

### At a Glance

## H.R. 1497, Water Quality Protection and Job Creation Act of 2019

As reported by the House Committee on Transportation and Infrastructure on October 29, 2019

By Fiscal Year, Millions of Dollars	2020	2020-2025	2020-2030
Direct Spending (Outlays)	0	0	0
Revenues	0	-130	-932
Increase or Decrease (-) in the Deficit	0	-130	-932
Spending Subject to Appropriation (Outlays)	1	11,038	not estimated
Statutory pay-as-you-go procedures apply?	Yes	<b>Mandate Effects</b>	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2031?	< \$5 billion	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No

Sources: Congressional Budget Office; staff of the Joint Committee on Taxation.

#### The bill would

- Authorize appropriations for the Environmental Protection Agency's (EPA's) Clean Water State Revolving Fund program and amend the ways states may use those funds
- Authorize appropriations for state management assistance grants
- Authorize appropriations to fund grants for sewer and stormwater projects, alternative water source projects, and watershed pilot projects
- Amend the National Pollutant Discharge Elimination System to allow EPA and states to issue 10-year instead of 5-year permits in certain circumstances
- Require EPA to report to the Congress

#### Estimated budgetary effects would primarily stem from

- Amounts authorized to be appropriated to EPA
- Revenue losses from increased issuance of tax-exempt bonds
- EPA's administrative costs

**Detailed estimate begins on the next page.**

## Bill Summary

H.R. 1497 would authorize appropriations for grants from the Environmental Protection Agency (EPA) for the current-law Clean Water State Revolving Fund (CWSRF) program and would change the ways that states can use those funds. The bill would authorize appropriations for EPA to provide grants for several types of water projects and to assist states in administering pollution control programs. In addition, under H.R. 1497, states and EPA could grant 10-year rather than 5-year permits under the National Pollution Discharge Elimination System in certain circumstances. Finally, H.R. 1497 would amend the duties of the municipal ombudsman at EPA and direct EPA to report to the Congress on several matters.

## Estimated Federal Cost

The estimated budgetary effect of H.R. 1497 is shown in Table 1. The costs of the legislation fall within budget function 300 (natural resources and environment).

**Table 1.**  
**Estimated Budgetary Effects of H.R. 1497**

	By Fiscal Year, Millions of Dollars											2020-2025	2020-2030
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030		
<b>Decreases in Revenues</b>													
Estimated Revenues	0	*	-4	-16	-39	-71	-109	-145	-172	-185	-190	-130	-932
<b>Increases in Spending Subject to Appropriation</b>													
Estimated Authorization	262	2,878	3,091	3,301	3,511	3,716	n.e.	n.e.	n.e.	n.e.	n.e.	16,759	n.e.
Estimated Outlays	1	332	1,690	2,582	3,051	3,381	n.e.	n.e.	n.e.	n.e.	n.e.	11,038	n.e.

Sources: Congressional Budget Office; staff of the Joint Committee on Taxation.  
Components may not sum to totals because of rounding; n.e. = not estimated; \* = between -\$500,000 and zero.

## Basis of Estimate

For this estimate, CBO assumes that H.R. 1497 will be enacted by the end of 2020, the authorized and estimated amounts will be appropriated for each fiscal year, and spending will follow historical patterns for similar projects and programs.

## Revenues

The staff of the Joint Committee on Taxation (JCT) expects that some of the funds authorized to be appropriated by H.R. 1497 for CWSRF grants would be used by state and local governments to leverage additional funds through tax-exempt bonds. Therefore, JCT

estimates that issuing additional tax-exempt bonds would reduce federal revenues by \$932 million over the 2020-2030 period.

**Spending Subject to Appropriation**

H.R. 1497 would specifically authorize the appropriation of \$16.7 billion over the 2020-2025 period. Assuming appropriation of those amounts plus amounts needed for other required activities, CBO estimates that the bill would cost \$11 billion over the same period (see Table 2).

**Table 2.  
Estimated Increases in Spending Subject to Appropriation Under H.R. 1497**

	By Fiscal Year, Millions of Dollars						2020-2025
	2020	2021	2022	2023	2024	2025	
<b>CWSRF Grants</b>							
Authorization	0	2,400	2,600	2,800	3,000	3,200	14,000
Estimated Outlays	0	240	1,220	2,040	2,560	2,870	8,930
<b>State Management Grants</b>							
Authorization	0	240	250	260	270	275	1,295
Estimated Outlays	0	36	218	251	261	270	1,034
<b>Municipal Grants</b>							
Authorization	0	225	225	225	225	225	1,125
Estimated Outlays	0	20	107	172	214	225	738
<b>Other Grant Programs</b>							
Authorization	260	0	0	0	0	0	260
Estimated Outlays	*	26	130	104	0	0	260
<b>Administrative Costs</b>							
Estimated Authorization	2	13	16	16	16	16	79
Estimated Outlays	1	11	16	16	16	16	76
<b>Total Changes</b>							
Estimated Authorization	262	2,878	3,091	3,301	3,511	3,716	16,759
Estimated Outlays	1	332	1,690	2,582	3,051	3,381	11,038

Components may not sum to totals because of rounding; CWSRF = Clean Water State Revolving Fund; \* = between zero and \$500,000.

