs, CBO estimates that developing regulations for labeling food as natural would cost about $2 million over the 2016-2020 period, assuming appropriation of the necessary amounts.

## INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 1599 would impose intergovernmental and private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) by doing the following:

- Prohibiting entities from introducing into commerce certain genetically engineered plants for use in food unless they consult with FDA and notify the Secretary of Agriculture;

- Requiring entities (including schools and universities) that sell or label food as produced with or without the use of genetic engineering to meet certain standards and pay fees to obtain certification;

- Requiring entities that label their food products as natural to comply with FDA regulations; and

- Preempting state laws that regulate the use of genetically engineered plants in food and the labeling of food as genetically engineered or natural.

Most entities already consult with FDA before marketing genetically engineered plants or products. Therefore, CBO estimates that the incremental administrative cost of the consultation and notification mandate would be small. The incremental cost of complying with the standards for selling or labeling food products as produced with or without the use of genetic engineering would probably be small for some producers and handlers of products that are independently verified or certified as organic under the NOP. CBO estimates that the fees to obtain certification would amount to about $1 million per year, but CBO has not been able to determine the total cost of that mandate. The costs to producers of foods labeled as natural would depend on future regulations to be issued by the FDA.

Because of uncertainty about the scope and nature of future regulations, CBO cannot determine whether the aggregate cost of the mandates on private entities would exceed the annual threshold established in UMRA for private-sector mandates ($154 million in 2015, adjusted annually for inflation).

Very few public entities are actively engaged in the promotion of genetically modified products, and certified organic farms run by universities would already meet many of the bill's requirements. Although the bill would limit the application of 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 aggregate cost of the mandates on public entities would fall below the intergovernmental threshold established in UMRA ($77 million in 2015, adjusted annually for inflation).

**ESTIMATE PREPARED BY:**

Federal Costs: Jim Langley
Impact on State, Local, and Tribal Governments: J'nell Blanco Suchy
Impact on the Private Sector: Amy Petz

**ESTIMATE APPROVED BY:**

Theresa Gullo
Assistant Director for Budget Analysis