



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

April 28, 2015

H.R. 1734
Improving Coal Combustion Residuals Regulation Act of 2015

*As ordered reported by the House Committee on Energy and Commerce
on April 15, 2015*

SUMMARY

H.R. 1734 would effectively codify a final rule published in the *Federal Register* on April 17, 2014, that establishes national management and disposal standards for coal combustion residuals (CCR) under subtitle D of the Solid Waste Disposal Act, also known as the Resource Conservation and Recovery Act (RCRA). (CCR consists of inorganic residues that remain after pulverized coal is burned.) Consistent with subtitle D of RCRA, the rule and this legislation would allow states to create and enforce their own CCR permit programs. However, H.R. 1734 would enable the Environmental Protection Agency (EPA) to directly regulate CCR in any state that fails to set up its own CCR program or in states where EPA determines that the CCR permit program is deficient.

CBO estimates that implementing this legislation would cost \$2 million over the 2016-2020 period, subject to the availability of appropriated funds. Enacting H.R. 1734 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

H.R. 1734 would impose an intergovernmental mandate, as defined in the Unfunded Mandates Reform Act (UMRA), because it would require states to notify EPA about whether they will adopt and implement a permit program for CCRs. CBO estimates that the administrative cost of that mandate would be small and would fall well below the annual threshold established in UMRA for intergovernmental mandates (\$77 million, adjusted annually for inflation).

The bill contains no private-sector mandates as defined in UMRA.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

CBO estimates that implementing H.R. 1734 would cost EPA \$2 million in 2020. The costs of this legislation fall within budget function 300 (natural resources and environment).

BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 1734 will be enacted by the beginning of fiscal year 2016 and that the necessary amounts will be made available from appropriated funds.

Certification of State CCR Permit Programs

Based on information from EPA and other industry experts, CBO expects that all states with coal-fired power plants (47 states and Puerto Rico) would probably elect to operate their own programs to manage disposal of the waste material. Under this legislation, states would have six months after the bill's enactment to notify EPA of their intentions to adopt and implement their own CCR permit program; then, within three years of the bill's enactment, the state agencies responsible for implementing the permit programs would be required to submit certifications of the state programs to EPA.

Because this legislation would not provide EPA with the authority to substantially review certifications, CBO estimates that EPA's workload for this activity would not be significant over the 2016-2020 period.

Review of Existing State CCR Permit Programs

H.R. 1734 would provide EPA with the authority to evaluate whether a state's CCR permit program is being implemented consistent with the minimum program specifications established under the bill. Consequently, EPA's costs could increase beginning in 2020—after state programs are certified and operational—if EPA would need to review certain state programs for deficiencies. According to EPA and other industry experts, such reviews could be initiated by a petition for government action from an environmental group or other interested parties.

While it is not likely that EPA would immediately review the CCR permit programs in all states, some reviews of programs in states with high coal consumption would probably be initiated beginning in 2020. Based on information from EPA, CBO estimates that reviewing a state program would cost, on average, about \$165,000 and would generally take less than one year to complete. CBO expects that EPA would initiate reviews of CCR permit programs in several states beginning in 2020. Based on the cost of similar

reviews, CBO estimates that work would cost \$2 million in 2020. (Additional reviews and EPA costs could occur after 2020.)

PAY-AS-YOU-GO CONSIDERATIONS: None.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

H.R. 1734 would impose an intergovernmental mandate, as defined in UMRA, because it would require states to notify EPA about whether they will adopt and implement a permit program for CCRs. CBO estimates that the cost of complying with that mandate would be small and would fall well below the annual threshold established in UMRA for intergovernmental mandates (\$77 million, adjusted annually for inflation).

ESTIMATED IMPACT ON THE PRIVATE SECTOR

H.R. 1734 contains no private-sector mandates as defined in UMRA.

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