**Provisions With Specified Authorizations.** H.R. 1497 would authorize appropriations totaling \$16.7 billion over the 2020-2025 period. CBO estimates that implementing those provisions would cost \$11 billion over the 2020-2025 period and about \$5.7 billion after 2025.

*Clean Water State Revolving Fund Grants.* H.R. 1497 would authorize the appropriation of specific amounts each year that total \$14 billion over the 2021-2025 period for CWSRF grants to states. States use those amounts, along with state funds, to make loans and provide other assistance for water infrastructure projects. In 2020, \$1.6 billion was appropriated to EPA for that purpose. The bill would change the distribution of funds among states by

requiring EPA to reserve at least \$30 million of appropriated funds to support grants for projects that serve Indian tribes and to reserve 1.5 percent of appropriated funds for grants to U.S. territories. H.R. 1497 also would amend states' use of capitalization grant funding by requiring at least 15 percent of funds to be used for green infrastructure, energy efficiency, or environmentally innovative projects; allowing states to provide additional loan subsidies; and permitting states to use 1 percent of funds on workforce development. Using information from EPA and historical spending information, CBO estimates that implementing those provisions would cost \$8.9 billion over the 2020-2025 period and about \$5.1 billion after 2025.

*State Management Grants.* H.R. 1497 would authorize the appropriation of specific amounts each year that total \$1.3 billion over the 2021-2025 period for grants to states to establish and maintain pollution control programs. In 2020, \$223 million was appropriated to EPA for that purpose. CBO estimates that implementing the provision would cost \$1 billion over the 2021-2025 period and \$300 million after 2025.

*Municipal Grants.* H.R. 1497 would authorize the appropriation of \$225 million a year through 2025, totaling \$1.1 billion, for grants to states to support planning, design, and construction of municipal stormwater projects. In 2020, \$28 million was appropriated to EPA for that purpose. CBO estimates that implementing the provision would cost \$738 million over the 2020-2025 period and about \$400 million after 2025.

*Other Grant Programs.* H.R. 1497 would authorize the appropriation of \$110 million for technical assistance and grant funding to support watershed and stormwater pilot projects. The bill also would authorize the appropriation of \$150 million for grants to support alternative water source projects. Because neither program received an appropriation in 2020, CBO assumes that the amounts authorized under H.R. 1497 would be for 2020. CBO estimates that implementing those provisions would cost \$260 million over the 2020-2024 period.

**Administrative Costs.** H.R. 1497 would authorize appropriations for five grant programs, and CBO expects that those amounts, other than the funds authorized for Sewer Overflow and Stormwater Reuse Municipal grants, would be used entirely for grants and could not be used for administrative costs. EPA also would require funding for the administrative costs of operating, and in some cases establishing, those programs. Using information from EPA about the resources required to operate the grant programs authorized under H.R. 1497, CBO estimates that the agency would eventually require about 65 employees, at a cost of \$180,000 each, to develop and administer the authorized programs. The total cost would be about \$55 million over the 2020-2025 period.

H.R. 1497 also would require EPA to promulgate rules, produce reviews and reports, and amend program rules. For example, EPA would be required to amend the National Pollution Elimination Discharge System regulations to allow a discharge permit to be granted for up to

10 years if the permittee meets certain requirements. EPA also would be required to collect and make publicly available data on the ability of water treatment works to reduce pathogen concentrations in their discharge. In total, CBO estimates, implementing those provisions would cost EPA \$21 million over the 2020-2025 period.

### 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 or revenues. The net changes in revenues that are subject to those pay-as-you-go procedures are shown in Table 3.

**Table 3.**  
**CBO’s Estimate of the Statutory Pay-As-You-Go Effects of H.R. 1497, the Water Quality Protection and Job Creation Act of 2019, as Reported by the House Committee on Transportation and Infrastructure on October 29, 2019**

	By Fiscal Year, Millions of Dollars											2020-2025	2020-2030
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030		
	<b>Net Increase in the Deficit</b>												
Pay-As-You-Go Effect	0	0	4	16	39	71	109	145	172	185	190	130	932

### Increase in Long-Term Deficits

CBO estimates that enacting H.R. 1497 would not increase on-budget deficits by more than \$5 billion in any of the four consecutive 10-year periods beginning in 2031.

**Mandates:** None.

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