



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 21, 2017

### **H.R. 1029** **Pesticide Registration Improvement Extension Act of 2017**

*As reported by the Senate Committee on Agriculture, Nutrition, and Forestry  
on June 29, 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. Under FIFRA, the Environmental Protection Agency (EPA) is required to evaluate the safety of new pesticides entering the market (known as pesticide registration) by conducting risk assessments and must periodically re-evaluate the health and environmental effects of pesticides (known as reregistration). The EPA charges fees to pesticide manufacturers and distributors to cover the agency's costs of performing those registration and reregistration activities.

The act 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. CBO estimates that the collection of additional fees would be offset by additional spending, resulting in no significant net effect on direct spending, or spending subject to appropriation, over the 2018-2027 period.

Because enacting H.R. 1029 would affect direct spending, pay-as-you-go procedures apply. Enacting the legislation 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.

H.R. 1029 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	
<b>INCREASES OR DECREASES (-) IN DIRECT SPENDING<sup>a</sup></b>														
Estimated Budget Authority	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Estimated Outlays	0	-7	-6	-5	18	0	0	0	0	0	0	0	0	0

a. In addition, CBO estimates that spending subject to appropriation would net to zero over the 2017-2022 period.

## BASIS OF ESTIMATE

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

Activities related to registering pesticides are funded with fees that may only be collected if authorized in appropriation acts, while activities related to reregistering pesticides are funded with fees that can be collected and spent without further appropriation. Because of differences in the authorized uses of fees collected for registration and reregistration activities, and based on differences in historical outlay patterns from their respective funds, the EPA generally spends registration fees more quickly than reregistration fees.

### 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 2022 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 types 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 and \$18 million each year in 2019 and 2020. The agency's authorization to collect registration fees would begin to phase out in 2021, and the agency would cease collecting fees in 2023. In total, CBO estimates that the agency would

collect and spend about \$69 million (or \$14 million a year, on average) in pesticide registration fees over the 2018-2022 period.

**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 each 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 2020 and would raise the maximum amount of fees the EPA could collect each year to \$31 million. In 2016, the EPA collected \$28 million in reregistration fees and spent \$16 million on related activities in that year.

Under H.R. 1029, CBO estimates that the EPA would collect and spend \$93 million in reregistration fees over the 2018-2027 period. CBO expects that collections would continue to exceed spending in most years. However, under the act the agency’s authority to collect receipts would expire after 2020. CBO estimates that the EPA would spend the accumulated balances of fees (\$18 million) for reregistration activities in 2021.

**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 and revenues. The net changes in outlays that are subject to those pay-as-you-go procedures are shown in the following table.

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**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**

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	By Fiscal Year, in Millions of Dollars												
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2017- 2022	2017- 2027
<b>NET INCREASE OR DECREASE (-) IN THE DEFICIT</b>													
Statutory Pay-As-You-Go Impact	0	-7	-6	-5	18	0	0	0	0	0	0	0	0

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## **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**

H.R. 1029 would impose intergovernmental and private-sector mandates as defined in UMRA by extending reregistration fees for the use of pesticides through 2020. CBO estimates that those fees would total \$31 million annually and would be paid mostly by private entities. (Public entities usually receive waivers from reregistration fees for minor uses or public health purposes.) The act would impose an additional private-sector mandate by extending pesticide registration fees through 2022. CBO estimates that those fees would total \$14 million annually, on average, during the five years that the mandate is in effect. In aggregate, CBO estimates that the cost of mandates in the act 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).

## **PREVIOUS CBO ESTIMATE**

On March 20, 2017, CBO transmitted a cost estimate for H.R. 1029, the Pesticide Registration Enhancement Act of 2017, as ordered reported by the House Committee on Agriculture on February 16, 2017. The two versions of the legislation are similar. However, the authority for the EPA to collect fees under the Senate version of the act would expire sooner than under the House version of H.R. 1029. As a result, the EPA would collect and spend, in total, fewer fees under the Senate committee version of the legislation. CBO estimates that under both versions of the act the agency's collection and spending of fees would net to zero over the 2017-2027 period.

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