



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

March 20, 2017

H.R. 1029 **Pesticide Registration Enhancement Act of 2017**

As ordered reported by the House Committee on Agriculture on February 16, 2017

SUMMARY

H.R. 1029 would modify the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA), the law that regulates the distribution, sale, and use of pesticides, with the aim of strengthening the Environmental Protection Agency's (EPA's) ability to evaluate and regulate pesticides. Under FIFRA, the EPA is required to evaluate the safety of new pesticides entering the market by conducting risk assessments and must periodically re-evaluate the health and environmental effects of pesticides. The EPA charges fees to pesticide manufacturers and distributors to cover the agency's costs of performing those registration and reregistration activities.

The legislation would extend the agency's authority to charge those fees—currently set to expire in 2018—and also would increase the total amount of fees that the agency is allowed to charge. Additional fees would lead to a net reduction in spending over the next five years of \$1 million for related activities; such spending is subject to appropriation. CBO estimates that enacting the bill would reduce direct spending by \$24 million over the 2018-2022 period, but would have no significant net effect on direct spending over the 2018-2027 period.

Because enacting the bill would affect direct spending, pay-as-you-go procedures apply. Enacting the bill would not affect revenues. CBO estimates that enacting H.R. 1029 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

The bill would impose intergovernmental and private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). CBO estimates that the cost of those mandates would fall below the annual thresholds for intergovernmental and private-sector mandates established in UMRA (\$78 million and \$156 million in 2017, respectively, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 1029 is shown in the following table. The costs of this legislation fall within budget function 300 (natural resources and environment).

	By Fiscal Year, in Millions of Dollars													
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2017-2022	2017-2027	
INCREASES OR DECREASES (-) IN DIRECT SPENDING ^a														
Estimated Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Estimated Outlays	0	0	-6	-6	-5	-4	-2	26	0	0	0	-24	0	0

a. In addition CBO estimates that spending subject to appropriation would be reduced by about \$1 million over the 2017-2022 period.

BASIS OF ESTIMATE

For this estimate, CBO assumes that the legislation will be enacted late in fiscal year 2017 and that the necessary amounts will be appropriated each year beginning in 2018.

Some of EPA’s activities under FIFRA—those related to registering pesticides—are funded with fees that may only be collected if allowed for in appropriation acts. Other EPA activities—those related to the reregistration of pesticides—are funded with fees that are authorized to be collected and spent without further appropriation.

Changes In Spending Subject to Appropriation

H.R. 1029 would extend the authority for the EPA to collect fees for registering new pesticides entering the market through 2025 and also would increase the level of those fees.

In 2016, the EPA collected \$17 million in pesticide registration fees and spent approximately \$19 million including some fees collected in previous years.

Based on information from the EPA about the number and type of pesticides that the agency expects to review in future years and assuming appropriation action consistent with the bill, CBO estimates that under H.R. 1029 the EPA would collect \$17 million in registration fees in 2018, with those collections increasing to \$19 million per year by 2023. In total, CBO estimates that the agency would collect about \$92 million in

pesticide registration fees over the 2018-2022 period and spend slightly less over that period, resulting in a net collection of around \$1 million.

Changes In Direct Spending

The EPA also periodically reviews and reregisters pesticides that are already on the market. Under FIFRA, the EPA is authorized to collect up to \$28 million per year in fees to offset the costs of those activities through 2018. The agency is authorized to spend those fees, which are recorded in the budget as reductions in direct spending, without further appropriation.

H.R. 1029 would extend the agency’s authority to collect those fees through 2023 and would raise the statutory cap to \$31 million per year. In 2016, the EPA collected \$28 million in reregistration fees and spent \$16 million on related activities.

Under H.R. 1029, CBO estimates that the EPA would collect and spend \$186 million in reregistration fees over the 2018-2027 period. CBO expects that the EPA’s collection of fees would continue to exceed spending in most years, resulting in a reduction in direct spending of \$24 million over the 2018-2022 period. However, under the bill the agency’s authority to collect receipts would expire after 2023. CBO estimates that the EPA would spend the accumulated balances of fees for reregistration activities in 2024.

PAY-AS-YOU-GO CONSIDERATIONS

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending; therefore, pay-as-you-go procedures apply. The net changes in outlays that are subject to those pay-as-you-go procedures are shown in the following table.

CBO Estimate of Pay-As-You-Go Effects for H.R. 1029, as ordered reported by the House Committee on Agriculture on February 16, 2017

	By Fiscal Year, in Millions of Dollars												
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2017-2022	2017-2027
NET INCREASE OR DECREASE (-) IN THE DEFICIT													
Statutory Pay-As-You-Go Impact	0	0	-6	-6	-5	-4	-2	26	0	0	0	-24	0

INCREASE IN LONG-TERM DIRECT SPENDING AND DEFICITS

CBO estimates that enacting H.R. 1029 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2028.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

The bill would impose intergovernmental and private-sector mandates as defined in UMRA by extending reregistration fees for the use of pesticides through 2023. CBO estimates that those fees would total \$31 million annually and that most of the amount collected would be borne by private entities. (Public entities usually receive waivers from reregistration fees for minor uses or public health purposes.) The bill would impose an additional private-sector mandate by extending pesticide registration fees through 2025. CBO estimates that those fees would total \$18 million annually, on average, during the first five years that the mandate is in effect. In aggregate, CBO estimates that the cost of mandates in the bill would fall below the annual thresholds for intergovernmental and private-sector mandates established in UMRA (\$78 million and \$156 million in 2017, respectively, adjusted annually for inflation).

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