

CBO's Estimate of the Statutory Pay-As-You-Go Effects of the Rules Committee Print of H.R. 535, the PFAS Action Act of 2019, as posted on the website of the House Committee on Rules on January 7, 2020

	By Fiscal Year, Millions of Dollars										2020-2024	2020-2029
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029		
	Net Increase in the Deficit											
Pay-As-You-Go Effect	0	0	0	1	52	53	54	54	54	54	53	321
Memorandum:												
Increases in Outlays	0	0	0	0	50	50	50	50	50	50	50	300
Decreases in Revenues	0	0	0	-1	-2	-3	-4	-4	-4	-4	-3	-21

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays and revenues that are subject to those procedures are shown here.

H.R. 535 would require the Environmental Protection Agency (EPA) to designate certain per- and polyfluoroalkyl substances (PFAS) as hazardous substances under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA) within one year of the bill's enactment and to consider designating other PFAS substances within five years. Under CERCLA, the federal government is liable for remediating hazardous substances that it released on properties it formerly owned. Designating certain PFAS as hazardous substances under CERCLA would significantly increase that liability. CBO expects that the Department of Defense (DoD) would cover some of the cost of that liability by using funds from the Base Realignment and Closure (BRAC) accounts. Under CBO's baseline projections, about \$300 million is available in those accounts that would not otherwise be spent over the 2020-2029 period. On that basis, CBO estimates that enacting the bill would increase direct spending by at least \$300 million over that period.

Direct spending costs under the bill could be much higher. Enacting H.R. 535 would increase the federal government's obligation to remediate hazardous substances on properties that have already been transferred. Because that legal requirement would be imposed in advance of appropriations to pay for the cost of that remediation, any costs to the federal government would be classified as direct spending. However, CBO cannot estimate the total budget authority required to cover the federal government's costs that would be imposed by H.R. 535.

H.R. 535 also would authorize the appropriation of \$200 million over the 2020-2021 period for EPA to establish a grant program to provide grants to community water systems to pay for the capital costs of implementing water treatment technology that removes PFAS. The staff of the Joint Committee on Taxation (JCT) expects that some of those funds would be used by state and local governments to leverage additional funds by issuing tax-exempt bonds. JCT estimates that issuing additional tax-exempt bonds under this provision would reduce federal revenues by \$21 million over the 2020-2029 period.

CBO has not completed an estimate of costs of implementing H.R. 535 that would be subject to the availability of appropriated funds.

By designating certain PFAS as hazardous substances under CERCLA, and by requiring EPA to promulgate new regulations under the Toxic Substances Control Act, the Safe Drinking Water Act, the Clean Air Act, and the Solid Waste Disposal Act, H.R. 535, would impose intergovernmental and private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). The bill would require public and private entities that use, process, manufacture, or import PFAS to comply with new rules that EPA would promulgate, including testing and cleaning up contaminated sites. The bill also would require all water systems, both public and private, to test, monitor, and treat for PFAS and to properly dispose of waste streams generated after treatment. CBO estimates that the aggregate cost of the intergovernmental and private-sector mandates would exceed the thresholds established in UMRA (\$82 million and \$164 million respectively in 2019, adjusted annually for inflation). The bill would authorize grants to states and community water systems totaling \$700 million over the 2020-2024 to cover capital costs associated with implementing some of the bill's requirements.

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